



# NATIONAL PENSION COMMISSION

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## CIRCULAR

**REF: PENCOM/CIR/TECH/ISD/2021/14**

**DATE: 4 May, 2021**

**TO: All Licensed Pension Fund Administrators**

**SUBJECT: CIRCULAR ON FEE STRUCTURE FOR THE MICRO PENSION FUND**

- 1.0 The Commission has observed the need to review the fee structure on the Micro Pension Fund (MPF), in the light of challenges in implementing the Micro Pension Plan (MPP) by Licensed Pension Fund Operators (LPFOs).
- 2.0 Accordingly, the Commission had undertaken extensive consultations on the appropriate fee structure for the MPF, which is expected to incentivize LPFOs to market the Micro Pension Plan (MPP) and grow Micro Pension Assets, in order to achieve the objectives of the MPP as outlined by the Guideline for Micro Pension Plan issued by the Commission.
- 3.0 In line with the above, the Commission has approved a new fee structure for the MPF (Fund V) as follows:
  - I. The fees to be charged on Fund V shall be based on the adoption of the Hybrid Asset and Income Based Fee structure.
  - II. The applicable fee to be charged would be based on Funds under Management (FuM) as presented in the table.

**Hybrid Asset & Income Based Fee Structure of the MPF.**

<b>TRANCHES OF FUM ₦</b>	<b>TYPE OF FEE</b>
₦ 1.00 – ₦ 5,000,000.00	<b>No Fee Charges</b>
<b>TRANCHE A – ₦ 5.01M to ₦ 2,000,000,000.00</b>  (Fees will be charged once the Funds surpasses ₦ 5,000,000).	<b>Asset based Fees @ 1% of NAV:</b> PFA 0.75% and PFC 0.25%
<b>TRANCHE B – ₦ 2,000,000,001.00 to ₦ 4,000,000,000.00</b>	<b>Asset Based Fees @0.60:</b> PFA 0.50% and PFC 0.10%
<b>Above ₦4 Billion.</b> (Tranche A and Tranche B plus any additional Funds obtained thereafter shall be based only on income earned)	<b>Income Based Fees:</b> 7.5% of Income Earned to be shared between PFA 5.0%, PFC 1.5% and PenCom 1%.

III. In order to mitigate the concern of depletion of the MPF, the following additional conditions shall be followed:

- i. No fee shall be charged until the Funds under Management (FuM) reach a threshold of ₦5 million;
- ii. Pension Fund Administrators shall not charge fees once the Daily Value of Accounting Unit of the fund falls below ₦1.00 to ensure that principal contributions are not eroded; and
- iii. The Commission shall not participate in Micro Pension Fund fee regime until FuM of a PFA attains the threshold of ₦4 Billion.

4.0 This Circular takes immediate effect and supersedes our Circular of 19 December, 2019 on Fee Structure for the Micro Pension Fund.

5.0 All enquiries regarding this circular should be directed to:  
 Head, Investment Supervision Department.  
 National Pension Commission  
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Thank you.



**Ehimeme Ohiona**  
**Head, Surveillance Department**