



Pension Notes

Issue 1, 01 November 2006

INDUSTRY/REGULATORY UPDATE

The National Pension Commission has revealed that 40 more organizations comprising of proposed PFAs and PFCs have applied so far to be licensed in addition to 13 PFAs, 4 PFCs and 1 Closed PFA that are currently licensed and operating in Nigeria. PenCom stated that it has started reviewing pending applications and that the licensing will be based on the ability to meet the strict licensing criteria.

Following an agreement between the State Governors and the Federal Government of Nigeria at a National Council of State Meeting, the 36 States of the Federation unanimously opted to adopt the model of the Pension Reform Act 2004. In this regard PenCom has released the Draft State Pension Law to guide States that are interested in adopting a CPS for their employees. It recommends the use of the existing institutional structures and grants sole regulatory oversight to PenCom.

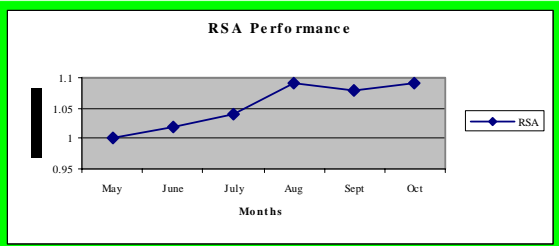
During the month, the Director General of PenCom confirmed that total pension assets in existence currently stands at N600 billion with N70 billion (12%) representing the portion of Federal workers in the country. He also revealed that the compliance rate for small and medium scale companies remains low under the CPS with only about 3,000 private sector organizations signed up nationwide.

To assist with the disbursement of accumulated contributions of Federal civil servants, PenCom has requested PFAs to obtain details of their clients within the Federal Civil Service including their Salary Structures, Grade Levels and Steps, and Service Numbers for the Military and Paramilitary. A deadline of 31 December 2006 has been set to ensure that all accumulated contributions are disbursed. Ministries, Parastatals and Departments have been urged to cooperate fully with the PFAs in this regard.

IBTC RSA FUND

The IBTC RSA Fund ("The Fund") opened on 02 May 2006 at N1.00 and closed at N1.09 on 31 October 2006 representing an appreciation of 23.15% on an annualized basis. In line with investment guidelines issued by PenCom, the Fund's portfolio allocation was as follows on 31 October 2006: FGN Bonds (32.38%), Money Market (48.58%), Quoted Equities (18.31%), and Managed Funds (0.73%).

The chart below shows the appreciation of The Fund from inception to date.



Alongside achieving steady growth since inception, The Fund also achieved a higher rate of return when compared with the stop rates on the 3 year FGN Bonds, 91 and 364 day Treasury Bill rates at the most recent auctions as at 31 October 2006. The table below depicts the performance of The Fund since inception vis-à-vis the indicated indices

Investment	Performance
IBTC RSA Fund	23.15%
3 year FGN Bond	12.00%
91 day T-Bills	5.75%
364 day T-Bills	10.00%

PRODUCT INFORMATION

The IBTC RSA

The IBTC Retirement Savings Account ("IBTC RSA") is a user-friendly and convenient account into which an employer remits an employee's monthly pension contribution through our PFC as stipulated by the PRA 2004.

The IBTC RSA is supported by a dedicated Customer Service that ensures that anyone have access to information on his/her contributions at all times, via the internet (www.ibtc.com), telephone (01-2716000, 0802 PENSION, 0804 PENSION, 0805 PENSION, 0806 PENSION) or SMS 0802 291 1000.

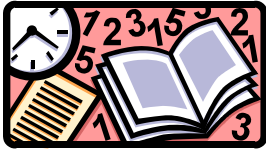
IBTC RSA offers such services as benefit administration and reporting; investment management in compliance with stipulated guidelines and voluntary contribution accounts. Subscribers to the IBTC Pension solution enjoy value added services like Financial Planning Education through the use of our Financial Calculator on www.ibtc.com and personalized retirement planning advice.

The IBTC RSA also allows for payment of retirement benefits into any designated bank anywhere within the country.

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Contributions under the Scheme

Under the CPS, employers and employees are required to make contributions to fund the RSAs of the employees on a monthly basis. The minimum rate of contribution for workers in the Federal Public Service, FCT and private sector including the Police and Paramilitary is 7.5% of total emoluments for the employer and employee respectively (totaling 15%). For the Armed Forces, the minimum rate of contribution is 12.5% for the employer and 2.5% for the employee.

The monthly contributions must be remitted to the PFC designated by the employee's PFA within 7 working days of the date the employee is paid his monthly salary. Also, employers may choose to bear the full burden of the contributions, so long as the total contribution is not less than 15% of the employee's monthly emoluments. Employees may also make additional voluntary contributions into their RSAs to save towards their retirement.

KEY TO ABBREVIATIONS

CPS	Contributory Pension Scheme
FEC	Federal Executive Council
FGN	Federal Government of Nigeria
PenCom	National Pension Commission
PFA	Pension Fund Administrator
PFC	Pension Fund Custodian
PIN	Personal Identification Number
PRA 2004/The Act	Pension Reform Act 2004
RSA	Retirement Savings Account

FREQUENTLY ASKED QUESTIONS

- Q. What are the tax implications on contributions under the Act?**
- A. Contributions under the Act are tax deductible under income tax for both employers and employees. The retirement benefit is also not taxable.
- Q. Can I change PFA?**
- A. Yes. Employees can change PFA at least once a year, without giving a reason.

IBTC RSA forms are available nationwide at branches / offices of:

- | | |
|-------------------------|------------------|
| IBTC Chartered Bank Plc | First Bank Plc |
| Linkage Assurance Plc | Access Bank Plc |
| DHL | Oceanic Bank Plc |
| FedEx | Zenith Bank Plc |
| UPS | |

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