PenCom

GUIDELINES ON FOREIGN CURRENCY PENSION CONTRIBUTIONS

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National Pension Commission

Contents

1.0 DEFINITION OF TERMS

S/N	TERMS	DEFINITION
1	Act	The Pension Reform Act (PRA) 2014
2	Scheme	The Contributory Pension Scheme (CPS)
3	The Commission	The National Pension Commission (PenCom)
4	RSA	Retirement Savings Account
5	PFA	Pension Fund Administrator
6	PFC	Pension Fund Custodian
7	Foreign Currency	The United States Dollars (USD)
8	Foreign Currency Contributions	The Pension Contributions remitted in foreign currency into the RSA.
9	Foreign currency Fund (Dollar fund)	A pool of contributions and all assets under Foreign Currency Contributions.
10	Guidelines	The Guidelines on the Management of Foreign Currency Contributions issued by the Commission.
11	Foreign Currency Paid Employment	Employment in which the RSA holder is remunerated wholly or partly in foreign currency.
12	Monthly Emolument	The total monthly earnings from employment, comprising at least the basic salary, housing allowance and transportation allowance.
13	Statutory Contributions	The minimum pension contributions made pursuant to the provisions of Section 4 (1) of the Pension Reform Act, 2014.

14	Legitimate Source of Income	Any employment or business activity recognized under Nigerian law or under the laws of the jurisdiction from which the Foreign Currency Contributions are remitted.
15	SEC	The Securities and Exchange Commission in Nigeria
16	ETF	Exchange Traded Fund
17	REITF	Real Estate Investment Trust Fund
18	PITA	Personal Income Tax Act
19	FGN	Federal Government of Nigeria
20	NFIU	Nigeria Financial Intelligence Unit

About this Guideline

This Guideline on Foreign Currency Pension Contributions sets out a framework of eligibility criteria, operational requirements and governance standards intended to guide Pension Fund Operators in the sound and effective management of foreign currency contribution by eligible Retirement Saving Account holders.

1.1 Introduction

This Guideline establishes the regulatory framework for Licensed Pension Fund Operators (LPFOs) to accept, manage, and invest foreign currency (FCY) contributions under the Contributory Pension Scheme (CPS). Issued pursuant to the powers of the National Pension Commission (PenCom) under the Pension Reform Act 2014, it is designed to deepen CPS participation, particularly by Nigerians in the diaspora and other eligible contributors, while safeguarding the integrity and transparency of the pension system.

The provisions address scope, eligibility, operational requirements, and governance standards for FCY contributions. They align with global best practices on foreign currency pension administration, ensuring robust risk management, clear accountability, and effective oversight.

1.2 Objectives of the Guidelines

The objectives of this Guideline are to:

i. Expand access to the CPS for Nigerians earning in foreign currency, including those living abroad.
ii. Provide a secure and transparent mechanism for making and managing FCY contributions.
iii. Strengthen the investment potential of pension funds through diversified currency inflows.
iv. Ensure compliance with local regulatory requirements and international standards.

1.3 Scope

This Guideline applies to all Licensed Pension Fund Operators (LPFOs) authorised by PenCom to administer Retirement Savings Accounts (RSAs) and manage pension contributions. It covers:

i. Foreign Currency Contributions made by eligible contributors, including Nigerians in the diaspora and resident Nigerians earning in foreign currency.
ii. Operational Procedures for acceptance, conversion, investment, and reporting of FCY contributions.
iii. Governance and Compliance Requirements specific to FCY pension transactions, including AML/CFT measures.
iv. Coordination with Custodians, Banks, and Regulators to ensure secure and transparent processing of FCY inflows.

1.4 Legal Framework

These Guidelines draw their authority from the following provisions of the PRA 2014:

a) **Section 3 (1)** of the Act provides that there shall be established for any employment in Nigeria a Contributory Pension Scheme (CPS).

b) **Section 2 (3)** of the Act further provides that self-employed persons and persons working in organisations with less than three (3) employees shall be entitled to participate in the scheme under the guidelines issued by the Commission. Accordingly, employed and self-employed Nigerians living abroad and those working for foreign organisations in Nigeria (not covered by Section 2 (2) of the PRA 2014) may wish to voluntarily participate in the CPS subject to the provisions of the Act and these Guidelines.

c) **Sections 115** of the Act grants the Commission the power to issue subsidiary legislations by way of Regulations, Rules or Guidelines as it deems necessary or expedient for giving full effect to the provisions of the Act.

d) **Section 24 (a)** provides that the Commission shall have the power to formulate, direct and oversee the overall policy on pension matters in Nigeria.

