

INDUSTRY/REGULATORY UPDATE

As part of the usual year-end activities, workers in the Federal Public Service are required to complete their Personnel Emoluments Forms. For the first time, the Personnel Emolument Forms require information on each employee's PFA and Personal Identification Number ("PIN"). Workers have been encouraged to properly provide these details on the form, and submit same to their various institutions.

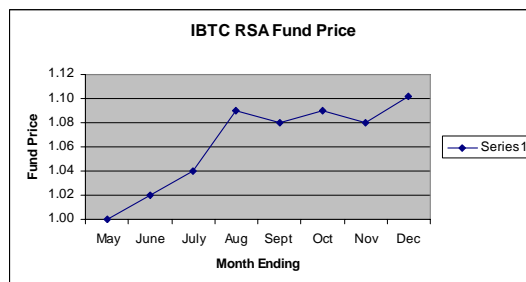
The Director General of the National Pension Commission ("PenCom") disclosed during the month at the annual celebration of Pensioners' Day that PenCom has decided to streamline the current process of paying arrears of pensions to existing retired public servants. The new process will fast track the current verification exercise, which has significantly delayed the disbursement of the arrears. Under the new process, each Ministry, Department & Agency ("MDA") would submit information of unpaid retirees to PenCom, and PenCom in conjunction with the Office of the Head of the Civil Service would thereafter instruct the Office of the Accountant General of the Federation to make the payments to the pensioners.

Also during the month, the Sokoto State Head of Service, disclosed that the State Government had made all the necessary arrangements to commence the Contributory Pension Scheme ("CPS") for State and Local Government employees by January 2007. With this, the number of States that have adopted the CPS is increasing, indicating that its benefits will soon be available to all Nigerian workers.

IBTC RSA FUND

The IBTC RSA Fund ("The Fund") opened on 02 May 2006 at N1.0000 and closed at N1.1025 on 31 December 2006 representing an appreciation of 15.72% on an annualized basis. In line with investment guidelines issued by PenCom, the Fund's portfolio allocation was as follows on 31 December 2006: Government Securities (51.61%), Money Market (25.25%), Quoted Equities (22.27%), Managed Funds (0.87%).

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



The Fund has achieved a steady growth since inception, and also a higher rate of return when compared with various Government Securities issued as at 31 December 2006. The table below compares the annualized performance of The Fund since inception with various indices:

Investment	Performance
IBTC RSA Fund	15.72%
91 day T-Bills	7.25%
3 Year FGN Bond	12.00%

PRODUCT INFORMATION

Withdrawing Benefits of a Deceased RSA Holder

Where the RSA holder dies, IBTC Pensions is required to pay the balance in the RSA of the deceased to the beneficiary named in a will. Where a will does not exist the deceased's spouse and/or children would be the beneficiaries. In the absence of a spouse and children, the designated next of kin on our records would become the beneficiary.

Subject to any guidelines issued by PenCom, beneficiaries under a will will be required to send us a written request, a copy of the probate registered will, death certificate/obituary announcement and identification of the beneficiaries to have their benefits processed.

Where the beneficiary is a spouse, the spouse would be required to provide a death certificate/obituary announcement, marriage certificate/wedding pictures and personal identification, and swear an affidavit that a will does not exist for the benefits to be processed.

Under the Act, the deceased's RSA will also be credited with the proceeds of the Life Insurance Policy taken on his behalf by his employer, and this sum will also be paid to the beneficiary.

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A N A Peterside, OON (Chairman). Yinka Sanni (Chief Executive Officer). Sola David-Borha. Mallam Ahmed Dasuki. Austin Dresmann. Okey Nwuke, Francis Okumagba.



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Annuities

Purchasing an annuity from a life insurance company is one of the prescribed modes of withdrawal under the Act.

An annuity is a life insurance contract that undertakes to pay the annuity holder (retiree) a series of monthly or quarterly payments over the annuity holder's life span, based on the single sum premium (RSA balance) transferred by the retiree. With typical annuities, they are tied to the length of your life, and so there will be nothing left for your beneficiaries.

The fixed payout made by the insurance company is based on life expectancy tables, an evaluation of your health, and history of longevity in your family, as well as the insurance company's expenses and the potential returns it can make on your investments. If you live longer than the insurance company expects, the insurer loses money on you. However, where you die earlier, then you get the short end of the stick, because your beneficiaries may get nothing depending on the terms of the annuity contract.

UNDERSTANDING INVESTMENTS

Equities

Equity investments consist of ordinary shares and preference shares of companies. In the Nigerian capital market, ordinary shares are the more popular form of equity investments.

Ordinary Shares are units of ownership of a company, giving the holders a share of the assets and liabilities of the company and a right to the income/losses of the company. Ordinary Shares of some companies are quoted on a Stock Exchange, and are tradeable on the floor of the Stock Exchange.

Investments in ordinary shares do not offer a fixed or pre-determined rate of return. Ordinary Shares offer investors capital appreciation (increase in the value/price of the investment) over time, and dividends paid out of the Company's profit from time to time.

FREQUENTLY ASKED QUESTIONS

- Q What are the rules for withdrawing from my RSA at early retirement ?
- A. Where a RSA holder decides to take an early retirement before the age of 50 years, he may approach his PFA with a request to withdraw from his RSA 6-months after retirement, and must have ceased from **active employment** to be eligible.

The PFA will pay a maximum of 25% of the balance on the RSA to the retiree as a lump sum amount. The balance of the RSA will be available to the retiree as a programmed withdrawal over his expected life span or to purchase an annuity for life when he attains the age of 50 years.

CONTACT US

Offices Nationwide:

Abia (08077914201) Adamawa (08082047120) Akwa Ibom (08082047121) Anambra (08077914203) Bauchi (08068792464) Bayelsa (08077914221) Benue (08077914172) Borno (08082047122) Cross River (08077914223) Delta (08068792467) Ebonyi (08077914222) Edo (08077914174) Ekiti (08034797861) Enugu (08077914202) FCT Abuja (08022901000 , 08042901000 , 08052901000, 09-6723156-7) Gombe (08068792468) Imo (08068792462) Jigawa (08034797693) Kaduna (08082047123 , 08082047126) Kano (08068792460) Katsina (0806872466) Kebbi (08034797641) Kogi (08068792465) Kwara (08068792469) Lagos (01-2716000) Nassarawa (08077914224) Niger (08077914173) Ogun (08077914171) Ondo (08034797687) Osun (08077914204) Oyo (08082047125 , 02-2412445 , 02-8109040) Plateau (08068792463) Rivers (084-750950 , 084-463460) Sokoto (08082047124) Taraba (08034797639) Yobe (08034797640) Zamfara (08068792461)
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HOTLINES: 0802 PENSION (i.e. 0802 736 7466), 0804 PENSION, 0805 PENSION, 0806 PENSION



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