



NATIONAL PENSION COMMISSION

...Pension Guaranteed

FREQUENTLY ASKED QUESTIONS AND ANSWERS

**UNDER THE
CONTRIBUTORY PENSION SCHEME
IN NIGERIA**

Fourth Edition

September 2023

Contents

PART 1	23
A. INTRODUCTION TO CONTRIBUTORY PENSION SCHEME.....	23
1. What is Contributory Pension Scheme?	23
2. What law established the CPS in Nigeria?	23
3. How is the CPS different from the Defined Benefits (DB) Pension Scheme?	23
4. What is the main objective of CPS?	23
5. What are the basic features of the CPS?	23
6. What is a Retirement Savings Account (RSA)?.....	24
7. What constitutes monthly emoluments?	24
8. Does the RSA operate like a Bank Account?	24
9. What is the role of the National Pension Commission (PenCom)?	25
10. What is a Pension Fund Administrator (PFA)?	25
11. What is a Pension Fund Custodian (PFC)?	25
12. Who is mandatorily covered by the CPS?	26
13. Can employees who are not mandatorily covered in the PRA participate in the CPS?	26
14. Who is exempted from the CPS?	26
15. Can foreigners employed in Nigeria participate in the CPS? ...	26
16. Can Nigerians working abroad participate in the CPS?.....	26
17. What happens to the RSA of a person who resigns from an organization in Nigeria and takes up appointment outside Nigeria? .	27

18.	Can employees on temporary, contract or tenured appointments join the CPS?	27
19.	Can a retiree under the DB Scheme participate in the CPS? ...	27
PART 2		28
A. REGISTRATION AND CONTRIBUTION REMITTANCE UNDER THE CONTRIBUTORY PENSION SCHEME		28
1.	How can an employee open an RSA?.....	28
2.	Can an employee have more than one RSA?	28
3.	What would happen where an employee fails to open an RSA, six months after assumption of duty?.....	29
4.	What should be done when pension deductions are not remitted by employers?	29
5.	How does PenCom assist contributors to recover unremitted pension contributions from their employers?.....	29
6.	What are the implications of an employee having more than one RSA?	29
7.	Can an employer or a Union compel its workers or members to open RSAs with a particular PFA?.....	30
8.	What should I do if I have more than one RSA?	30
9.	Do I need to be recaptured even if I have only one RSA?.....	30
10.	What is the implication of not participating in the data recapture exercise?	30
11.	What is the role of an employer in obtaining Employer Code?	31
12.	What are the requirements for issuing an employer code? ..	31
13.	Are fees charged by PenCom to issue employer code?	32

14.	Who deducts and remits pension contributions?.....	32
15.	What are the rates of contributions under the CPS?.....	32
16.	Can an employee make additional contributions?	32
17.	Who receives the monthly pension contributions?.....	32
18.	What happens when an employer fails to remit its employees' pension contributions?.....	33
19.	What is the purpose of the penalty imposed on the employer for failing to deduct and remit pension contributions as and when due?	33
20.	How are contributions of employees of Federal Government Treasury Funded MDAs remitted into their RSAs?.....	33
21.	Are pension contributions subject to tax deductions?	34
B.	THE RSA TRANSFER.....	34
1.	What is RSA Transfer?.....	34
2.	How often can an RSA holder transfer his/her RSA?	34
3.	Who are the RSA holders that are eligible to transfer their RSAs?	34
4.	Who are the RSA holders that are eligible to transfer their RSAs?	35
5.	What is the RSA Transfer System (RTS)?.....	35
6.	What is a Receiving PFA (RPFA)?.....	35
7.	What is a Transferring PFA (TPFA)?	35
8.	How does an RSA holder start the RSA transfer process?	35
9.	What information does an RSA holder need to provide to enable him/her transfer an RSA?	36

10.	When can an RSA holder submit an RSA transfer request?.....	37
11.	Does an RSA holder need to inform his/her current PFA before transferring his/her RSA?	37
12.	Is there any fee to be paid by an RSA holder for transferring an RSA?	37
13.	How long does it take for an RSA transfer request to be concluded?	37
14.	How does an RSA holder get information on the status of his/her RSA transfer request?.....	38
15.	What does an RSA holder need to do after successful completion of the RSA transfer?.....	38
16.	What are the safeguards of the RSA transfer process?	38
17.	Can a retiree on Programmed Withdrawal (PW) transfer his/her RSA?	39
18.	Can a retiree on Annuity transfer his/her pension funds from an Insurance Company to a PFA?.....	39
19.	Can a retiree on PW move to annuity while his/her RSA transfer request is undergoing processing?.....	39
20.	How does an RSA holder know that his/her request for RSA transfer is successful?.....	39
21.	What should an RSA holder do if his/her current PFA refuses to recapture his/her biodata and biometric information on the ECRS?....	39
22.	Where can an RSA holder get information about PFAs to guide his/her decision on RSA transfer?	40
23.	Can an RSA holder cancel an RSA transfer request after initiating the process?	40

24.	Are PFAs allowed to induce RSA holders to influence their decisions to transfer?	40
25.	Under what circumstances can an RSA transfer request be rejected?.....	40
26.	How does PenCom ensure that PFAs adhere to timelines for successful conclusion of the RSA Transfer processes?.....	41
27.	Are there sanctions for operators who fail to adhere to the RSA Transfer Regulation?	41
28.	Is there provision for finger print impaired RSA holders to initiate an RSA Transfer?	41
C.	DATA RECAPTURE EXERCISE (DRE)	41
1.	What is Data Recapture Exercise?	41
2.	What is the objective of the DRE?	42
3.	Who can participate in the DRE?	42
4.	Who will carry out the DRE?	42
5.	What are the documents required from active employees during DRE?	42
6.	What are the documents required from Retirees during DRE?.....	43
7.	What are the supporting documents required for change of name?	43
8.	What are the supporting documents required for change of date of birth (DOB)?	43
9.	Is there any Fee to be paid by an RSA holder for data recapture?	43

10.	Can an RSA holder update his/her NIMC records, where such records are incorrect?	44
11.	How often can an RSA holder be recaptured?.....	44
12.	Can an RSA holder be recaptured without a NIN/Virtual NIN?	44
13.	What is a Virtual NIN (VNIN)?	44
14.	What happens where an RSA holder submits erroneous data during recapture?	44
15.	Can my Next-of-Kin recapture on my behalf?.....	45
16.	How would an RSA holder with multiple RSA PINs be recaptured?	45
17.	Can I change/update my Surname, First name, Date of Birth and other details?.....	45
18.	How does an RSA holder get information on the status of his/her Data Recapture?	45
19.	What document is issued to an RSA holder after his/her biodata and biometric information have been recaptured on the ECRS?	46
20.	Are PFAs allowed to induce RSA holders to influence their decisions to recapture?	46
PART		47
A. INVESTMENT OF PENSION FUNDS UNDER THE CONTRIBUTORY PENSION SCHEME.....		47
1.	Who invests pension funds?.....	47
2.	What guides the investment activities of PFAs?	47
3.	What are the allowable investment instruments?	47

4.	Do PFAs invest in any of the allowable instruments available in the market?	47
5.	Can the rate of return on investments be above inflation?	48
6.	Can I give my PFA instructions on how to invest my contributions?	48
7.	Is PenCom directly involved in the investment of pension funds?	48
8.	Are there modalities in place to reprimand erring Operators?	48
9.	What is RSA Multi-Fund Structure?	49
10.	Would all PFAs provide the Multi-Fund Structure to its Contributors?.....	49
11.	What are the Funds under the RSA Multi-Fund Structure?.....	49
12.	What is Non-Interest Fund?.....	49
13.	Can I split the funds in my RSA between two Funds?.....	49
14.	Am I allowed to choose a Fund, other than the Fund allocated to my demography?	50
15.	What are the limits on the number of times I can switch Funds in a year?	50
16.	Am I expected to pay fees for switching of Funds?	50
17.	Where can a Contributor obtain information on the performance of each Fund?	50
18.	How can a Contributor initiate the process to switch Funds?	51

19.	How is income generated from investment distributed to RSA holders?	51
20.	Are my pension contributions safe?	51
21.	What are the safeguards put in place to protect the pension assets of retirees from the negative impact of adverse investment conditions?	51
22.	Can the funds in an employee's RSA be used as a collateral for loan by the RSA holder or his employer?	52
B. EQUITY CONTRIBUTION FROM RETIREMENT SAVINGS ACCOUNTS OF RSA HOLDERS FOR RESIDENTIAL MORTGAGE		52
1.	What is Residential Mortgage?	52
2.	What is Equity Contribution?	52
3.	Who is a Mortgage Lender?	52
4.	Who is an applicant for residential mortgage?	52
5.	What is a Mortgage Offer Letter?	53
6.	What is a Property Offer Letter?	53
7.	Who is a property owner?	53
8.	Why is Equity Contribution accessed from RSA?	53
9.	What is the benefit of accessing RSA balance for Equity Contribution towards obtaining Residential Mortgage?	53
10.	Who can access Equity Contribution from RSA?	53
11.	Who is exempted from accessing RSA balance for payment of Equity Contribution for Residential Mortgage?	54
12.	What is the maximum percentage that can be accessed from the RSA as Equity Contribution for Residential Mortgage?	54

13.	What happens if 25% of the applicant's RSA balance is not enough to pay the Equity Contribution?	54
14.	Can an applicant access Equity Contribution from RSA more than once?	54
15.	What constitutes the Equity Contribution from an applicant's RSA?	55
16.	Can I access my Voluntary Contribution (VC) as part of Equity Contribution for Residential Mortgage?	55
17.	Can a Micro Pension Contributor(s) access their Contingent portion as part of Equity Contribution for Residential Mortgage?	55
18.	Can an RSA holder access their Nigeria Social Insurance Trust Fund (NSITF) and Pre-Act contributions as part of Equity Contribution for Residential Mortgage?	55
19.	Can an RSA holder who has accessed 25% of his/her RSA balance due to loss of job access Equity Contribution for Residential Mortgage?	56
21.	How can an RSA holder access Equity Contribution for Residential Mortgage?.....	56
21.	Can an RSA holder who has accessed Equity Contribution for Residential Mortgage and 25% balance of his/her RSA due to loss of job, access lump sum at retirement?	56
22.	Which Mortgage Lenders can be used for acquiring Residential Mortgage?	56
23.	Where can I get the list of eligible Mortgage Lenders?	56
24.	Can Equity Contribution from RSA be used for refinancing existing mortgage, buildings under construction, outright purchase of property, building renovations, etc.?	57

25. Can married couples in different PFAs jointly access Equity Contributions from their RSAs for a single Residential Mortgage?.....	57
26. What happens if an applicant for residential mortgage dies before the execution of the “Deed of Assignment”?	57
27. In the case of a joint application, what happens upon the death of one of the couples?.....	57
28. What happens where an applicant dies after the “Deed of Assignment” has been executed and the applicant has taken possession of the property?	58
29. If an RSA Holder or a Mortgage Lender decides to discontinue the application for Equity Contribution for Residential Mortgage, what happens?	58
30. What happens if the property is no longer available by the time the Equity Contribution for the mortgage is approved and disbursed?	58
31. Can somebody apply for Equity Contribution from my RSA on my behalf?.....	59
32. If an RSA holder's data has not been recaptured, can he/she access Equity Contribution for Residential Mortgage?	59
33. Can the Equity Contribution from my RSA be paid directly into my bank account?.....	59
34. Can Equity Contribution from my RSA be used to acquire mortgage for shops and plazas?.....	59
35. Can political appointees on Voluntary Contribution under the CPS access Equity Contribution from RSA for Residential Mortgage?	59
36. Are foreigners making Voluntary Contribution under the CPS eligible to access Equity Contribution for Residential Mortgage?	60

37. Can a person who does not have an RSA access Equity Contribution for Residential Mortgage?	60
38. Can a Micro Pension Contributor and an RSA holder who are making Contributions have a joint application for Equity Contribution?	60
PART 4	61
A. TRANSITIONAL ARRANGEMENTS FROM DEFINED BENEFITS (DB) PENSION SCHEME TO CONTRIBUTORY PENSION SCHEME (CPS)	61
1. What happens to my pension and gratuity under the DB Scheme if I migrated to the CPS?	61
2. How would the pension and gratuity that accrued under the DB Scheme be paid to eligible Federal Government employees?	61
3. Are employees of the FCT also going to be paid accrued pension and gratuity under the DB Scheme from the Federal Government's RBBRF?	61
4. How will the accrued pension and gratuity of employees in the private sector be paid?	62
5. What happens to the pension of employees of FGN Treasury Funded MDAs who are exempted from the CPS?	62
6. What happens to the pension of private sector employees who retired prior to the commencement of the CPS?	62
7. What happens to the contributions deducted at source from salaries of public sector employees who are exempted from the CPS?	63
8. What happens to the pension contributions made by private sector employees prior to the commencement of the CPS?	63

9.	Are the Employees of an organization with an Approved Existing Scheme (AES) or a Closed Pension Fund Administrator (CPFA) eligible to join the CPS?	63
10.	What happens to the pension contributions made under the Nigerian Social Insurance Trust Fund (NSITF) before the introduction of the CPS?	64
11.	What happens to existing pensioners under the NSITF Scheme?	64
12.	What happens to the contributions made under the NSITF Scheme by those not eligible for pension under the Scheme and exempted from the CPS?	64
13.	Can NSITF still manage pensions under the CPS?	64
14.	What is the role of NSITF after the introduction of the CPS? ..	65
PART 5		66
A. RETIREMENT BENEFITS ADMINISTRATION UNDER THE CONTRIBUTORY PENSION SCHEME.....		66
1.	What are the types of Retirement Benefits under the CPS?	66
2.	What are the modes of accessing periodic pension payments under the CPS?	66
3.	What is Programmed Withdrawal (PW)?.....	66
4.	What is Retiree Life Annuity (RLA)?	66
5.	What is lump sum payment?	67
6.	Will gratuity be paid under the CPS?	67
7.	How can I purchase a Life Annuity Contract from a Life Assurance Company?	67

