



PENSION NOTES

Issue VII, 01 May 2007

INDUSTRY / REGULATORY UPDATE



During the month, the President received the recommendations of the Committee on the payment of pensions to the over 5,000 workers of the defunct Nigeria Airways Limited ("NAL"). According to the Report presented by the Minister of State for Air Transportation, the Committee recommended five years pension pay-off for the workers as against the 10 years pension pay-off demanded by the employees. The sum of about N25 billion, representing 5 years pension payments, would be made payable by May 2007 once the Committee's report is approved by the President. NAL ceased operations in December 2002 while the liquidation process began in early 2005. It was also reported that about 400 workers of the airline had died without receiving their benefits.

In a related development, the Federal Government has successfully raised the over N40 billion needed to pay about 9,000 workers of Nigerian Ports Authority ("NPA") slated for disengagement by the end of May 2007. The fund was provided by NPA and Bureau for Public Enterprises ("BPE").

Also, the Nigerian Labour Congress ("NLC") has called for the amendment of the Pension Reform Act to make it mandatory for the Federal Government to contribute more for the workers than the stipulated minimum of 7.5% of their Total Emoluments. It was reported however that the NLC described the pension reform initiated by this present administration as one of the best policies the Government has put in place for the benefit of the Nigerian worker.

IBTC RSA FUND



The IBTC RSA Fund ("The Fund") which opened on 02 May 2006 at N1.0000 closed at N1.2151 as at 30 April 2007. In line with investment guidelines issued by PenCom, the Fund's portfolio allocation was as follows on 30 April 2007: Government Securities (40.15%), Money Market (35.17%), Quoted Equities (23.71%), Managed Funds (0.97%).

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



Notwithstanding the conservative nature of Pension Funds investments in compliance with industry regulations, our primary investment objective at IBTC Pensions remains to deliver competitive returns on investment while ensuring security and liquidity of pension assets at all times.

PRODUCT INFORMATION

REMITTING CONTRIBUTIONS INTO THE IBTC RSA (Private Sector & Self - Funded Public Sector)

Employers are required to remit their employees' contributions to the Pension Fund Custodian ("PFC") designated by their Pension Fund Administrator ("PFA") within 7 working days' of the payment of monthly salaries. Human Resources / Finance Managers should prepare a schedule of their employees stating the month and year that the contributions apply. The Contribution Schedule should also state the names of the employees, the amount of employer's, employee's and voluntary contributions (if any), and the employees' Personal Identification Numbers ("PINs").

Employers may also receive an electronic version of the Contribution Schedule that is already pre-filled with employees' names and PINs, by sending an email to pensioncontribution@ibtc.com. Employers should then deposit the total amount of contributions as stated on the Schedule with the IBTC RSA Custody Account, ZPC/IBTC PENSIONS, Account Number 6010154805 with the nearest Zenith Bank Plc branch, accompanied with a printed copy of the Contribution Schedule.

Finally, and very importantly, an electronic version of the Contribution Schedule should be sent via email to: pensioncontribution@ibtc.com for your staff contributions to be immediately uploaded into their accounts.

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 Ofili on +234 84 463 460, Tokunbo Aturamu on +234 1 2716000 or email to pensionnotes@ibtc.com.

Board of Directors

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The Lump Sum Withdrawal Mode

The lump sum withdrawal mode is a form of withdrawal from the Retirement Savings Account ("RSA") under the Pension Reform Act that allows the retiree to take any lump sum amount from their RSA at retirement, such that the balance after this lump sum withdrawal will be sufficient to provide a monthly pay-out, equivalent to at least 50% of the retiree's last salary, before retirement, over his / her expected lifespan.

The lump sum withdrawal mode serves the dual purpose providing a lump sum amount for capital expenditure like building or buying a home, as well as ensuring a subsistence allowance over the RSA holder's expected life span. It is noteworthy that the possibility of receiving a lump sum is not guaranteed for all contributors. It is dependent on several factors like the balance in the RSA at retirement, the last salary before retirement and the expected life span.

UNDERSTANDING INVESTMENT

Investing in Treasury Bills

Treasury Bills ("T-Bills") are fixed income securities issued by the Central Bank of Nigeria ("CBN") on behalf of the Federal Government.

A unique attraction of T-Bills is that they are issued at a discount to the face value. Presently the T-Bills are issued in 91-day, 182-day, 365-day tenors.

T-Bills represent the one of the safest form of investment within the economy, because they are backed by the full faith of the Federal Government. Due to their relatively low risk therefore, T-Bills attract the lowest returns compared to other investment instruments.

Under the current pension fund investment guidelines, PFAs may invest up to 100% of their pension funds in Government Securities including T-Bills. PFAs in practice invest only a portion of their pension funds in T-Bills, while seeking opportunities in other higher yielding instruments, permissible under the Act.

FREQUENTLY ASKED QUESTIONS

- Q** How do I monitor the growth on my IBTC RSA?
- A** The value of employees' Contributions in the RSA is reflected in the Unit Price of the IBTC RSA Fund. The Unit Price changes based on the market value of the underlying securities that IBTC Pensions has invested in. The number of units held by each employee is therefore a function of the value of the Contributions received and the applicable Unit Price on the day the Contribution is received.

RSA holders may therefore check on our website at www.ibtc.com for a daily listing of the Unit Price to monitor the growth of the IBTC RSA Fund generally. However, to monitor the growth of individual accounts, RSA holders may check the account statements as prepared by IBTC Pensions. From the Statement, the income earned on the Contributions is the difference between the Total Net Contributions and the Current Value of the Account.

In addition to the printed Quarterly Statements, IBTC Pensions provides on-line access to Account information via the Internet. RSA holders may therefore log on to our website, to ascertain the Unit Prices, and also determine the growth of their RSAs.

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 (08082047123, 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)
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HOTLINES: 0802 PENSION (i.e. 0802 736 7466), 0804 PENSION, 0805 PENSION, 0806 PENSION



IBTC PENSION MANAGERS LIMITED

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