1.5 Form and Content

The guidelines are consistent with the Pension Reform Act of 2014. The guidelines have three sections:

Section 1:

i. Definition of Terms
ii. Introduction
iii. Legal Framework
iv. Rules of General Application
v. Documents Required for Registration
vi. Registration
vii. Contributions and Remittance

Section 2:

i. General Investment Principles
ii. Allowable Investment Instruments
iii. Quality Requirements
iv. Risk Management, Asset Allocation and Investment Limits

Section 3:

i. Accessing Pension Benefits
ii. Tax Procedure
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2.0 Rules of General Application

2.1 Eligibility Criteria

Contributors eligible to make pension contributions in foreign currency include:

a) Nigerians living and working abroad.
b) Nigerians and foreigners working in Nigeria for foreign companies and international organisations not covered by Section 2(2) of the PRA 2014 if they receive all or part of their remuneration in foreign currency.

3.0 Documentation Requirements

a) Nigerians living and Working Abroad

i. National Identification Number (NIN).

ii. Valid International Passport

iii. Name, email, address and phone number of the Next-of-Kin and legal Beneficiaries.

iv. Any other documentation as the Commission may specify from time to time.

b) Nigerians and foreigners working in Nigeria for foreign companies and international organisations not covered by Section 2(2) of the PRA 2014 if they receive all or part of their remuneration in foreign currency.

i. National Identification Number

ii. Valid International Passport (Foreigners in Nigeria)

iii. Name, email, address and phone number of the Next-of-Kin and legal Beneficiaries. iv. Any other relevant documentation as the Commission may specify from time to time.

4.0 RSA Registration for Contributors

a) Eligible contributors under these guidelines shall obtain and complete RSA Registration forms of the PFA of their choice. Contributors' registration shall be in line with clause 4.2 of the Revised Guidelines for Retirement Savings Account Registration.

b) PFAs shall register foreigners working in Nigeria (cross-border employees) in line with clause 4.5 RSA Registration of the Revised Guidelines for Retirement Savings Account Registration.

c) PFAs shall register contributors under these guidelines in line with the documentation requirements for various categories of contributors highlighted in Section 3.0 above.

d) PFAs shall only register uniquely identified potential RSA holders. The unique identification of such potential RSA holders (Fingerprint or Iris Image or Facial Image) must match the potential RSA holders' details contained in Nigeria Inter-Bank Settlement System Plc (NIBSS) database or National Identity Management Commission (NIMC) database. The PFA shall also collect the bank verification number (BVN) and National Identification Number (NIN) of the potential RSA holder.

e) PFAs shall acquire Futronic 'Live' Single Fingerprint Scanners, equipped with Neurotechnology Fingerprint Client Licence or any other scanner, as may be specified by the Commission from time to time.

f) The PFA shall also capture and submit a live facial image and one (1) positioned fingerprint image of the potential RSA Holder. The fingerprint image must be a live capture using a licensed Neurotechnology Fingerprint scanner specified by the Commission.

g) Where a PFA indicates a potential RSA holder as fingerprint impaired, the Commission shall confirm the fingerprint impairment with NIBSS or NIMC.

h) The PFA shall confirm that Customer Due Diligence measures have been conducted by the designated bank of the Foreign Currency Contributor in line with the provisions of Section 4 of the Money Laundering (Prevention and Prohibition) Act 2022 and Section 19 of the Central Bank of Nigeria's 2022 Regulation on Anti Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing of Weapons of Mass Destruction in Financial Institutions.

i) Foreign currency pension contributors shall sign a consent form authorising their PFA to confirm their KYC from their bank.