8.	Can I choose Programmed Withdrawal (PW) and later change to Retiree Life Annuity (RLA)?.....	67
9.	Can I choose Retiree Life Annuity and later change to Programmed Withdrawal?	68
10.	What are the Components of RSA Balance at Retirement?	68
11.	What do I need to do for my Accrued Rights (Retirement Bond) to be paid?.....	68
12.	What happens when an FGN employee is promoted after participating in the enrolment exercise?	69
13.	What is the retirement age under the CPS?	69
14.	What age can I access retirement benefits?.....	69
15.	When can I have access to the money in my RSA?.....	69
16.	What happens to an employee who retired under the CPS due to physical or mental incapacity, but is subsequently recertified fit and proper for employment?.....	70
17.	What happens to the balance in the RSA after a lump sum withdrawal?.....	70
18.	Can I make a lump sum withdrawal of more than 25% of my RSA balance?.....	70
19.	What happens to a retiree with an insufficient balance in his/her RSA?	70
20.	Why would the RSA balance of two employees who were employed on the same day/level be different at retirement?	71
21.	Why would the amount of monthly pension and lump sum differ between employees who retired at the same time and on the same salary grade?.....	71

22.	What constitutes the consolidated benefits of a deceased employee who died in active service?.....	72
23.	What is the procedure for accessing the RSA of a deceased employee?	72
24.	How would the consolidated benefits of an employee who died prior to opening an RSA be processed in favour of his beneficiaries?	72
25.	What is the quantum of benefits under the Group Life Insurance Policy?.....	73
26.	Who pays the premium for a Group Life Insurance Policy?	73
27.	Are employees covered for life by the Group Life Insurance Policy?.....	73
28.	Can an employer provide Group Life Insurance cover for more than three times the Annual Total Emolument of the employee?	73
29.	What is Annual Total Emolument (ATE)?.....	74
30.	Can pension be increased under the CPS?.....	74
31.	What happens to Additional inflow into a retiree's RSA?.....	74
32.	How is monthly Pension Arrears treated?	75
33.	What is pension enhancement?	75
34.	How often does Pension enhancement occur?	75
35.	How can I suspend my monthly/quarterly Pension payment?	75
B. PROSPECTIVE RETIREES ENROLMENT AND VERIFICATION PROCESSES		76
1.	Why do we enrol retirees?.....	76
2.	Who needs to be enrolled?.....	76

3.	Where can a retiree access the Enrolment Application?.....	76
4.	Who can initiate a retiree's registration on the Online Enrolment Application?.....	77
5.	What are the processes of enrolling and verifying a retiree/prospective retiree on the Online Enrolment Application?..	77
6.	What are the requirements for Online Enrolment?	77
7.	Can retirees/prospective retirees residing outside Nigeria enroll?.....	77
8.	What should a retiree/prospective retiree do after a successful enrolment?	78
9.	What is the implication of late enrolment?	78
C.	ACCRUED PENSION RIGHT	78
1.	What is Accrued Pension Right?	78
2.	Who is entitled to Accrued Pension Right?.....	78
D.	CONTRIBUTION AND REMITTANCE.....	79
1.	Who is eligible for pension contributions remittance by PenCom?.....	79
2.	Can a contributor have issue of non-remittance of pension contribution?	79
3.	How can a contributor of an FGN Treasury Funded Ministries, Department and Agency (MDA) resolve issues of non-remittance of pension contribution?	79
4.	Why does PenCom reconcile RSAs of employees of FGN treasury funded MDAs at retirement?	79
5.	What is deceased benefit?.....	80
1.	What are the implications of having multiple RSAs?	80

2.	How can multiple RSA registrations be resolved?	80
3.	Can contributions in multiple RSAs be merged?.....	80
F.	ACTIONS TO BE TAKEN TOWARDS ACCESSING RETIREMENT BENEFITS.....	80
G.	FEATURES OF PROGRAMMED WITHDRAWAL AND RETIREE LIFE ANNUITY	82
	PART 6.....	85
A.	COMPLIANCE WITH THE PROVISIONS OF THE PRA 2014.....	85
1.	How can a Company Obtain a Pension Clearance Certificate (PCC)?	85
2.	Can Companies with less than 3 employees get a PCC?.....	87
3.	Can the employer pay any additional benefits under the CPS?	87
4.	What penalties does PenCom impose on companies that default in complying with the PRA 2014?	87
	PART 7.....	88
A.	MICRO PENSION PLAN.....	88
1.	What is Micro Pension Plan (MPP)?.....	88
2.	Why Micro Pension?	88
3.	Has the MPP been successful in other Countries?	88
4.	Is the mandatory CPS different from the MPP?.....	88
5.	Who can participate in the MPP?	88
6.	Can one have more than one RSA under the MPP?	89
7.	Can an individual in the formal sector who already has an RSA also participate in the MPP?.....	89

8.	How do I register/enroll for MPP?	89
9.	Where do I locate the PFA of my choice?	89
10.	Who will manage and keep custody of funds accumulated under the MPP?	90
11.	What measures have been put in place by PenCom to safeguard the funds under the MPP?	90
12.	Is there a provision for the guarantee of the safety of assets under the MPP?.....	90
13.	Do contributions in the Micro Pension RSAs generate income?	90
14.	Would my Contributions under the MPP be subject to any taxes?	90
15.	Can I decide which financial instruments my Contributions should be invested in?.....	91
16.	Is the MPP different from a savings account maintained with a Commercial Bank?	91
17.	What is the minimum amount of contribution acceptable under the MPP?	91
18.	How often can one contribute under the MPP?	91
19.	How can I make contributions under the MPP?	91
20.	Can a Contributor use his MPP Account as collateral for a loan?	92
21.	Can a Contributor access an amount from his RSA in excess of his MPP Account balance and repay over a period?	92
22.	What is the composition of the MPP contribution?	92
23.	How do I access my RSA under the MPP?.....	92

24.	What is Contingent Withdrawal?.....	92
25.	What is Retirement Benefit Withdrawal?.....	92
26.	How do I withdraw my Contingent Portion?	93
27.	For how long will an individual contribute before he/she can access the contingent portion?	93
28.	How long does it take to receive payment from my Contingent Contribution?.....	93
29.	What happens if the Micro Pension Contributor gets a formal employment?	93
30.	What is the retirement age of Micro Pension Contributor?	93
31.	How do I access my contributions after retirement?	94
32.	What is Programmed Withdrawal under the MPP?	94
33.	What is Annuity under the MPP?.....	94
34.	What is the length of the Annuity Guaranteed Period under the MPP?	94
35.	What happens to the balance in the Micro Pension Contributor's RSA in the event of death?.....	94
36.	Can I participate in the MPP upon retirement from my job in the formal sector?	95
37.	Can I convert from mandatory CPS to MPP upon my retirement?.....	95
38.	What are the minimal documents required for MPP registration?	95
39.	Can an MPP Contributor transfer his/her RSA from one PFA to another?	96
PART 8.....		97

A. STATES OPERATIONS	97
1. How can a State Government access pension funds for infrastructural development?	97
2. Can a State forward its Pension Law to PenCom for review before signing?	98
3. How can a State open a Retirement Benefit Bond Redemption Fund (RBBRF) account?	98
4. Can a State have a sinking fund and an RBBRF account?	98
5. Can a State employer access funds from a deceased or active employee's RSA account to settle debt?	99
6. Can an employee of a State apply for a loan from his/her RSA?	99
7. Are States employees mandated to open RSAs with only PFAs appointed by the States?	99
PART 9	100
A. ISSUES OF CORPORATE GOVERNANCE AND INTEGRITY OF THE CPS	100
1. How does PenCom ensure the entrenchment of sound Corporate Governance in PFAs and PFCs?	100
3. What happens if a PFA fails or is liquidated?	100
4. What happens when a PFC fails or is liquidated?	100
5. Can my contributions be used to settle liabilities of a failed PFA or PFC?	101
6. Can an organization own shares in both a PFA and a PFC?	101
7. Can an individual or organisation own controlling shares in more than one PFA or PFC?	101

8.	Can a PFA keep pension fund assets with a PFC in which the PFA has a business interest?.....	101
9.	Can pension funds be attached for the execution of a judgment debt of a PFC?.....	102
10.	Is a PFA allowed to invest pension fund assets in its own shares?	102
11.	Can government borrow from the Pension Funds?.....	102
12.	How secure are my Personally Identifiable Information (PII) with PenCom?.....	102
13.	Can my information given to PenCom be altered without my consent?	103
14.	Can my information given to PenCom be made available to unauthorized persons?.....	103
15.	How accessible and readily available is information with PenCom?.....	103
PART 10.....		104
A. SERVICE DELIVERY UNDER THE CONTRIBUTORY PENSION SCHEME		104
1.	Who can I complain to if I have a problem with my PFA or employer?.....	104
2.	What happens where a contributor, retiree, beneficiary or pension operator is dissatisfied with a decision or action taken by PenCom?.....	104
3.	How often should I get RSA Statement from my PFA?	104
4.	How can I monitor my RSA?.....	104
5.	How are monthly deductions of contributions handled when one is either a contract or casual staff whose salary is not broken down into basic, transport and housing allowances?	105

6.	What happens when there is difference between the contribution credited to my RSA and what is actually deducted as shown on my pay slip?	105
7.	What happens to the accrued pension benefits of employees who were hitherto in the services of States and Local Governments, but later transferred their service to the Federal Government after the commencement of the CPS?	106
8.	What happens to an employee of a Treasury-Funded MDA whose pension contribution is not being remitted to his/her RSA?	106
B.	CONSUMER PROTECTION.....	107
1.	Who are the major consumers of the CPS?	107
2.	What are the Rights of contributors and retirees under the CPS?	107
3.	Who protects the rights of the contributor and retiree under CPS?	108
4.	Who treats the complaints of a contributor and retiree at PenCom?.....	108
5.	Are contributors and retirees expected to pay PenCom or the PFAs to access redress system?.....	109
	Enquiries	109
	Back Cover	110

PART 1

A. INTRODUCTION TO CONTRIBUTORY PENSION SCHEME

1. What is Contributory Pension Scheme?

Contributory Pension Scheme (CPS) is an arrangement where both the employer and the employee contribute a portion of an employee's monthly emolument towards the payment of the employee's pension at retirement.

2. What law established the CPS in Nigeria?

The CPS was established in June 2004 by the Pension Reform Act (PRA) 2004, which was repealed and re-enacted in July 2014 (as PRA 2014).

3. How is the CPS different from the Defined Benefits (DB) Pension Scheme?

Under the CPS, both the employer and employee contribute certain percentages of the employee's monthly emoluments to build a retirement fund from which benefits are paid at retirement, while under the Defined Benefits (DB) Scheme, total pension obligation is borne by the employer.

4. What is the main objective of CPS?

The main objective of the CPS is to ensure that every person that worked in either the public or private sectors in Nigeria, including self-employed persons, receives his/her retirement benefits as and when due.

5. What are the basic features of the CPS?

The basic features of the CPS are:

- i. It is contributory.
- ii. It is fully funded.
- iii. It is based on individualized RSA.
- iv. Pension funds are privately managed and held in custody by Pension Fund Administrators (PFAs) and Pension Fund Custodians (PFCs), respectively.
- v. There is provision of Group Life Insurance Policy cover for employees.

6. What is a Retirement Savings Account (RSA)?

An RSA is an account opened by an employee with a PFA of his/her choice, into which all pension contributions are remitted and invested for the purpose of paying retirement/terminal benefits.

7. What constitutes monthly emoluments?

The constituent of monthly emoluments is as may be defined in the employee's contract of employment, but should not be less than the total sum of basic salary, housing and transport allowances.

8. Does the RSA operate like a Bank Account?

Unlike a bank account that can be accessed at will by the account holder, the RSA can only be accessed:

- a) at retirement; or
- b) if an employee disengages or is disengaged from employment:
 - i) on the advice of a suitably qualified physician or properly constituted medical board certifying that the

employee is no longer mentally or physically capable of carrying out the functions of his office, or

- ii) due to total or permanent disability of the mind or body; or
- iii) before the age of 50 years and is unable to secure another employment after four months of disengagement; or
- c) in the event of death.

9. What is the role of the National Pension Commission (PenCom)?

PenCom is the regulator and supervisor of all pension matters in Nigeria. It licenses all pension operators, issues regulations, guidelines and ensures effective administration of all pension schemes in Nigeria.

10. What is a Pension Fund Administrator (PFA)?

A PFA is a company licensed by PenCom for the sole purpose of managing and administering pension and other retirement benefit schemes' assets. Some of the PFAs are licensed to manage and administer retirement benefit schemes for staff of organizations that had existing pension schemes prior to the commencement of the CPS in 2004. These companies are called Closed Pension Fund Administrators (CPFAs).

11. What is a Pension Fund Custodian (PFC)?

A PFC is a company licensed by PenCom for the sole purpose of holding all pension funds and assets on trust for employees, as well as beneficiaries of the RSA and other retirement benefit schemes.

12. Who is mandatorily covered by the CPS?

The CPS covers employees in the public service of the Federation, Federal Capital Territory, States, Local Governments and private sector organizations with 3 or more employees.

13. Can employees who are not mandatorily covered in the PRA participate in the CPS?

Yes, employees of organizations with less than 3 employees, as well as self-employed persons may voluntarily participate in the CPS under the Micro Pension Plan.

