



# PENSION NOTES

ISSUE V, 01 MARCH 2007

## INDUSTRY / REGULATORY UPDATE



The Federal Government, through the Minister of Finance, recently announced that it had paid about N44.95 billion to pensioners out of a total of N75 billion bond-raised to pay pension arrears. A further N2.828 billion out of the balance was paid during the month of February 2007 bringing the total paid to N47.778 billion. Of the February payment, N1.280 billion was utilized in settling 1,526 military pensioners, gratuity payments and death benefits.

During the month, the National Pension Commission ("PenCom") advised that documentary evidences of grade levels of employees in the Federal Civil Service would be required to facilitate further remittances of contributions to the employees' Retirement Savings Accounts ("RSAs"). All employees within the Federal Civil Service were therefore implored to submit copies of their pay slips, letters of last promotion /official gazette and letters of appointment to their respective Pension Fund Administrators ("PFAs").

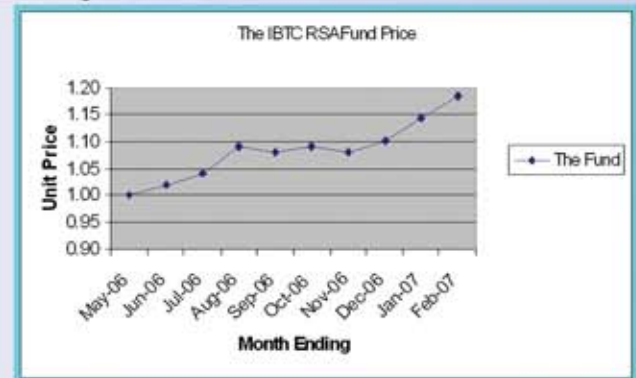
The Federal Government during February 2007 also concluded payment of gratuities to officers whose dismissal on account of their participation in the Biafran war between 1967-70 was converted to retirement in the year 2000 by the President. The officers who were mainly drawn from the states in the South-South and South-East geo-political zones received their payment through the offices of the Police Pension Board, Abuja who paid them in Port Harcourt and Enugu respectively. It was however reported that no fewer than 400 former Biafran police officers were left out of this exercise.

## IBTC RSA FUND



The IBTC RSA Fund ("The Fund") which opened on 02 May 2006 at N1.0000 closed at N1.1830 as at 28 February 2007. In line with investment guidelines by PenCom, the Fund's portfolio allocation was as follows on 28 February 2007: Government Securities (41.88%), Money Market (34.47%), Quoted Equities (22.78%), Managed Funds (0.87%).

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



Our primary investment objective at IBTC Pensions is to deliver competitive returns on investment while ensuring safety and security of pension assets at all times.

## PRODUCT INFORMATION

### SMS Pension @ IBTC

IBTC RSA holders may check their RSA balance and contribution details by sending a text message to 0802 291 1000 using the following formats, depending on the type of information required;

- ✓ **RSA Balance:** RSAPIN#PASSCODE#BAL
- ✓ **Monthly Contributions:** RSAPIN#PASSCODE#CONT
- ✓ **Voluntary Contributions:** RSAPIN#PASSCODE#VOL



For example to check the current balance with the RSA Personal Identification Number ("PIN") given as PEN200000000000 and Passcode: ABD12, the following information should be typed as a text message and sent to 0802 291 1000: **PEN200000000000#ABD12#BAL**

The RSA holder will receive a text reply with details of the specific enquiry.

Think IBTC

This publication is for information purposes only. The IBTC Group and its employees make no representations as to the accuracy and completeness of the information contained in this bulletin. We therefore accept no liability for any loss arising from the use of such information. Enquiries in relation to any of the matters herein may be directed to Gbitse Barrow on +234 9 6723156/7, Fisayo Ofilii on +234 84 463 460, Tokunbo Aturamu on +234 1 2716000 or email to [pensionnotes@ibtc.com](mailto:pensionnotes@ibtc.com)

Board of Directors

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



## LEARN MORE .....

### The Role of The Pension Fund Custodian

The Pension Fund Custodian ("PFC") according to the Pension Reform Act 2004 is saddled with the responsibilities of holding pension funds assets in safe custody on trust for the employee and beneficiaries of the RSAs. The PFC receives the total contributions remitted by the employer and advises the PFA of such receipt within 24 hours. The PFC therefore interfaces between the employer and the PFAs without recourse to the employees whose contributions are received.

The PFC must be licensed by PenCom who regulates its activities. A PFC is a licensed financial institution under the Companies and Allied Matters Act (1990) and must be set up with the sole purpose of carrying out the business of a Pension Fund Custodian.

A PFC must be wholly owned by a licensed financial institution and hold a minimum net worth of N5 billion unimpaired by losses and balance sheet size of at least N125 billion.

There are presently four (4) licensed Pension Fund Custodians namely: Zenith Pensions Custodian Limited (a subsidiary of Zenith Bank Plc), UBA Pensions Custodian Limited (a subsidiary of UBA Plc), First Pension Custodian Limited (a subsidiary of First Bank Plc) and Diamond Pension Fund Custodian Limited (a subsidiary of Diamond Bank Plc).

### UNDERSTANDING INVESTMENT Fixed Income Securities

Fixed Income Securities can be defined as investment instruments that offer a pre-determined guaranteed rate of return over a pre-determined tenor of time.

Often characterized as low risk, low return investment, Fixed Income Securities offer investors with a feeling of security as their principal investment is always guaranteed based on the quality of the issuer. They also facilitate financial planning, as the return on investments can be accurately pre-determined.

The low risk nature of this class of securities is the major attraction of investors and also the reason why PFAs are mandated to invest at least 70% of pension assets in them. Examples are Bank Savings and Fixed Deposit Accounts, Government Securities (Treasury Bills and Government Bonds), Promissory Notes and Commercial Papers.

### FREQUENTLY ASKED QUESTION

**Q. Can I decide where my RSA contributions are invested ?**

**A.** No. An RSA holder **cannot**, for now, decide where his / her RSA contributions are invested.

Pension Fund Assets are invested according to the Investment Guidelines issued by PenCom. Currently pension assets can only be invested in the specific instruments in the following proportions:

- ✓ 5% maximum in Managed Funds.
- ✓ 25% maximum in Direct Equity Investments
- ✓ 70% minimum in Fixed Income Securities which include; Government Securities (as much as 100%), Corporate Bonds / Real Estate Investment Trust / Mortgage -Backed Securities (30% maximum), Bank deposit / placements (35% maximum).

There are also limitations to the actual holdings in individual companies based on the ratings of companies.

### Locations 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) Gombe (08068792468) Imo (08068792462) Jigawa (08034797693) Kaduna (08082047126, 08082047126) Kano (08068792460) Katsina (08068792466) 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) www.ibtc.com

HOTLINES: 0802 PENSION ( i.e. 0802 736 7466), 0804 PENSION, 0805 PENSION, 0806 PENSION