5.0 Contributions and Remittance

5.1 Mode of Contributions:

Contributors must open an RSA with a chosen PFA.

a) RSA holders can make daily, weekly, or monthly pension contributions at a frequency that aligns with their earning structure.

b) Contributions shall be in foreign currency (USD).

c) The Contributions Section of the RSA statement shall be divided into two:

i. 60% shall be the contingent, available for withdrawal; while ii. 40% shall only be withdrawn at retirement for pension.

d) Contributions will be kept in the RSA for a minimum of six months before withdrawal.

e) RSA Contributors living in diaspora shall open a Non-Resident Nigerian Ordinary Account (NRNOA), in line with CBN requirements and shall remit pension contributions from their NRNOA to the foreign currency collection account of the PFA with the PFC.

f) RSA Contributors resident in Nigeria shall open Domiciliary Accounts (DA) with the Collecting Bank of the Pension Fund Custodian (PFC) appointed by the PFA and shall remit pension contributions from their DA to the foreign currency collection account of the PFA with the PFC.

g) Contributors shall remit pension contributions from their DA to the foreign currency collection account of the PFA with the PFC.

h) Contributors shall indicate their Personal Identification Number (PIN) in all transfer instructions regarding the remittance of contributions.

i) The collecting Bank of the PFC shall not charge any fee on foreign currency contributions.

j) Notwithstanding the provisions of 5.1(b) above, contributors who receive salaries in currencies other than the USD are eligible to contribute. However, they will be required to remit their contributions in USD.

k) A Nigerian RSA holder who moves abroad can retain his RSA subject to updating his RSA with the documentation requirement specified in Section 3.0 of these guidelines. The RSA holder's contribution in foreign currency shall be credited to the appropriate foreign currency Fund.

5.2 Processing Contributions

a) PFCs must notify the PFA within 24 hours receiving contributions from an RSA holder.

b) PFAs must notify RSA holders within 24 hours of receiving contributions.

c) PFAs must credit contributions received to RSA within 24 hours and advise the client.

d) Contributions that PFAs cannot credit to RSAs within forty-eight (48) hours shall be returned to the originating DA immediately. The PFA shall advise the RSA holder accordingly.

e) Where an RSA holder secures an employment with remuneration denominated in foreign currency, he or she may remit the related contributions in line with the provisions of these Guidelines.

f) PFAs shall retain contributions under foreign currency contributions in Dollar and shall manage it in the Foreign Currency Dollar Fund (FCDF).

g) All administrative, management, custodian, and regulatory fees for Foreign currency Dollar Fund shall be in line with the Regulation on fee structure approved by the Commission from time to time.

h) PFAs shall maintain and adopt a standard reporting format for RSA statements.

i) Consistent with the provisions of Sections 10 (1) and 2 of the Pension Reform Act 2014, all pension contributions made following these guidelines and all the interest accruable thereto shall not be taxable.

j) Notwithstanding (i) above and based on Section 10 (4) of the PRA 2014, any income gained on contributions made under these guidelines shall be taxable based on relevant tax laws where the withdrawal is less than five (5) years from the date the of the contribution.

k) In line with Section 3 (1) of the Money Laundering (Prevention and Prohibition) Act 2022, the PFA/PFC shall ensure that all foreign currency contributions exceeding $10,000 are reported to the Nigeria Financial Intelligence Unit within 24 hours from the date of receipt. The report shall indicate the nature and amount of the transfer, the name and address of the sender of the funds and any other relevant information that the NFIU may need.

l) The PFA/PFC is to ensure that suspicious foreign currency contributions are reported to the Nigeria Financial Intelligence Unit for investigation in line with the powers of the Unit as stipulated in Section 3 of the Financial Intelligence Unit Act, 2018 and Sections 37 - 40 of the CBN's 2022 Regulation on Anti Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing of Weapons of Mass Destruction in Financial Institutions.

m) All RSA opened pursuant to these Guidelines are exempted from the provisions of the Regulation for the Transfer of Retirement Savings Account.

6.0 General Investment Principles

6.1 Foreign currency pension contributions shall be invested in line with Section 85 of the Pension Reform Act and Regulations and Guidelines issued by the Commission to ensure safety and fair returns. The Board of Directors of the PFA shall approve the investment policy of the foreign currency fund.