14. Who is exempted from the CPS?

Judicial Officers, members of the Armed Forces, the Intelligence and Secret Services of the Federation; retirees under any pension scheme existing before 30 June 2004; and employees who had 3 or less years to retire as at 30 June 2004.

15. Can foreigners employed in Nigeria participate in the CPS?

Foreigners working in Nigeria are not mandated by law to participate in the CPS. However, such foreigners may voluntarily participate in the Scheme.

16. Can Nigerians working abroad participate in the CPS?

Nigerian citizens working abroad are not mandated by law to participate in the CPS.

17. What happens to the RSA of a person who resigns from an organization in Nigeria and takes up appointment outside Nigeria?

Any person who resigns from an organization in Nigeria and takes up appointment outside Nigeria is entitled to decide with the new employer to continue remitting his pension contributions into his/her RSA in Nigeria. However, if the person chooses to discontinue with the scheme in Nigeria or the new employer has an entirely different pension arrangement, he/she may access his RSA upon retirement or attaining the age of 50 years, whichever is earlier.

18. Can employees on temporary, contract or tenured appointments join the CPS?

Employees on temporary, contract or tenured appointments may voluntarily join the CPS.

19. Can a retiree under the DB Scheme participate in the CPS?

A retiree under the DB Scheme can voluntarily participate in the CPS if he/she secures a new employment.

PART 2

A. REGISTRATION AND CONTRIBUTION REMITTANCE UNDER THE CONTRIBUTORY PENSION SCHEME

1. How can an employee open an RSA?

An employee should approach a PFA of his/her choice, complete the RSA registration form and provide the following supporting documents:

- i. Letter of Employment or Attestation Letter (in the case of Police Personnel).
- ii. Valid means of identification (Staff ID Card; National Driver's Licence; Permanent Voter's Card; National Identity Card or International Passport).
- iii. Enrolment Slip issued by the National Identity Management Commission (NIMC) indicating the National Identity Number (NIN). The PFA would process the request for RSA registration and issue a unique Personal Identification Number (PIN).

2. Can an employee have more than one RSA?

An employee is required by law to open only one RSA, which should be maintained throughout his/her lifetime even if he/she changes employment, transfers his/her RSA to another PFA or retires.

3. What would happen where an employee fails to open an RSA, six months after assumption of duty?

The employer shall request a PFA to open a nominal (temporary) RSA, into which the employee's monthly pension contributions shall be remitted pending when the employee regularizes the RSA.

4. What should be done when pension deductions are not remitted by employers?

Where an employer fails in its statutory responsibility to remit the pension contributions of its employees, the concerned employee(s) should complain directly to PenCom. The name and address of the defaulting employer should be provided to enable PenCom engage the employer without compromising the confidentiality of the complainant.

5. How does PenCom assist contributors to recover unremitted pension contributions from their employers?

PenCom engages the services of Recovery Agents to recover outstanding pension liabilities. Where this fails, PenCom institutes legal action against the defaulting employer.

6. What are the implications of an employee having more than one RSA?

An employee with more than one RSA may suffer incorrect remittances into the valid RSA and loss of investment income that would have accrued over the period. Such employee may also experience loss of time on multiple RSA reconciliation and difficulty in accessing benefits.

7. Can an employer or a Union compel its workers or members to open RSAs with a particular PFA?

It is illegal for an employer or a Union to compel its employees or members to open RSAs with a particular PFA. The choice of a PFA for opening an RSA is the exclusive right of an employee or a member of a Union.

8. What should I do if I have more than one RSA?

You are required to present all your RSA PINs to any of the PFAs that issued them. The PFA would recapture your details including one of the registered PINs. The recaptured PIN becomes your PIN for life, while all other RSA PINs will be forwarded to PenCom for deactivation after reconciling the balances (if any) in the RSAs associated with them.

9. Do I need to be recaptured even if I have only one RSA?

Yes. All existing RSA holders (Active & Retiree) who registered before 1 July 2019, must participate in the Data Recapture Exercise to update their RSA registration records.

10. What is the implication of not participating in the data recapture exercise?

The implications of not participating in the Data Recapture Exercise include:

- i. Inability to access retirement benefits at retirement.
- ii. Non-resolution of multiple RSA registrations.
- iii. Reconciliation of multiple registration of RSAs with balances will be hampered.

- iv. Inability of RSA holders to update registration records in the future.
- v. Inability to transfer RSA from current PFA to another PFA.

11. What is the role of an employer in obtaining Employer Code?

An employer that has a minimum of 3 employees is required to obtain a unique identifier called “employer code” from PenCom by submitting a written request through any PFA of their choice. Every employee's RSA is tied to his/her employer's code.

12. What are the requirements for issuing an employer code?

- a) Private Sector Employers:
 - i. Written application on the company/organization's letter-head requesting for an employer code from PenCom.
 - ii. Certificate of incorporation/registration from relevant registering authority.
 - iii. Evidence of Taxpayer's Identification Number (TIN).
- b) Federal Government Ministries, Departments and Agencies (MDAs):
 - i. Letter to PenCom on the MDA's letter-head requesting for the issuance of an employer code and stating the source of funding of the MDA.
 - ii. The MDA's Chart of Account number issued by the Office of the Accountant-General of the Federation (OAGF).
- c) State Government MDAs

Letter to PenCom from the State Pension Bureau/Board/Commission or Head of Service, as the case may be, requesting for the issuance of an employer code and stating the source of funding of the MDA.

13. Are fees charged by PenCom to issue employer code?

The generation and issuance of an employer code by PenCom to any employer is at no cost.

14. Who deducts and remits pension contributions?

The employer is obliged by law to deduct and remit pension contributions into the employee's RSA not later than 7 working days from the date salaries are paid.

15. What are the rates of contributions under the CPS?

The minimum rate of contribution is 18% of the employee's monthly emoluments, where 10% is contributed by the employer and 8% is contributed by the employee. However, the employer may decide to bear the full responsibility of the contribution provided it is not less than 18% of the monthly emolument of the employee.

16. Can an employee make additional contributions?

An employee may decide to make additional contributions above the minimum 8% provided the employee's total contribution and other deductions do not exceed one-third of his/her total monthly emoluments.

17. Who receives the monthly pension contributions?

The employer deducts and remits both the employee and employer pension contributions to the PFC. The PFC notifies the PFA immediately upon receipt of the contributions.

18. What happens when an employer fails to remit its employees' pension contributions?

PenCom would mandate an employer who fails to remit its employees' pension contributions within 7 working days after payment of salary, to make the remittance already due, in addition to paying penalty, which would be at least 2% of the total unpaid contributions. Both the outstanding contribution and penalty would be paid into the employees' RSAs.

19. What is the purpose of the penalty imposed on the employer for failing to deduct and remit pension contributions as and when due?

The penalty is meant to compensate employees for the income that would have been earned if their pension contributions were remitted as and when due.

20. How are contributions of employees of Federal Government Treasury Funded MDAs remitted into their RSAs?

For employees on the Integrated Payroll and Personnel Information System (IPPIS), the Office of the Accountant General of the Federation (OAGF) deducts and directly remits their contributions into their respective RSAs. However, for employees of Treasury Funded MDAs that are not yet on the IPPIS platform, their contributions are deducted by the OAGF and lodged into the Contributory Pension Account with the Central Bank of Nigeria (CBN). PenCom, thereafter, advises the CBN to remit the contributions of the employees directly into their individual RSAs based on the nominal rolls submitted by the MDAs. In addition, non-remittance/under-remittance of pension contribution prior to the date

an employer joined IPPIS would be reconciled by PenCom, through the nominal roll submitted by his/her MDA.

21. Are pension contributions subject to tax deductions?

The PRA 2014 stipulates that pension contributions shall not be taxed. However, income earned on voluntary contribution would be taxed if withdrawn before 5 years from the date the contribution was made.

B. THE RSA TRANSFER

1. What is RSA Transfer?

RSA Transfer is the transfer of an individual's RSA from one PFA to another, processed through the RSA Transfer System (RTS).

2. How often can an RSA holder transfer his/her RSA?

An RSA holder is only allowed to transfer his/her RSA once in every 365 days (12 calendar months) as stipulated in Section 13 of the PRA 2014.

3. Who are the RSA holders that are eligible to transfer their RSAs?

Every RSA holder whose details (Biometrics & Biodata) have been recaptured and uploaded onto the Enhanced Contributor Registration System (ECRS) or who was registered from 1 July 2019, is entitled to transfer his/her RSA. This is applicable to both active contributors and retirees who selected the programmed withdrawal mode of accessing their retirement benefits. A retiree on Retiree Life Annuity, who has voluntary contributions under the CPS, is also eligible to transfer his/her RSA.

4. Who are the RSA holders that are eligible to transfer their RSAs?

An RSA transfer shall be initiated by the RSA holder through the PFA to which his/her RSA is being transferred. This is based on the provision of the PRA 2014, which empowers the RSA holder to select and change the PFA that will manage his/her RSA.

5. What is the RSA Transfer System (RTS)?

The RTS is a computer-based application deployed by the National Pension Commission (PenCom) for the purpose of initiating, processing and monitoring the RSA Transfer process.

6. What is a Receiving PFA (RPFA)?

This refers to the PFA to which an RSA is being transferred.

7. What is a Transferring PFA (TPFA)?

This refers to the current PFA, from which an RSA is being moved to a Receiving PFA.

8. How does an RSA holder start the RSA transfer process?

- i. The RSA holder must first ensure that his/her personal details (Biometrics & Biodata) have been recaptured and updated on the ECRS. This also entails providing his/her National Identity Number (NIN) to the current PFA. (This requirement only applies to contributors that registered before 1 July 2019).
- ii. Thereafter, the RSA holder should approach the receiving RPFA and initiate the transfer request by providing his/her

RSA PIN, Surname, Current Telephone Number and Email address.

- iii. After successful validation of the biodata, the RSA holder's fingerprint will be captured to authenticate his/her identity and conclude the transfer request.
- iv. Live capture of facial image of the RSA holders will also be done by the RPFA.
- v. The receiving RPFA prints 2 copies of the confirmation slip, which should be signed by the RSA holder as proof that he/she initiated the transfer. A copy of the confirmation slip will be given to the RSA holder, while the other copy will be retained by the receiving PFA.

9. What information does an RSA holder need to provide to enable him/her transfer an RSA?

The RSA holder needs to provide the following details to the RPFA to enable him/her transfer his/her RSA from his current PFA:

- i. Surname
- ii. RSA PIN
- iii. Current Telephone Number
- iv. Email address (not compulsory but highly desirable for receiving updates on the status of the RSA transfer request)
- v. Fingerprint and image of the RSA holder, which should be captured live by the receiving RPFA.

10. When can an RSA holder submit an RSA transfer request?

An RSA holder can submit an RSA transfer request any time within the year, provided that the request is not submitted before the expiration of 365 days after the last RSA transfer.

11. Does an RSA holder need to inform his/her current PFA before transferring his/her RSA?

No, the RSA holder does not need to inform his/her current PFA before transferring his/her RSA. However, it is important for an RSA holder that registered before 1 July 2019 to have recaptured his biometrics and biodata with his/her current PFA, otherwise the transfer request cannot be initiated.

12. Is there any fee to be paid by an RSA holder for transferring an RSA?

RSA transfer is free. No amount is charged by the RPFA to process the RSA transfer request from the RSA holder.

13. How long does it take for an RSA transfer request to be concluded?

- i. RSA transfer requests received are batched and processed at the end of every quarter, that is, 4 times in a year (March, June, September and December). However, only transfer requests received latest by the end of the second month of a transfer quarter (February, May, August and November) are processed within that quarter.

- ii. All transfer requests received within the third month of a quarter will be processed in the next quarter.

14. How does an RSA holder get information on the status of his/her RSA transfer request?

Updates on the status of the RSA transfer requests are sent via the email provided by the RSA holder when the transfer request was initiated. In the absence of an email, the RPFAs and TPFAs are required to send notifications to the RSA holder via SMS using the telephone number provided by the RSA holder.

15. What does an RSA holder need to do after successful completion of the RSA transfer?

After a successful RSA transfer, the RSA holder is expected to advise his/her employer of the new PFA for subsequent remittance of his/her monthly pension contributions. The RSA holder should also contact his/her new PFA to ensure that the RSA balance transferred is accurate.

16. What are the safeguards of the RSA transfer process?

The RSA transfer process is conducted on a secured and fully automated platform. The process has inbuilt controls that ensure that only a legitimate RSA holder can initiate the transfer of his/her RSA. This is achieved by verifying the RSA holder's live fingerprint on the National Identity Management Commission's (NIMC) database. Furthermore, there are strict administrative sanctions for infractions by PFAs, while PenCom monitors the entire process to ensure compliance.

17. Can a retiree on Programmed Withdrawal (PW) transfer his/her RSA?

Yes, a retiree who is on PW is eligible to transfer his/her RSA from one PFA to another.

18. Can a retiree on Annuity transfer his/her pension funds from an Insurance Company to a PFA?

No, a retiree on annuity cannot transfer his/her fund from an Insurance Company to a PFA. However, if the retiree is making voluntary contributions under the CPS, he/she can transfer that RSA from one PFA to another.

19. Can a retiree on PW move to annuity while his/her RSA transfer request is undergoing processing?

No, a retiree on PW cannot move to annuity while his/her RSA transfer request is undergoing processing. However, the retiree is only be allowed to move after 1 year with the new PFA.

20. How does an RSA holder know that his/her request for RSA transfer is successful?

A notification will be sent to the RSA holder via the email provided, to indicate a successful transfer of the RSA.

21. What should an RSA holder do if his/her current PFA refuses to recapture his/her biodata and biometric information on the ECRS?

Any RSA holder whose current PFA refuses to recapture him/her should immediately inform PenCom.

22. Where can an RSA holder get information about PFAs to guide his/her decision on RSA transfer?

Information on the PFAs can be obtained from the websites of PenCom and PFAs as well as from respective PFA branches and service centres. RSA holders are encouraged to carefully review these sources of information prior to initiating an RSA transfer.

23. Can an RSA holder cancel an RSA transfer request after initiating the process?

No. The RSA transfer request cannot be cancelled after its initiation.

24. Are PFAs allowed to induce RSA holders to influence their decisions to transfer?

No. PFAs are prohibited from giving any form of monetary and non-monetary inducements to influence RSA holders' decisions to transfer their RSAs. PenCom will take appropriate action regarding any such reported and confirmed case(s) of inducements.

25. Under what circumstances can an RSA transfer request be rejected?

- i. If the RSA holder has initiated a transfer request within the last 365 days.
- ii. If the data (biometrics and biodata) of the RSA holder have not been recaptured on the ECRS.
- iii. If the RPFA is not eligible to administer the RSA.
- iv. If the verification of the RSA holder's fingerprint on NIMC database fails.

26. How does PenCom ensure that PFAs adhere to timelines for successful conclusion of the RSA Transfer processes?

There is a specified timeline for each of the RSA transfer processes. The RTS automatically applies pre-determined administrative sanctions on PFAs that fail to comply with any timeline.

27. Are there sanctions for operators who fail to adhere to the RSA Transfer Regulation?

The RTS automatically applies pre-determined administrative sanctions on PFAs for failure to comply with the provisions of the RSA Transfer Regulation. This is to ensure that there is no wilful act of non-compliance.

28. Is there provision for finger print impaired RSA holders to initiate an RSA Transfer?

Yes, the RTS provides an option for submission of RSA transfer requests by fingerprint impaired RSA holders, subject to the confirmation of their fingerprint impairment status with NIMC

C. DATA RECAPTURE EXERCISE (DRE)

1. What is Data Recapture Exercise?

Data Recapture Exercise (DRE) is an exercise in which all Retirement Savings Accounts (RSA) holders (i.e. both active employees and retired) are required to provide up-to-date personal information to their PFAs. It provides them an opportunity to correct and update their personal and employment data.

2. What is the objective of the DRE?

The objective of the exercise is to ensure that correct and up to-date personal information is obtained from all RSA holders (i.e. both active employees and retirees) that registered under the CPS from inception up to 30 June 2019. The exercise will also eliminate multiple RSA PINs and harmonize Contributors' records in the pension industry with their records in the National Identity Database, maintained by the National Identity Management Commission (NIMC), in line with the Federal Government's directives.

3. Who can participate in the DRE?

The DRE is for RSA holders who registered before 1st July 2019. These include:

- i. Active Contributors (Nigerians and Foreigners)
- ii. Micro Pension Contributors
- iii. Retirees on Programmed Withdrawal (PW)
- iv. Retirees on Retiree Life Annuity (RLA) who are making Voluntary Contributions into their RSAs.

4. Who will carry out the DRE?

The DRE is being carried out by all the PFAs at their various offices.

5. What are the documents required from active employees during DRE?

- ii. Staff Identity Card or any of the following
 - a) National Driver's License
 - b) Permanent Voter's Card
 - c) International Passport (mandatory for Non-Nigerians) ii) National Identity Card or Enrolment Slip issued by NIMC iii)

Birth Certificate or Sworn Affidavit of Age Declaration iv)
Letter of employment.

6. What are the documents required from Retirees during DRE?

- a) International Passport or any of the following:
- b) National Driver's License
- c) Permanent Voter's Card
- d) National Identity Card or enrolment Slip issued by NIMC
- e) International Passport (mandatory for Non-Nigerians).

7. What are the supporting documents required for change of name?

i. Marriage Certificate (only applicable in the case of marriage) ii)
Newspaper publication iii) Sworn affidavit (for change of name) iv)
Letter of confirmation for change of name from employer (where applicable).

8. What are the supporting documents required for change of date of birth (DOB)?

i) Birth Certificate ii) Sworn affidavit (for change of DOB) iii) Letter of confirmation of change of date of birth from employer, in the case of an active contributor.

9. Is there any Fee to be paid by an RSA holder for data recapture?

No, data recapture is free of charge. No amount is charged by the PFAs.

10. Can an RSA holder update his/her NIMC records, where such records are incorrect?

Yes, an RSA holder may update his/her NIMC records at NIMC or with any of its licensed Agent.

11. How often can an RSA holder be recaptured?

An RSA holder can only be recaptured once using a valid RSA PIN. Once the recapture is successful, the RSA holder will not be recaptured again as his/her details would have been successfully registered in PenCom's Database.

12. Can an RSA holder be recaptured without a NIN/Virtual NIN?

No, an RSA holder cannot be recaptured without his/her NIN/VNIN. Where an RSA holder has no NIN/VNIN, he/she should register with NIMC or any of its licensed NIN Registration Agent.

13. What is a Virtual NIN (VNIN)?

A VNIN is a tokenization version of a person's actual NIN which another party verifying the number cannot retain and use in a way that puts the individual's data privacy at risk.

14. What happens where an RSA holder submits erroneous data during recapture?

It is very important for RSA holders to provide their accurate and up to date information during recapture. However, in the event of an error, the RSA holder can update his/her records with his/her PFA.

15. Can my Next-of-Kin recapture on my behalf?

No, data recapture cannot be done by proxy. The RSA holder will have to be physically present for the data recapture.

16. How would an RSA holder with multiple RSA PINs be recaptured?

An RSA holder with multiple PINs can be recaptured by a PFA of his choice, amongst his existing PFAs and is also required to notify his chosen PFA of all his/her other PINs. An active Contributor would be expected to undergo the DRE with the PIN of his/her choice, while a retiree must recapture with the RSA PIN he/she is receiving his/her monthly/quarterly pension.

17. Can I change/update my Surname, First name, Date of Birth and other details?

Yes, you can use the opportunity of the DRE to update all your details but you would have to provide supporting documents if the update is on Surname, First name and Date of Birth. Note that, the update on Surname, First Name and Date of birth must be updated with NIMC first. You can also update your records after the Data Recapture by providing the necessary documents to your PFA.

18. How does an RSA holder get information on the status of his/her Data Recapture?

PFAs are required to send notifications to the RSA holders via SMS to their telephone numbers or email addresses, provided by them.

19. What document is issued to an RSA holder after his/her biodata and biometric information have been recaptured on the ECRS?

RSA holders will obtain Acknowledgement Slips from their PFAs upon submission of required documents. The PFAs are required to provide RSA holders the status of their data recapture within five (5) working days after data recapture.

20. 20.Are PFAs allowed to induce RSA holders to influence their decisions to recapture?

No. PFAs are prohibited from giving any form of monetary and non-monetary inducements to influence RSA holders' decisions to participate in the DRE. PenCom will take appropriate action regarding any such reported and confirmed case(s) of inducements. RSA holders are also to report to PenCom any such case of inducement.

PART 3

A. INVESTMENT OF PENSION FUNDS UNDER THE CONTRIBUTORY PENSION SCHEME

1. Who invests pension funds?

The investment of pension funds is the sole responsibility of the PFAs.

2. What guides the investment activities of PFAs?

The investment activities of PFAs are guided by the provisions of the PRA 2014 and the Regulation on Investment of Pension Fund Assets (Investment Regulation) issued by PenCom from time to time.

3. What are the allowable investment instruments?

PFAs can only invest in the following instruments: Equities; Federal Government Securities; State/Local Government Bonds; Corporate Debt Securities; Money Market Instruments; Open/Closed-end Funds; Infrastructure Bonds & Funds; Private Equity Funds; Supranational bonds and any securities/instruments that may be approved by PenCom, from time to time.

4. Do PFAs invest in any of the allowable instruments available in the market?

PFAs only invest in instruments that satisfy quality requirements stipulated in the Investment Regulation, such as minimum risk rating, ability of a listed company to make profit and/or pay dividend, etc. In addition, the investment Regulation provides investment limits on each allowable instrument to ensure diversification of all investments made by PFAs.

5. Can the rate of return on investments be above inflation?

PFAs are expected to generate a fair Return on Investment for the Funds. However, this cannot be absolutely guaranteed due to the variability of investment returns.

6. Can I give my PFA instructions on how to invest my contributions?

No. All investment decisions are made by the PFA. However, the RSA Multi-Fund Structure introduced by PenCom, allows a contributor to choose the Fund through which his/her pension contributions would be invested.

7. Is PenCom directly involved in the investment of pension funds?

PenCom is not directly involved in the investment of Pension Fund. Rather, the PFAs are solely responsible for the investment of the Pension Fund, in line with the provisions of the PRA 2014 and the Regulation on Investment of Pension Fund Assets issued by PenCom.

8. Are there modalities in place to reprimand erring Operators?

Yes, PenCom has in place modalities for imposing administrative sanction to address violations of its various Regulations and Guidelines.

9. What is RSA Multi-Fund Structure?

The Multi-Fund Structure involves the creation of multiple RSA Funds, with respective assets allocation, to fit into the different demographic (age) profiles, beliefs and risk appetites of registered Contributors.

10. Would all PFAs provide the Multi-Fund Structure to its Contributors?

Yes, all PFAs are expected to provide the Multi-Fund Structure to its Contributors.

11. What are the Funds under the RSA Multi-Fund Structure?

There are six distinct funds based on Multi-Fund Structure, namely, Fund I (less than 50 years, but based on request); Fund II (default fund for all contributors less than 50 years); Fund III (50 years and above); Fund IV (strictly for retirees), Fund V and Fund VI are special funds for contributors participating in the MPP and those interested in having their contributions invested in non-interest financial instruments, respectively.

12. What is Non-Interest Fund?

The Non-Interest Fund is a fund that complies with the provisions of Islamic Commercial Jurisprudence and any other established non-interest principles, as approved by the Financial Regulation Advisory Council of Experts (FRACE) or any other body constituted by the Central Bank of Nigeria and the Securities and Exchange Commission, from time to time.

13. Can I split the funds in my RSA between two Funds?

No. An RSA holder shall not be allowed to split the funds in his/her RSA between two Funds.

14. Am I allowed to choose a Fund, other than the Fund allocated to my demography?

Yes, an active Contributor in Fund II (aged 49 years and below) who wishes to be assigned to Fund I shall make a formal request to his/her PFA. In addition, an active Contributor in Fund III (aged 50 years and above) who wishes to move to Fund II shall make a formal request to his/her PFA. However, Contributors over 50 years and Retirees shall not be allowed to move to Fund I. Contributors in Funds I - III and retirees can move to Fund VI.

15. What are the limits on the number of times I can switch Funds in a year?

An active Contributor may upon formal application to his/her PFA, switch from one Fund type to another within a given PFA, once in 12 months without paying any fees.

16. Am I expected to pay fees for switching of Funds?

The first switch made in a year shall be free of charge. However, any subsequent requests for switching of Funds within the same year, shall be subject to charges, to be determined by PenCom.

17. Where can a Contributor obtain information on the performance of each Fund?

Section 55 (d) of the PRA 2014 mandates licensed PFAs to provide regular information on the pension fund investment strategy, rate of returns and other performance indicators to Contributors. Accordingly, every PFA is expected to display its annual historical rates of return on its website and make them available to a Contributor, based on request.

18. How can a Contributor initiate the process to switch Funds?

A Contributor desiring to switch funds is advised to contact the nearest branch of his/her PFA for the necessary information required to aid the decision to switch.

19. How is income generated from investment distributed to RSA holders?

Income generated from investing pension contributions is credited into the RSAs of contributors based on the proportion of pension contribution made by the individual into the fund invested.

20. Are my pension contributions safe?

PenCom ensures that pension contributions are safe. This is achieved through the separation of the investment and custody functions between PFAs and PFCs, respectively. Furthermore, there is effective regulation and supervision through daily monitoring of the investment decisions made by the PFAs in order to ensure compliance with the PRA

2014 and the Regulation on the Investment of Pension Fund Assets. Moreover, there are stringent provisions in the Investment Regulation to ensure that pension fund assets are invested in allowable instruments that have adequate risk safeguards.

21. What are the safeguards put in place to protect the pension assets of retirees from the negative impact of adverse investment conditions?

A Pension Protection Fund was established by the PRA 2014 to among others, compensate eligible retirees for shortfall or financial losses that may arise from investment activities of the PFAs.

22. Can the funds in an employee's RSA be used as a collateral for loan by the RSA holder or his employer?

No. The PRA 2014 prohibits the use of pension fund assets under the management of PFAs to offset or grant loans and credits or as collateral for any loan taken by the contributor, employer or any other person whatsoever.

B. EQUITY CONTRIBUTION FROM RETIREMENT SAVINGS ACCOUNTS OF RSA HOLDERS FOR RESIDENTIAL MORTGAGE

1. What is Residential Mortgage?

A residential mortgage is a loan designed to provide access to finance for individuals to purchase a residential house.

2. What is Equity Contribution?

Equity contribution is a portion of the total mortgage sum paid to a Mortgage Lender for the purpose of getting a mortgage.

3. Who is a Mortgage Lender?

A Mortgage Lender is a Primary Mortgage Bank or a commercial bank licensed by the Central Bank of Nigeria (CBN) to provide Residential Mortgage.

4. Who is an applicant for residential mortgage?

An applicant is an RSA holder that is eligible to apply for a part of his/her RSA balance as equity contribution for residential mortgage.

5. What is a Mortgage Offer Letter?

A Mortgage Offer Letter is a letter given by a Mortgage Lender to an RSA holder to buy a property at a particular price.

6. What is a Property Offer Letter?

A Property Offer Letter is a letter given by a property owner to an RSA holder to buy a property at a particular price.