6.2 The General Principles under Section 2.0 of the Regulation on Investment of Pension Assets issued by the Commission shall also apply to the investment of foreign currency contributions.

6.3 PFAs shall invest foreign currency contributions within Nigeria in line with allowable investments set out by relevant provisions of the Regulation on Investment of Pension Fund Assets issued by the Commission.

6.4 In line with Section 1.50 of the Regulation on Investment of Pension Fund Assets, the Board Investment Strategy Committee of the PFA shall formulate the internal investment strategies for investments in the foreign currency fund, which the Board shall approve.

6.5 Investments of foreign currency contributions shall be executed and retained in foreign currency (USD).

6.6 Notwithstanding the provision of section 6.5 above, PFAs can invest the foreign currency contributions in Naira-denominated instruments. However, the currency risk must be mitigated through currency futures executed on a CBN recognised exchange or other CBN approved hedging instruments.

6.7 All the investments in foreign currency financial instruments shall be valued in Naira at the prevailing market rate on a CBN recognized exchange in line with the Regulation of Valuation of Pension Fund Assets.

6.8 Section 10 (2) of the PRA, 2014, all interests, dividends, profits, investments, and other incomes accruable to pension funds and assets shall not be taxable.

6.9 All investments in foreign currency-denominated instruments shall be subject to extensive due diligence by the PFA.

7.0 Allowable Investment Instruments

Investments may include:

7.1 Foreign currency-denominated bonds, Euro bonds, Global Depository Notes and other securities issued by the Federal Government of Nigeria, Central Bank Nigeria, their agencies, and companies provided that the Federal Government or the CBN guarantees such securities.

7.2 Money market instruments of eligible Deposit Money Banks (in line with Regulation on the Investment of Pension Fund Assets).

7.3 Eurobonds and foreign bonds issued by eligible listed and unlisted Nigerian corporate entities. The bonds shall be listed on a security exchange that is a member of the World Federation of Exchanges.

7.4 Supranational bonds issued by MDFOs approved by the Federal Ministry of Finance and Sukuk issued by eligible Deposit Money Banks.

7.5 Global Depository Notes and Global Depository Receipts issued by eligible corporate entities stipulated in Section 5.2.13 of the Regulation on the Investment of Pension Fund Assets.

7.6 Non-Interest Compliant Investment Funds and Mutual funds, index funds or ETFs with underlying investments in equities, bonds, commodities, real estate, money market instruments or a blended fund.

7.7 Specialist funds registered with the SEC, such as Real Estate Investment Trust (REITs), Private Equity Funds and Infrastructure Funds.

7.8 Pension funds may invest foreign currency-denominated contributions in eligible naira-denominated instruments, provided that the associated foreign currency exposure is adequately hedged using swaps or futures contracts.

8.0 Quality Requirements

8.1 Investments of the Pension Funds in a foreign currency-denominated instrument shall be subject to the relevant sections of the Regulation on the Investment of Pension Fund Assets. In addition, the following requirements shall be adhered to:

8.2 The investee Fund must be denominated in foreign currency.

8.3 The Fund Manager shall have the expertise to establish and manage the specialist Fund.

8.4 Full disclosures of information on the Fund to investors, including investment and risk management strategies, corporate governance standards, yearly audited financial statements, and fund expense ratio, amongst others.

8.5 Where the fund is an Exchange Traded Fund (ETF):

a) The Sponsor and Fund Manager shall be registered by SEC.

b) It shall be listed and tradeable on a Securities Exchange recognised by the SEC.

c) The underlying Index, the basket of securities or physical assets whose performance the ETF intends to track, shall be clearly stated in the prospectus/offer document.

d) The underlying securities or assets of the ETF shall be held in a Custody arrangement, or Depository Account approved or recognised by the SEC.

8.6 The Pension Fund investments in private equity and infrastructure funds shall be subject to the relevant provisions of the Regulation on Investment of Pension Fund.

8.7 The pension fund investments in Global Depository Notes/Receipts, Eurobonds, and Foreign Bonds issued by corporate entities shall be subject to the relevant provisions of the Regulation on the Investment of Pension Fund Assets.