7. Who is a property owner?

A property owner is the person who owns the property which the applicant intends to acquire through mortgage.

8. Why is Equity Contribution accessed from RSA?

Equity contribution is accessed from RSA to enable an RSA holder pay equity contribution for residential mortgage in line with the provisions of Section 89(2) of the PRA 2014.

9. What is the benefit of accessing RSA balance for Equity Contribution towards obtaining Residential Mortgage?

The benefit of accessing RSA balance for residential mortgage is to improve the standard of living of RSA holders under the CPS by facilitating their ownership of residential homes during their working life.

10. Who can access Equity Contribution from RSA?

Salaried employees or self-employed persons who are making monthly or periodic contributions into their RSAs can access equity contribution for residential mortgage. However, only RSA holders who have made monthly

contributions for 60 months (5 years) and above are eligible to access equity contribution from their RSAs.

11. Who is exempted from accessing RSA balance for payment of Equity Contribution for Residential Mortgage?

RSA Holders who have less than three years to their retirement, existing retirees under CPS and exempted persons under the PRA 2014 are not eligible to use their RSA balances for payment of equity contribution for residential mortgage.

12. What is the maximum percentage that can be accessed from the RSA as Equity Contribution for Residential Mortgage?

An applicant is allowed to take a maximum of 25% of his/her RSA balance as at the date of application. However, where the equity contribution is less than 25% of his/her RSA balance, the applicant is allowed to access only the required equity for the mortgage he/she is acquiring.

13. What happens if 25% of the applicant's RSA balance is not enough to pay the Equity Contribution?

The applicant is required to deposit the difference with the mortgage lender before 25% of the RSA balance can be accessed as equity contribution.

14. Can an applicant access Equity Contribution from RSA more than once?

No. An applicant is allowed to access equity contribution from his/her RSA once in a lifetime.

15. What constitutes the Equity Contribution from an applicant's RSA?

Equity contribution is calculated based on the applicant's total RSA balance as at the date of application, which comprises of the total contributions and returns on investment.

16. Can I access my Voluntary Contribution (VC) as part of Equity Contribution for Residential Mortgage?

Yes. Applicants may use the contingent portion of their VC for equity contribution, in line with VC Guidelines.

17. Can a Micro Pension Contributor(s) access their Contingent portion as part of Equity Contribution for Residential Mortgage?

Yes. Where 25% of the RSA balance (i.e. the 60%) is not sufficient for equity contribution, Micro Pension Contributor(s) may access their contingent portion (i.e. the 40%) to make up the Equity Contribution required for the mortgage.

18. Can an RSA holder access their Nigeria Social Insurance Trust Fund (NSITF) and Pre-Act contributions as part of Equity Contribution for Residential Mortgage?

Yes, NSITF and Pre-Act contributions can form part of the RSA balance in determining equity contribution, provided the 60 months (5 years) of employer and employee's contributions have been remitted into the applicant's RSA as at the date of application.

19. Can an RSA holder who has accessed 25% of his/her RSA balance due to loss of job access Equity Contribution for Residential Mortgage?

Yes. An RSA holder who has accessed 25% of his/her RSA balance due to loss of job can access equity contribution for residential mortgage provided he/she is in active service and the 60 months (5 years) of employer and employee's contributions have been remitted into his/her RSA as at the date of application.

21. How can an RSA holder access Equity Contribution for Residential Mortgage?

You are required to approach your PFA for guidance.

21. Can an RSA holder who has accessed Equity Contribution for Residential Mortgage and 25% balance of his/her RSA due to loss of job, access lump sum at retirement?

The RSA holder may access lump sum at retirement in line with the provisions of the Revised Regulation for the Administration of Retirement and Terminal Benefits.

22. Which Mortgage Lenders can be used for acquiring Residential Mortgage?

You are required to use Mortgage Lenders licensed by the Central Bank of Nigeria (CBN).

23. Where can I get the list of eligible Mortgage Lenders?

You may get the list of eligible mortgage lenders on PenCom's website via www.pencom.gov.ng.

24. Can Equity Contribution from RSA be used for refinancing existing mortgage, buildings under construction, outright purchase of property, building renovations, etc.?

No. RSA holders are only allowed to utilize part of their RSA balance for the payment of equity contribution towards securing a residential mortgage.

25. Can married couples in different PFAs jointly access Equity Contributions from their RSAs for a single Residential Mortgage?

Yes, married couples, who are RSA holders, may jointly access their RSAs from different PFAs for equity contribution, subject to individually satisfying the eligibility requirements.

26. What happens if an applicant for residential mortgage dies before the execution of the “Deed of Assignment”?

In the case of the death of an applicant before the execution of the “Deed of Assignment”, the application is terminated and the mortgage lender shall refund the equity contribution to the PFA of the applicant via PFC immediately.

27. In the case of a joint application, what happens upon the death of one of the couples?

In the case of death of a partner in a joint application, the surviving partner has the option of proceeding with the mortgage where cash flow is considered adequate. The partner may however, terminate the application where cash flow is considered inadequate or choose a smaller property that will accommodate the cash flow. Where the partner

decides to choose a smaller property, he/she will start the application process afresh.

28. What happens where an applicant dies after the “Deed of Assignment” has been executed and the applicant has taken possession of the property?

Upon the death of an applicant after the “Deed of Assignment” has been executed and the property is in his/her possession, an insurance company will be required to pay off the outstanding mortgage value and the beneficiary of the deceased will own the property.

29. If an RSA Holder or a Mortgage Lender decides to discontinue the application for Equity Contribution for Residential Mortgage, what happens?

If an RSA holder or the mortgage lender could not continue with the mortgage for any reason before the mortgage loan is approved and disbursed, the party that decides not to continue shall notify the relevant PFA. Before the execution of the “Deed of Assignment”, the mortgage lender shall refund the equity contribution to the PFC immediately after such decision has been made.

30. What happens if the property is no longer available by the time the Equity Contribution for the mortgage is approved and disbursed?

The mortgage lender shall notify the applicant and the PFA immediately after determining the unavailability of the property and the application shall be terminated. However, the applicant may get another Property Offer Letter and start the process again if he/she so wishes.

31. Can somebody apply for Equity Contribution from my RSA on my behalf?

No. Application for equity contribution for residential mortgage shall not be by proxy.

32. If an RSA holder's data has not been recaptured, can he/she access Equity Contribution for Residential Mortgage?

No. If an RSA holder had registered with a PFA before 1 July 2019, he/she must be recaptured through the RSA DRE before accessing equity contribution for residential mortgage.

33. Can the Equity Contribution from my RSA be paid directly into my bank account?

The equity contribution shall be paid into the applicant's account with the mortgage lender.

34. Can Equity Contribution from my RSA be used to acquire mortgage for shops and plazas?

No. Equity Contribution from RSA is only meant for payment of equity for residential mortgage.

35. Can political appointees on Voluntary Contribution under the CPS access Equity Contribution from RSA for Residential Mortgage?

No. Political appointees are not allowed to.

36. Are foreigners making Voluntary Contribution under the CPS eligible to access Equity Contribution for Residential Mortgage?

No. A VC contributor is not eligible to access equity contribution from his/her RSA for residential mortgage.

37. Can a person who does not have an RSA access Equity Contribution for Residential Mortgage?

No. An applicant must have a Personal Identification Number (PIN) with a licensed PFA.

38. Can a Micro Pension Contributor and an RSA holder who are making Contributions have a joint application for Equity Contribution?

A Micro Pension Contributor and an RSA holder who are making contributions can have a joint application for equity contribution for residential mortgage, provided they individually meet the eligibility criteria.

PART 4

A. TRANSITIONAL ARRANGEMENTS FROM DEFINED BENEFITS (DB) PENSION SCHEME TO CONTRIBUTORY PENSION SCHEME (CPS)

1. What happens to my pension and gratuity under the DB Scheme if I migrated to the CPS?

Employees of the Federal, State and Local Governments who worked before the commencement of the CPS would have their pension and gratuity, which accrued under the DB Scheme, computed and remitted to their respective RSAs at retirement.

2. How would the pension and gratuity that accrued under the DB Scheme be paid to eligible Federal Government employees?

Accrued pension and gratuity of eligible employees of Federal Government Treasury Funded MDAs are paid from the Retirement Benefit Bond Redemption Fund (RBBRF), which is maintained by the Central Bank of Nigeria (CBN). The Federal Government pays an amount not less than 5% of the monthly wage bill payable to employees in the public service of the Federation into the RBBRF for the payment of this liability.

3. Are employees of the FCT also going to be paid accrued pension and gratuity under the DB Scheme from the Federal Government's RBBRF?

No. The FCT has established a separate RBBRF Account with the CBN into which it pays 5% of the monthly wage bill payable to its employees and

from which accrued pension and gratuity are paid to eligible FCT employees.

4. How will the accrued pension and gratuity of employees in the private sector be paid?

Private sector employers are required to determine the accrued pension and gratuity benefits, where applicable, and transfer the amount so determined into the individual RSAs of their eligible employees.

5. What happens to the pension of employees of FGN Treasury Funded MDAs who are exempted from the CPS?

The Pension Transitional Arrangements Directorate (PTAD) established by the PRA 2014 is responsible for the payment of pension and gratuity to employees of the FGN Treasury Funded MDAs who retired under the DBS and exempted from the CPS. The FGN would continue to provide the required finances to PTAD for the payment of pensions until the demise of the last pensioner under the DB Scheme.

6. What happens to the pension of private sector employees who retired prior to the commencement of the CPS?

Private sector employees who retired prior to the commencement of the CPS will continue to receive pension based on the terms and conditions of their employment.

7. What happens to the contributions deducted at source from salaries of public sector employees who are exempted from the CPS?

The employee's portion of the pension contributions would be refunded to the affected employee, while the employer portion would be transferred back to the employer.

8. What happens to the pension contributions made by private sector employees prior to the commencement of the CPS?

The amount contributed is transferred to their RSAs within thirty (30) days of registration. The employer is required to notify PenCom of such transfers.

9. Are the Employees of an organization with an Approved Existing Scheme (AES) or a Closed Pension Fund Administrator (CPFA) eligible to join the CPS?

Employees of an organization that is operating an AES, which is being managed by a PFA or a Closed PFA, are entitled to choose to remain in the AES/CPFA or open RSAs with any PFA of their choice and request that their retirement benefits be transferred into such RSAs. However, all new employees of such organizations, from 1 July 2014, are mandated by the PRA 2014 to join the CPS right away.

10. What happens to the pension contributions made under the Nigerian Social Insurance Trust Fund (NSITF) before the introduction of the CPS?

The pension contributions made under the NSITF Scheme before the commencement of the CPS, including all investment incomes, are transferred to the RSA opened by the respective NSITF contributor.

11. What happens to existing pensioners under the NSITF Scheme?

Existing pensioners under the NSITF Scheme will continue to receive their retirement benefits based on the terms and conditions upon which the contributions were made. PenCom supervises the process to ensure that it is in line with the laid down rules and regulations.

12. What happens to the contributions made under the NSITF Scheme by those not eligible for pension under the Scheme and exempted from the CPS?

Contributions made by this category of NSITF contributors will be computed in line with the NSITF Act 1993 and paid into their individual bank accounts.

13. Can NSITF still manage pensions under the CPS?

No. The PRA 2014 provides that only private entities licensed by PenCom are allowed to manage and administer pension funds and assets. Consequently, all contributions in the NSITF pension fund have been transferred to Trustfund Pensions Limited for management.

14. What is the role of NSITF after the introduction of the CPS?

NSITF shall continue to be responsible for the provision of social security services, other than pension, as provided under the Employees Compensation Act 2010.

PART 5

A. RETIREMENT BENEFITS ADMINISTRATION UNDER THE CONTRIBUTORY PENSION SCHEME

1. What are the types of Retirement Benefits under the CPS?

There are two basic benefits under the CPS, (monthly or quarterly) pension and one-off lump sum payments.

2. What are the modes of accessing periodic pension payments under the CPS?

There are two modes for accessing periodic pension payments under the CPS, namely, Programmed Withdrawal (PW) and Retiree Life Annuity (RLA).

3. What is Programmed Withdrawal (PW)?

This is a product offered by the PFA whereby the retirement benefits of the retiree are paid monthly or quarterly throughout his expected lifespan which is determined using mortality (actuarial) tables. In case of death of the retiree, the balance in the RSA will be paid to the legal beneficiaries of the deceased.

4. What is Retiree Life Annuity (RLA)?

This is a stream of monthly or quarterly income purchased from an approved life insurance company with the available RSA balance of the retiree as premium. It provides a guaranteed periodic income (pension) to a retiree throughout his/her life after retirement. However, If the

retiree dies before the expiration of ten years from the date of commencement of payment of annuity, the named beneficiary(ies) shall be paid pension benefit of the deceased for the remaining years to make up ten years guaranteed period.

5. What is lump sum payment?

Lump sum is a one-off payment from the RSA to the retiree at retirement after the monthly or quarterly pension is determined.

6. Will gratuity be paid under the CPS?

The PRA 2014 does not make provisions for payment of gratuity. However, an employer may choose to pay additional severance benefits, including gratuity, provided these additional benefits are going to be fully funded by the employer. In addition, the operational modalities and the size of the benefits are at the discretion of the employer.

7. How can I purchase a Life Annuity Contract from a Life Assurance Company?

A retiree can procure a Life Annuity Provisional Agreement using the RSA balance after accessing a portion as lump sum (by choice), and the balance as premium from an insurance company, which in turn provides the monthly/quarterly payments (Annuity). The RLA product is subject to the Regulations jointly issued by PenCom and NAICOM.

8. Can I choose Programmed Withdrawal (PW) and later change to Retiree Life Annuity (RLA)?

Yes. It is possible for a retiree to change to RLA after accessing his retirement benefits through PW for some time. In this case, the remaining balance in the RSA will be utilized as premium to purchase the Life Annuity from an insurance company, which will pay him monthly

pension/annuity for life. However, this can only be done after at least 1 year of being on PW.

9. Can I choose Retiree Life Annuity and later change to Programmed Withdrawal?

No. Once a retiree has chosen to access his/her benefits through Life Annuity, he/she is not allowed to change to Programmed Withdrawal. However, the retiree can change his Annuity Contract from one Insurance Company to another after every two years. The amount to be paid as annuity/pension will be based on the balance to be transferred between the insurance companies.

10. What are the Components of RSA Balance at Retirement?

The RSA balance at retirement is made up of the following:

- i. Pension Contributions from July 2004 till the date of retirement;
- ii. Accrued right (if any), representing pension and gratuity for services rendered from date of first appointment to 30 June, 2004;
- iii. Investment income generated by the PFA;
- iv. Voluntary contributions (if any);
- v. Micro pension contributions (if any);
- vi. Nigeria Social Insurance Trust Fund (NSITF) (if any).

11. What do I need to do for my Accrued Rights (Retirement Bond) to be paid?

Employees of Treasury Funded FGN MDAs are required to be enrolled by PenCom. The information collected during enrolment exercise will be utilized for the issuance of the Retirement Bond and/or computation of bond value. The enrolment exercise is conducted annually for those retiring in the coming year.

12. What happens when an FGN employee is promoted after participating in the enrolment exercise?

Where an FGN employee is promoted after enrolling for the payment of accrued rights, a copy of the promotion letter indicating grade level and step and effective date should be forwarded to PenCom, along with a copy of his/her registration slip obtained during the enrolment exercise. These will be used to compute and pay any difference in the monthly contributions that may occur as a result of the promotion. However, if a retiring employee's promotion relates to a period when his MDA had moved to IPPIS, such case will be handled by the IPPIS Office.

13. What is the retirement age under the CPS?

Retirement age under the CPS depends on each employee's terms and conditions of employment.

14. What age can I access retirement benefits?

Retirement benefits can only be accessed when a retiree is up to 50 years of age except where the retirement is based on medical grounds.

15. When can I have access to the money in my RSA?

An RSA holder will have access to his/her RSA upon retirement based on his/her condition of service or upon attaining the age of 50 years (whichever comes later) or is medically incapacitated. Where an employee voluntarily retires, disengages or is disengaged from employment while still under 50 years of age, he/she can have access to 25% of his/her RSA balance provided that such employee is unable to secure another employment after 4 (four) months of such retirement/disengagement.

16. What happens to an employee who retired under the CPS due to physical or mental incapacity, but is subsequently recertified fit and proper for employment?

Such an employee may re-enter the Scheme upon securing new employment. The new employer would remit his pension contributions into his/her RSA originally maintained by him/her.

17. What happens to the balance in the RSA after a lump sum withdrawal?

The balance in the RSA will be applied towards the payment of monthly pensions to the retiree on programmed withdrawal or purchase Retiree Life annuity.

18. Can I make a lump sum withdrawal of more than 25% of my RSA balance?

This is possible provided the amount left in the RSA after such lump sum withdrawal shall be sufficient to fund a Programmed Withdrawal or Life Annuity of not less than 50% of the retiree's monthly remuneration as at the date of retirement.

19. What happens to a retiree with an insufficient balance in his/her RSA?

Where the RSA balance of a retiree cannot provide a monthly/quarterly pension or annuity of at least one third of the prevailing minimum wage, the retiree shall be allowed to take the entire balance in the RSA en-bloc.

20. Why would the RSA balance of two employees who were employed on the same day/level be different at retirement?

The RSA balances may differ due to any of the following major reasons:

- i. The timing and regularity of their promotion may be different;
- ii. Their respective Grade Levels/Steps as at June 2004 and resulting amounts of Accrued Rights generated under the defunct DB scheme may be different;
- iii. The regularity of remittance of pension contributions under the CPS may be different;
- iv. Return on investment by the PFAs may differ slightly due to the investment decisions and prevailing market conditions; or
- v. An employee who makes additional voluntary contribution would have a higher RSA balance during their pension accumulation phases.

21. Why would the amount of monthly pension and lump sum differ between employees who retired at the same time and on the same salary grade?

The amounts may differ due to the following major reasons:

- i. Differences in their RSA balances as described in No. 20, above;
- ii. The age and gender;
- iii. One of the employees may have decided to make additional voluntary contributions, hence, the magnitude of their contributions may vary during their pension accumulation phases;
- iv. Each of the retirees may have made different choices at retirement.

For instance, one retiree may choose to collect a lower lump sum or no lump sum at all so that his monthly pension can be higher. The other retiree may have chosen to collect a higher lump sum which would make his monthly pension lower.

22. What constitutes the consolidated benefits of a deceased employee who died in active service?

The consolidated benefits of a deceased employee include his/her accumulated monthly contributions including any income that accrued from investing the contributions; benefits from Group Life Insurance Policy, accrued pension benefits, and NSITF contributions (if any).

23. What is the procedure for accessing the RSA of a deceased employee?

Upon the death of an employee, the employer/Next of Kin (NoK) or representative of the deceased shall notify the PFA, who in turn shall duly notify PenCom. The deceased's consolidated benefits are, thereafter, paid in bulk to the Executors of his Will or to any person appointed by the Probate Registry as the Administrator of his estate to enable them apply same in favour of his beneficiaries. The employer shall also process the proceeds of the Group Life Insurance Policy and ensure payment by the Insurance Company to the named beneficiaries.

24. How would the consolidated benefits of an employee who died prior to opening an RSA be processed in favour of his beneficiaries?

For a deceased person who did not open an RSA before his death, the retirement benefits will be processed and paid to the beneficiaries from the nominal RSA opened for him/her by the employer.

25. What is the quantum of benefits under the Group Life Insurance Policy?

Every employee is entitled to a Group Life Insurance Policy, which is at least 3 times his/her Annual Total Emolument (ATE).

26. Who pays the premium for a Group Life Insurance Policy?

The premium for Group Life Insurance Policy is paid by the Employer. The employee does not bear any cost to this effect. The employer is obligated to pay the equivalent amount of the Group Life insurance to the beneficiaries of the deceased where it does not have an existing Group Life Insurance Policy for its employees.

27. Are employees covered for life by the Group Life Insurance Policy?

No. Employees are covered for the period in which they are in active service of the employer. Hence, the policy does not cover the employee after disengagement/retirement from the service of the employer.

28. Can an employer provide Group Life Insurance cover for more than three times the Annual Total Emolument of the employee?

Yes. An employer may provide Group Life Insurance cover that provides benefits over and above three times the ATE of its employees. In addition, any employer that has an existing policy whose terms are better than three times the ATE are advised to maintain such policy.

29. What is Annual Total Emolument (ATE)?

An employee's ATE is the total sum of basic salary and all allowances payable as his/her remuneration for one year, as may be provided under the salary structure or terms and conditions of his/her employment.

30. Can pension be increased under the CPS?

Accrued Pension Rights under the CPS shall be increased after every five years or whenever there is increase in the salaries of active workers in line with the provisions of Section 173 of the 1999 Constitution (as Amended). In addition, pension can be enhanced based on increased RSA balances occasioned by high returns on investment of the retiree assets by the PFAs.

31. What happens to Additional inflow into a retiree's RSA?

a) Retirees on PW who receive additional remittances into their RSAs shall have their benefits reprogrammed as follows:

i. A PFA shall use the Additional Benefits Withdrawal Template to compute the new pension and lump sum (if any), using the RSA balance of the retiree after the additional remittance(s). ii. The additional remittances shall first be applied to augment pension up to 50% of the retiree's final salary and the balance may be paid out as lump sum. Where the retiree's pension is already up to 50% of final salary, the retiree may choose to collect the entire additional remittances as lump sum.

b) However, where the additional inflow into the RSA of a retiree on RLA is not up to N100,000.00, the amount shall be paid directly into the retiree's bank account, subject to PenCom's approval.

- c) Where the additional inflow is more than N100,000.00, the retiree shall procure a premium from the RLA provider for the said amount to be transferred.

32. How is monthly Pension Arrears treated?

A retiree shall be eligible for pension arrears, only for the period between the date of retirement and date of consolidation of his/her RSA. In the case of retirees from self-funding agencies and private sector, pension arrears shall be for no more than 6 months. In addition, a retiree is not entitled to pension arrears for the period before his/her 50th birthday anniversary.

33. What is pension enhancement?

Retirees on PW with a minimum of 5% growth in their RSAs, from the date of initial programming or their last enhancement date, shall be entitled to receive enhanced pensions.

34. How often does Pension enhancement occur?

There shall be a periodic pension enhancement for retirees on PW based on the Return of Investment of funds in the RSA and PenCom's directive (currently – after every 3 years).

35. How can I suspend my monthly/quarterly Pension payment?

Where a retiree on PW secures employment, he/she may request the suspension of his/her monthly pension in writing and by filling a consent form. When the retiree decides to resume collecting his/her monthly pension, he/she shall request in writing. The pension would be determined by reprogramming the current RSA balance using the

retiree's current age. In such circumstances there shall be no pension arrears.

B. PROSPECTIVE RETIREES ENROLMENT AND VERIFICATION PROCESSES

1. Why do we enrol retirees?

Retirees/Prospective Retirees of FGN Treasury Funded Ministries, Departments and Agencies (MDAs) are enrolled in order to obtain their biodata and employment records for the computation of accrued rights and remittance of their retirement benefits.

2. Who needs to be enrolled?

Retirees and Prospective Retirees of FGN Treasury Funded Ministries, Departments and Agencies (MDAs) under the CPS, who are on mandatory or voluntary retirement:

- i. joined the service of their MDA prior to 30 June 2004;
- ii. joined an MDA prior to the MDA's migration to Integrated Personnel Payroll Information System (IPPIIS); or
- iii. both i. and ii. above.

3. Where can a retiree access the Enrolment Application?

The online enrolment application is a web-based application hosted on PenCom's website: www.pencom.gov.ng.

4. Who can initiate a retiree's registration on the Online Enrolment Application?

A retiree/prospective retiree who has successfully completed his/her data recapture, can register on the Online Enrolment Application hosted on PenCom's website or visit his/her PFA for assistance on the registration.

5. What are the processes of enrolling and verifying a retiree/prospective retiree on the Online Enrolment Application?

Upon a successful registration, a retiree/prospective retiree will input his/her employment details and upload required documents on the online enrolment application. Thereafter, the retiree/prospective retiree visits his/her PFA to complete the verification and enrolment exercise while liaising with his/her MDA to upload his/her employment records on the application

6. What are the requirements for Online Enrolment?

An enrollee's biometrics and employment documents, as advised by PenCom from time to time. An enrollee should liaise with his/her Pension Desk Officer (PDO) or PFA for the list of documents required.

7. Can retirees/prospective retirees residing outside Nigeria enroll?

A retiree/prospective retiree can initiate registration anywhere in the world. However, he/she can only complete the verification and enrolment exercise upon a visit to any branch of his/her PFA for capturing.

8. What should a retiree/prospective retiree do after a successful enrolment?

A retiree is expected to review the Enrolment Slip and inform the PFA of any error. The retiree should, thereafter, wait to be advised by his PFA after PenCom has computed and remitted his/her retirement benefits.

9. What is the implication of late enrolment?

A prospective retiree is expected to enroll in the year preceding his/her retirement year. Any Retiree/prospective retiree who fails to enroll at the appropriate time, may miss his/her retirement benefit being processed together with benefits of other retirees in his/her month of retirement.

C. ACCRUED PENSION RIGHT

1. What is Accrued Pension Right?

Accrued Pension Right is the accumulated benefit for employees of FGN Treasury funded MDAs, who worked under the old pension scheme, from the date of first appointment to 30 June, 2004.

2. Who is entitled to Accrued Pension Right?

Retirees and deceased employees who are not exempted from Contributory pension Scheme.

D. CONTRIBUTION AND REMITTANCE

1. Who is eligible for pension contributions remittance by PenCom?

Employees of the FGN Treasury funded Ministries, Departments and Agencies (MDAs), whose MDAs are yet to migrate to Integrated Payroll and Personnel Information System (IPPIS) and employees with issues of non-remittance prior to the migration.

2. Can a contributor have issue of non-remittance of pension contribution?

Yes. A contributor may have non-remittance of pension contributions due to non-submission or incorrect data of nominal roll submitted to PenCom by the relevant MDA.

3. How can a contributor of an FGN Treasury Funded Ministries, Department and Agency (MDA) resolve issues of non-remittance of pension contribution?

Such a Contributor may liaise with the Pension Desk Officer (PDO) of his MDA to submit his/her nominal roll to PenCom, effective from July 2004 to the date the MDA migrated to IPPIS.

4. Why does PenCom reconcile RSAs of employees of FGN treasury funded MDAs at retirement?

To confirm that the RSAs of the employees of FGN Treasury Funded MDAs are accurately and fully funded.

5. What is deceased benefit?

It is a terminal benefit of an employee who died in active service. It comprises accrued right (if any), pension contributions and returns on investment.

E. MULTIPLE RETIREMENT SAVINGS ACCOUNT (RSA) RESOLUTION

1. What are the implications of having multiple RSAs?

An RSA holder may suffer incorrect remittances into his/her RSA and loss of investment income that would have accrued over time. Also, there may be loss of time on reconciliation of multiple RSA and difficulty in accessing benefits.

2. How can multiple RSA registrations be resolved?

Any RSA holder with multiple RSAs should write a letter to PenCom attaching all evidence of registration with the PFA(s).