9.0 Risk Management, Asset Allocation and Investment Limits

9.1 The Pension Fund Investment in Mutual, ETF or Index funds shall be subject to a global limit of 20%, per issuer limit of 10% and a per issue limit of 25% or any limit as may be specified by the Commission.

9.2 A minimum credit rating requirement of BBB and single issuer concentration limits shall apply for all direct holdings in Non-FGN Fixed-income securities.

9.3 The minimum credit rating requirements and single issuer concentration limits for direct holdings of foreign currency-denominated securities are provided as follows:

PER ISSUER LIMITS FOR DIRECT HOLDINGS OF FOREIGN FIXED-INCOME SECURITIES		
ASSET CLASS	**RATING**	**PER ISSUER LIMIT**
Corporate Foreign Bonds & Eurobonds/ Supranational Bonds	AAA	5%
	AA	3%
	A	2%
	BBB	1%
Foreign currency denominated Bonds and Eurobonds issued by FGN		80%
Money Market Instrument	AAA	7%
	AAA & AA	5%
	A	4%
	BBB	3%

10.0 Accessing Pension Benefits

10.1 Documentation Requirements

Access to benefits requires specific documentation, including identification and confirmation of age 50 or older.

A contributor under these Guidelines shall notify the PFA of his/her intending retirement 1 (one) month before the date of retirement.

10.2 Nigerians living and working abroad:

a) Duly completed withdrawal forms.

b) Valid means of identification such as an international passport, NIN Slip, driver's license or voter's card.

c) Any other documentation as the Commission may specify from time to time.

10.3 Nigerians and foreigners working in Nigeria for foreign companies and international organisations not covered by Section 2(2) of the PRA 2014 as long as they receive all or part of their remuneration in foreign currency:

a) Duly completed withdrawal forms.

b) Valid means of identification such as an international passport, NIN Slip, driver's license or voter's card (applicable to Nigerians)

c) Any other documentation as the Commission may specify from time to time.

d) Where the application is for Deceased/Missing Person Benefits, PFA shall pay the deceased benefits in line with the requirements for accessing death benefits stipulated in the revised Regulation for the Administration of Retirement and Terminal Benefits.

10.4 Mode of Accessing Pension Benefits

10.4.1 Foreign currency pension Contributor shall be eligible to access pensions upon attaining the age of 50 years or on health grounds in accordance with the Regulation for the Administration of Retirement and Terminal Benefits.

10.4.2 Foreign currency pension contributors shall receive their benefits in USD via Enbloc payment or Programmed Withdrawal.

10.4.3 Notwithstanding the above, contributors who wish to receive retirement benefits in Naira can be allowed to do so.

10.5 Frequency of withdrawal before Retirement (Temporary Access)

a) Notwithstanding the provisions of section 10.5.1 above, the foreign currency pension contributors can withdraw from their RSAs subject to the following:

i. The withdrawal is made six (6) months after making the initial contribution.

ii. The withdraw is not more than twice in a year before retirement.

b) For the purpose of ‘i and ii’ above, the contributor shall give notice of 2 working days.

c) Notwithstanding the provisions of section 10.4 and 10.5, a foreign pension contributor who joined the scheme under these Guidelines after the age of 50 years shall be eligible to access his/her full contributions as he/she wishes provided the PFA was notified 1 months before such withdrawal.

11.0 Tax Procedure

11.1 Applicable tax shall apply on income earned where withdrawals are made from foreign currency contributions before 5 years from the date of the contribution.

11.2 Withdrawals made from the foreign currency contributions after 5 years from the date of contributions shall be tax-free.

11.3 All applicable taxes shall be computed using the extant tax laws.

11.4 Pension Fund Custodians (PFCs) must remit deducted taxes to the appropriate authorities within 21 days of deduction.

12.0 Report Rendition

PFAs are required to submit monthly and daily reports on contributions, withdrawals, and valuations in USD and its Naira equivalent to the Commission.

13.0 Reviews and Enquiries

13.1 Reviews

These Guidelines shall be reviewed in line with prevailing conditions as and when the need arises.

13.2 Enquiries

All enquiries regarding the contents of these Guidelines should be forwarded to the Director General, of the National Pension Commission.

National Pension Commission September 2025