3. Can contributions in multiple RSAs be merged?

Contributions in the RSAs of private sector and public sector (Treasury Funded and Self-Funded Agencies) employees can be merged. However, employees of FGN Treasury funded MDAs would need to have their multiple RSAs reconciled in line with PenCom's policy on multiple RSA resolution.

F. ACTIONS TO BE TAKEN TOWARDS ACCESSING RETIREMENT BENEFITS

- A. The actions to be taken by a Prospective Retiree are as follows:
- i. Obtain and peruse the Retiree Pack from his/her PFA;
 - ii. The RSA holder shall within 6 months to retirement submit the following documents to his/her PFA:
 - (a) The official notice/acceptance of retirement from his/her employer;
 - (b) Current pay slip or any other evidence of total annual remuneration/Grade level and step;
 - (c) The evidence of accrued pension rights (if any) or acknowledgement of indebtedness (for employees in the Treasury Funded organizations); and
 - iii. He/she should also undergo Online Enrolment Exercise.
- B. Actions to be taken by a Retiree are as follows:
- i. Obtain data confirmation letter from PFA;
 - ii. Obtain and complete standard notification form from PFA;
 - iii. Seek financial advice from both PFA and RLA provider;
 - iv. Choose mode of pension payment, i.e. Programmed Withdrawal (PW) or Retiree Life annuity (RLA);
 - v. Complete and execute a Programmed Withdrawal Agreement with the PFA if he/she wishes to receive his monthly or quarterly pension through Programmed Withdrawal; and
- Obtain an RLA Provisional Agreement from the RLA provider of his/her choice. The Provisional Agreement should be completed, signed and submitted to the PFA, if he/she wishes to receive monthly or quarterly pension through RLA.

G. FEATURES OF PROGRAMMED WITHDRAWAL AND RETIREE LIFE ANNUITY

SIN	PROGRAMMED WITHDRAWAL	RETIREE LIFE ANNUITY
1	A product offered and administered by a PFA.	A product offered and administered by life Insurance Companies (Retiree Life Annuity Providers).
2	Regulated by PenCom	Regulated by NAICOM
3	Pays monthly/quarterly pension over an expected life span as determined using the A (55) Mortality Tables published by the Institute and Faculty of Actuaries United Kingdom (as amended).	Pays monthly/quarterly Annuity for life as determined using usually the PA (90) Tables of Annuitants Ultimate rates published by the Institute and Faculty of Actuaries of United Kingdom (as amended).
4	The balance in the RSA is re-invested by the PFA to generate income/funds for the	The profit on investment accrues to the RLA provider, while loss is also borne by it.

SIN	PROGRAMMED WITHDRAWAL	RETIREE LIFE ANNUITY
	retiree. The profit is credited into the retiree's RSA while the loss is borne by the retiree.	
5	Retirees may benefit from periodic pension enhancement resulting from returns on investment of the pension funds in their RSAs.	Periodic pension enhancement is not applicable to RLA.
6	RSA statement of account is issued to retirees quarterly or on request.	An annuitant does not receive any statement of account.
7	Retirees may move to Retiree Life Annuity after one year of being under Programmed Withdrawal.	A retiree on RLA cannot move to Programmed Withdrawal but may change to another RLA provider after at least two years with existing RLA provider.
8	In case of death of a retiree, the legal beneficiary(ies) will be	In the case of death of an annuitant, RLA is guaranteed for at least ten years. On demise of the annuitant within the guaranteed period, the RLA

SIN	PROGRAMMED WITHDRAWAL	RETIREE LIFE ANNUITY
	paid the total RSA balance.	provider would pay enbloc the sum of annuity for the remaining guaranteed years, at a present value to the named beneficiary(ies). However, in the case of death after the 10 years guaranteed period, there will be no payment to the named beneficiary(ies) of the annuitant.
9	The RSA balance under Programmed Withdrawal can be exhausted and resort made to Minimum Pension Guarantee.	RLA are not exhausted, provided the retirees is still alive.

PART 6

A. COMPLIANCE WITH THE PROVISIONS OF THE PRA 2014

1. How can a Company Obtain a Pension Clearance Certificate (PCC)?

A company can obtain PCC by formally applying to PenCom and attaching the following documents:

- i. Certified list of employees of the organization as at the end of the last fiscal year. The certification should be done by an authorized official of the applicant organization.
- ii. Certified rate of monthly pension contributions (specifying employer and employee rates). The rates relating to the monthly emoluments are:
 - (a) minimum of ten percent (10%) by the employer; and
 - (b) minimum of eight percent (8%) by the employee.
- iii. Evidence of remittance of monthly pension contributions for all employees as follows:
 - (a) for the last three fiscal years for organizations that were in existence for that period and have three (3) or more staff;
 - (b) for organizations that have not been in existence for the last three (3) fiscal years from the date of incorporation/registration/licensing to the last fiscal year;
- iv. Evidence of remittance of **all** outstanding pension contributions and penalties (for late remittances). This is **ONLY** applicable to organizations whose pension contributions have been reviewed by PenCom or its Agent.

v. Evidence of transfer of pension fund and assets prior to the commencement of the CPS to a licensed pension fund operator. This is **ONLY** applicable to organizations that had pension arrangements or were in custody of pension assets before June 2004, when the CPS commenced.

vi. Evidence of a current Group Life Insurance Policy for staff specifying the number of lives covered and sum assured. Applications for PCCs can be submitted at either PenCom's Head office at Plot 174, Adetokunbo Ademola Crescent, Wuse II, Abuja or any of the following Zonal Offices:

<p>North-East Zonal Office</p> <p>Plot No.10, Gombe-Biu Road</p> <p>Gombe, Gombe state</p> <p>Tel: 08055999339</p>	<p>North-Central Zonal Office</p> <p>Plot 1, Aderemi Adeleye Street, Off Fate Road, GRA</p> <p>Ilorin, Kwara State</p> <p>Tel: 08055999341</p>
<p>South-East Zonal Office</p> <p>Road 1/47, Udoka Housing Estate Awka, Anambra State</p> <p>Tel: 08055999337</p>	<p>South West Zonal Office</p> <p>88A Oduduwa Crescent, Ikeja, GRA</p> <p>Lagos State</p> <p>Tel: 08055998808</p>

South-South Zonal Office

Plot 9, PCN Layout, Diamond Hill

Calabar, Cross River State

Tel: 08055999332

North-West Zonal Office

No.22, Kazaure Road, Bompai,
Kano, Kano State

Tel: 08055999335

2. Can Companies with less than 3 employees get a PCC?

No. PenCom is not obliged to issue PCC to organizations with less than 3 employees.

3. Can the employer pay any additional benefits under the CPS?

Yes, the PRA 2014 provides that an employer may agree to pay an additional benefit to its employees upon retirement.

4. What penalties does PenCom impose on companies that default in complying with the PRA 2014?

Section 103 of the PRA 2014 provides punishments varying from fines to imprisonment for different offences that may be committed by Companies and/or Management of such Companies.

PART 7

A. MICRO PENSION PLAN

1. What is Micro Pension Plan (MPP)?

MPP refers to an arrangement under the CPS that allows the self employed and persons working in organizations with less than three (3) employees to make financial contributions towards the provision of pension.

2. Why Micro Pension?

Micro Pension guarantees secured future through steady income at retirement. It reduces old age poverty and the process has been made easy, simple and flexible.

3. Has the MPP been successful in other Countries?

Yes, MPP has been successful in countries like Ghana, Kenya, India, etc.

4. Is the mandatory CPS different from the MPP?

The mandatory pension and MPP are arrangements under the CPS. A major difference between the two is the nature of participation. The mandatory pension is obligatory for all eligible employees and both the employer/employee contribute towards the payment of the employee's pension at retirement. Micro Pension on the other hand is voluntary and solely funded by the contributor.

5. Who can participate in the MPP?

A Micro Pension participant must:

- i. Be a Nigerian;

- ii. Not below 18 years of age;
- iii. Have a legitimate source of income;
- iv. Belong to a trade/association/profession; and
- v. May be self-employed or an employee of an organization with less than three employees with or without a formal employment contract.

6. Can one have more than one RSA under the MPP?

No. A contributor under the MPP shall only have one RSA in his/her lifetime.

7. Can an individual in the formal sector who already has an RSA also participate in the MPP?

No. An individual who is contributing under the mandatory pension arrangement cannot participate in the MPP.

8. How do I register/enroll for MPP?

A prospective Micro Pension contributor can enroll/register through any PFA of his/her choice, obtain and complete the RSA Opening Form either physically or electronically. A unique Personal Identification Number (PIN) would be issued to the registered contributor by the PFA.

9. Where do I locate the PFA of my choice?

The detailed list and addresses of all Licensed PFAs can be accessed via PenCom's website- www.pencom.gov.ng.

10. Who will manage and keep custody of funds accumulated under the MPP?

The PFA manages and invests funds accumulated under MPP on behalf of the contributor, while the PFC keeps the fund and assets in safe custody.

11. What measures have been put in place by PenCom to safeguard the funds under the MPP?

There is effective monitoring and supervision of the MPP funds by PenCom through daily monitoring of the Plan asset and investment decisions made by PFAs to ensure that their decisions are in line with relevant laws and Investment Regulations issued by PenCom.

12. Is there a provision for the guarantee of the safety of assets under the MPP?

Yes. The PFC has provided full guarantee of the total pension assets under its custody. Thus, any asset lost will be refunded by the Custodian.

13. Do contributions in the Micro Pension RSAs generate income?

Yes. PFAs invest all pension contributions and all income from such investment activities are credited into the RSA of the contributor.

14. Would my Contributions under the MPP be subject to any taxes?

No. Subject to the provisions of PRA 2014 and extant tax laws, all interests, dividends, profits, investments and other income accrued to Micro Pension Fund and assets are not taxable.

15. Can I decide which financial instruments my Contributions should be invested in?

No. Investment decisions are made by the PFAs in line with Investment Regulations issued by PenCom.

16. Is the MPP different from a savings account maintained with a Commercial Bank?

Yes. MPP is different from savings account maintained with a commercial bank because any savings made under the Plan can only be withdrawn as monthly pension after retirement, except the Contingent portion of the contribution.

17. What is the minimum amount of contribution acceptable under the MPP?

There is no stipulated minimum amount of contribution under the MPP because it is dependent on the Contributor's pension aspiration and financial capacity. Thus, higher contributions will result in more money available for pension.

18. How often can one contribute under the MPP?

Contributions can be made daily, weekly, monthly or as may be convenient to the contributor and shall be subject to reporting requirements under the Money Laundering (Prohibition) Act.

19. How can I make contributions under the MPP?

Contributions under the MPP can be made by cash deposit or electronic transfer through any payment platform, or other financial service agents approved by CBN.

20. Can a Contributor use his MPP Account as collateral for a loan?

No. MPP account cannot be used as collateral for a loan.

21. Can a Contributor access an amount from his RSA in excess of his MPP Account balance and repay over a period?

No. A Contributor cannot access an amount in excess of his/her MPP account balance because the PRA 2014 prohibits such transaction.

22. What is the composition of the MPP contribution?

MPP contribution comprises two portions, namely: Contingent (40%) and Retirement benefit (60%).

23. How do I access my RSA under the MPP?

A contributor can access the balance in his/her RSA through two means namely; Contingent Withdrawal and Retirement Benefit Withdrawal.

24. What is Contingent Withdrawal?

It is the withdrawal of that portion of the RSA balance (contributions plus returns on investment) made available for withdrawal to ease financial pressures or needs of the Micro Pension contributor before his/her retirement.

25. What is Retirement Benefit Withdrawal?

It is the withdrawal of that portion of the RSA balance that the Micro Pension Contributor shall be eligible to access as monthly pension upon retirement in accordance with the Regulation for the Administration of Retirement and Terminal Benefits.

26. How do I withdraw my Contingent Portion?

A Micro Pension Contributor can withdraw an amount from his/her contingent portion by applying to his/her PFA in a prescribed format.

27. For how long will an individual contribute before he/she can access the contingent portion?

A Micro Pension Contributor shall be eligible to access the contingent portion of the balance of his/her RSA three (3) months after making the initial contribution. Subsequently, he/she can make withdrawals once in a week, from the balance of the contingent portion of the RSA.

28. How long does it take to receive payment from my Contingent Contribution?

The PFA is mandated to approve and pay the amount requested from the Contingent portion within 48 hours of application for withdrawal.

29. What happens if the Micro Pension Contributor gets a formal employment?

The Micro Pension Contributor who secures a formal employment shall notify his/her PFA for conversion into the mandatory pension. The Micro Pension Contributor shall also retain his/her existing RSA to be used for the mandatory pension.

30. What is the retirement age of Micro Pension Contributor?

Micro Pension Contributor may retire upon attaining the age of 50 years or on health grounds. However, a Micro Pension Contributor can choose to extend his retirement age beyond 50 years.

31. How do I access my contributions after retirement?

Micro Pension Contributor shall upon retirement, apply to his/her PFA in a prescribed format to access his/her retirement benefits through either Programmed Withdrawal or Life Annuity.

32. What is Programmed Withdrawal under the MPP?

Programmed Withdrawal is a mode of benefits withdrawal by which a Micro Pension retiree receives pension through his PFA on a periodic basis, i.e. monthly or quarterly.

33. What is Annuity under the MPP?

Annuity is a method of receiving pension by a retiree through a contract purchased from an approved Life Insurance Company. It provides a guaranteed periodic income (pension) to a retiree throughout his/her life after retirement.

34. What is the length of the Annuity Guaranteed Period under the MPP?

The Retiree Life Annuity is guaranteed for 10 years. Thus, if a retiree dies before 10 years, the balance of the equivalent monthly pension to complete the remaining period up to 10 years would be paid to his/her beneficiaries. Where the retiree dies after the guaranteed ten years period, nothing would be paid to the beneficiaries.

35. What happens to the balance in the Micro Pension Contributor's RSA in the event of death?

The balance in a Micro Pension Contributor's RSA shall, in the event of death, be paid to the legal heirs of the deceased/contributor as may be appointed by a Will or Letters of Administration granted by a Probate Registry or as may be directed by a court of competent jurisdiction.

36. Can I participate in the MPP upon retirement from my job in the formal sector?

No. Retirees from the Formal Sector cannot participate in the MPP. MPP allows participation by the self-employed and person working in organizations with less than 3 employees.

37. Can I convert from mandatory CPS to MPP upon my retirement?

No. MPP only allows for conversion from MPP to mandatory CPS.

38. What are the minimal documents required for MPP registration?

National Identification Number (NIN); and any of the following valid means of identification shall be provided at the point of registration:

- i. Permanent Voters Card
- ii. Driver's License
- iii. International Passport

Also, any of the following documentation shall be provided at the point of registration:

- i. Evidence of membership of a registered Association, Union or Cooperative Society; ii. Certificate of Business Registration; iii. Certificate of Incorporation; iv. Letter of employment (where employer has less than 3 employees); v. Bank Verification Number.

39. Can an MPP Contributor transfer his/her RSA from one PFA to another?

Yes. However, an RSA holder is only allowed to transfer his/her RSA once in every 365 days (12 calendar months), as stipulated in Section 13 of the PRA 2014.

PART 8

A. STATES OPERATIONS

1. How can a State Government access pension funds for infrastructural development?

States can access pension funds through the issuance of a state bond, if it meets the following requirements:

- i. Enact a Law to establish the CPS, which must give pension contributions the same priority as salaries. Such law must also have fully addressed every inconsistency with the PRA 2014, observed by PenCom during review of the states' bill/Law.
- ii. Establish an administrative structure (Bureau) to coordinate the implementation of the CPS and other related pension matters in the State.
- iii. Ensure all the employees that are covered under the CPS in the State open RSAs with PFAs of their choice.
- iv. Fully remit both employer and employee pension contributions into the employees' RSAs from the date of commencement of the Scheme in the State.
- v. Secure a Group Life Insurance cover that guarantees a minimum of 300% of the Annual Total Emoluments of all the employees covered by CPS. The insurance companies engaged for this purpose must be eligible life insurance companies, licensed by the National Insurance Commission (NAICOM), and duly certified by the National Pension Commission as being compliant with the provisions of the PRA 2014.

- vi. Must have consistently funded the Retirement Benefits Bond Redemption Fund Account with the Central Bank of Nigeria or any PFA(s), from the effective date of commencement of CPS in the State.
- vii. Must be up to date in the payment of the accrued rights of its retired employees.
- viii. Must execute an Irrevocable Standing Payment Order (ISPO), to mandate the Office of the Accountant General of the Federation (AGF) to deduct, at source, and remit monthly pension contributions and accrued rights from the State's shares of the monthly Federation Account Allocations Committee (FAACs).

2. Can a State forward its Pension Law to PenCom for review before signing?

Yes. States are advised to forward their State Pension Bill and Laws to PenCom for review and input before and after signing. This will reduce anomalies and inconsistencies with the PRA 2014.

3. How can a State open a Retirement Benefit Bond Redemption Fund (RBBRF) account?

A State can open an RBBRF account for the payment of Accrued Rights with the Central Bank of Nigeria or a PFA of its choice.

4. Can a State have a sinking fund and an RBBRF account?

Yes. States can have special funds arrangement for their employees and also an RBBRF account, as long as it covers for the payment of pension contributions, outstanding pension liabilities as a result of unpaid

contributions and accrued pension rights and group life insurance purpose.

5. Can a State employer access funds from a deceased or active employee's RSA account to settle debt?

No. Even if there are some inconsistencies with some State Laws, Section 89 (c) of the PRA 2014 prohibits the use of pension fund assets under management by way of loan and credits or as collateral for any loan taken by a holder of an RSA or any person whatsoever.

6. Can an employee of a State apply for a loan from his/her RSA?

An employee can only apply for a portion of his/her RSA balance as Equity Contribution for Residential Mortgage, in accordance with the provisions of the PRA 2014.

7. Are States employees mandated to open RSAs with only PFAs appointed by the States?

Employees are at liberty to open an RSA with any PFA of their choice. However, there are exceptions where a State has an arrangement to select a pool of PFAs within the State to manage its pension fund assets.

PART 9

A. ISSUES OF CORPORATE GOVERNANCE AND INTEGRITY OF THE CPS

1. How does PenCom ensure the entrenchment of sound Corporate Governance in PFAs and PFCs?

PenCom ensures that only fit and proper persons are appointed as Directors and Top Management of the PFAs and PFCs. It also entrenched sound corporate governance in the pension industry, which is strictly monitored through off-site supervision to review the reports submitted by the PFAs and PFCs on a periodic basis; and on-site examination to physically review their books and records, on an annual basis, to confirm that their operations are within the confines of the law.

3. What happens if a PFA fails or is liquidated?

Pension funds and assets are kept in safe custody by the PFC and, as such, the liquidation of the PFA will not affect the funds and assets. In such situations, PenCom will transfer the assets and records of the failed or liquidated PFA to another PFA. In addition, every PFA is mandated to maintain a statutory reserve fund, from its earnings, as contingency fund to meet claims for which it may be liable.

4. What happens when a PFC fails or is liquidated?

The failure or liquidation of a PFC will not affect the pension assets in its custody as it only keeps investment certificates and records. The only cash being held by the PFC comprises of monthly contributions before investment decisions are made by the PFA and matured investments before reinvestment by the PFA. In addition, PenCom has the power

and responsibility in such situations to transfer the pension fund assets being held by any failed PFC to another PFC.

5. Can my contributions be used to settle liabilities of a failed PFA or PFC?

No. Pension funds cannot be used to meet any claim in the event of liquidation, winding up or cessation of business of the PFA or PFC or any of their shareholders.

6. Can an organization own shares in both a PFA and a PFC?

In order to prevent conflict of interest, an organization is not allowed to own shares in a PFA and a PFC at the same time, but it can have a shareholding in more than one PFA or PFC.

7. Can an individual or organisation own controlling shares in more than one PFA or PFC?

Where an individual or institution owns shares in more than one PFA or PFC, he/she cannot have significant shareholding (5% and above) in more than one PFA or PFC.

8. Can a PFA keep pension fund assets with a PFC in which the PFA has a business interest?

Section 77(2) of the PRA 2014 prohibits a PFA from keeping any pension fund assets with a PFC in which it has any business interest, shares or any relation whatsoever.

9. Can pension funds be attached for the execution of a judgment debt of a PFC?

No. The PRA 2014 provides that pension funds or assets in the custody of the PFC shall not be seized or be subjected to execution of a judgment debt.

10. Is a PFA allowed to invest pension fund assets in its own shares?

No. A PFA is prohibited from investing pension fund assets in the shares or any other securities issued by itself or its PFC and also in investing in shares or any other securities issued by a shareholder or related party of the PFA or its PFC.

11. Can government borrow from the Pension Funds?

Pension funds cannot be borrowed directly by Governments at the Federal, States and Local levels. However, PFAs are allowed to invest pension assets in Treasury Bills issued by the Central Bank of Nigeria (CBN) or Bonds (including Sukuk) issued by the Federal or State Governments and approved by the Securities & Exchange Commission (SEC) and other relevant institutions.

12. How secure are my Personally Identifiable Information (PII) with PenCom?

PenCom is ISO27001: 2013 certified and has put in place the necessary modalities towards ensuring the confidentiality, integrity and availability of all its stakeholders' information in the implementation of the CPS. The National Data Protection Regulation on the use and protection of PII in Nigeria is strictly adhered to by PenCom.

13. Can my information given to PenCom be altered without my consent?

Unauthorised changes to a stakeholder's information provided to PenCom is not allowed, except where such changes emanated from the Data Provider or are legally carried out with his/her consent.

14. Can my information given to PenCom be made available to unauthorized persons?

No. It cannot.

15. How accessible and readily available is information with PenCom?

PenCom's information retrieval process ensures information is readily accessible only to authorised users at any time and any location. PII usage is exclusively used for the purpose that such data are collected.

PART 10

A. SERVICE DELIVERY UNDER THE CONTRIBUTORY PENSION SCHEME

1. Who can I complain to if I have a problem with my PFA or employer?

It is the right of the contributors to complain directly to PenCom about their PFAs or employers on all issues regarding their pension contributions, retirement benefits and administration of their RSAs.

2. What happens where a contributor, retiree, beneficiary or pension operator is dissatisfied with a decision or action taken by PenCom?

Such contributor, retiree, beneficiary or operator may refer the matter to Arbitration in accordance with the Arbitration and Conciliation Act 2004 or the National Industrial Court.

3. How often should I get RSA Statement from my PFA?

PFAs are mandated by PenCom to issue RSA statements to contributors and retirees at least once every three months. RSA holders are expected to update their contact details with their PFAs, from time to time, to ensure that they receive the RSA Statements regularly.

4. How can I monitor my RSA?

The RSA statement has minimum information and disclosure requirements mandated by PenCom, which include amount contributed from inception to date, monthly employer and employee pension contributions, income earned (returns on Investment), and total RSA balance as at the period. PFAs also send RSA balances via text message.

In addition, the RSA holder has the option of checking the performance of his RSA online and on digital platforms or physically visiting the nearest branch of his/her PFA to obtain a hard copy of the RSA statement.

5. How are monthly deductions of contributions handled when one is either a contract or casual staff whose salary is not broken down into basic, transport and housing allowances?

The PRA 2014 has not categorized workers on permanent or casual basis. Employers are mandated to remit pension contribution of every worker on its payroll. For staff whose salaries are not broken into basic, transport and housing allowances, the pension contributions should be based on the salary payable.

6. What happens when there is difference between the contribution credited to my RSA and what is actually deducted as shown on my pay slip?

Where there is such a difference, the employee should approach his PFA and employer for reconciliation. Where it is established that there is an under remittance of the monthly contributions, the employer must remit the difference into the RSA of the employee failing which the employee should report the issue to the Commission.

7. What happens to the accrued pension benefits of employees who were hitherto in the services of States and Local Governments, but later transferred their service to the Federal Government after the commencement of the CPS?

The practice of “transfer of service” for the purposes of payment of retirement benefits in the public service of the Federation and FCT has been abolished effective from 1 July 2004. Consequently, employees who transferred their services after the commencement of the CPS have the responsibility to arrange with their previous employers to pay their retirement benefits for the periods served in their employment.

8. What happens to an employee of a Treasury-Funded MDA whose pension contribution is not being remitted to his/her RSA?

Such an employee should write a complaint to his PFA. He may also inform the Pension Desk Officer (PDO) of his/her organization and provide all necessary documents, as may be advised by the PFA, for onward delivery to PenCom. The documents will be verified and the necessary remittance of his/her accumulated contributions would be made in all verified cases. Where the employee is working for an FGN MDA that is already on IPPIS Platform, such complaint should be forwarded to the Office of the Accountant General of the Federation for verification and remittance of all outstanding contributions.

B. CONSUMER PROTECTION

1. Who are the major consumers of the CPS?

Consumers under the CPS are contributors and retirees. In essence, the consumer refers to the individual who contributes to the scheme and is entitled to receive pension benefits upon retirement or under other qualifying conditions.

2. What are the Rights of contributors and retirees under the CPS?

Contributors and retirees under the CPS have various rights that are guaranteed by the PRA 2014, subsidiary legislations issued by PenCom and other laws of the Federal Republic of Nigeria. Some of these rights include:

Rights of Contributors:

- i. To open an RSA with a PFA of his/her choice.
 - ii. To know the balance in his/her RSA as well as the transactions made on their account.
 - iii. To receive a statement of his/her RSA at least once every quarter.
 - iv. To switch to another PFA if they are not satisfied with the services rendered by his/her current PFA.
 - v. To access information on his/her RSA from their PFA.
 - vi. To lodge complaints or grievances with his/her PFA or the National Pension Commission (PenCom) and have his/her complaints or grievances resolved promptly.
- Rights of Retirees:

- i. To receive his/her retirement benefits as and when due.

- ii. To choose the mode of receiving his/her retirement benefits either as programmed withdrawal or retiree life annuity.
- iii. To receive his/her retirement benefits without any deduction of withholding tax by his/her PFA.
- iv. To receive his/her retirement benefits through his/her chosen bank or financial institution.
- v. To receive a statement of his/her RSA at least once every quarter.
- vi. To access information on his/her RSA from his/her PFA.
- vii. To lodge complaints or grievances with his/her PFA or the National Pension Commission (PenCom) and have his/her complaints or grievances resolved promptly.

3. Who protects the rights of the contributor and retiree under CPS?

PenCom as the regulator and supervisor of the Pension Industry ensures the protection of the rights of the contributors and retirees.

4. Who treats the complaints of a contributor and retiree at PenCom?

Consumer Protection Department treats the complaints against all stakeholders in the Pension Industry. However, the contributor and retiree are encouraged to first exhaust every avenue to resolve all issues or grievances they might have with the PFAs. If the complaints remain unresolved, they may channel the complaints to PenCom through the following:

- vii. Walk-in
- ii. Letters
- iii. Calls
- iv. Emails via info@pencom.gov.ng.

5. Are contributors and retirees expected to pay PenCom or the PFAs to access redress system?

No. PenCom/PFAs do not charge any fees to access its redress mechanism.

Enquiries

All further enquiries should be Directed to:

The Director General

National Pension Commission

Plot 174, Adetokunbo Ademola Crescent Wuse II, Abuja-Nigeria.

Email:

info@pencom.gov.ng **Tel:** +234 9460 3930

Back Cover



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