

# PENSION NOTES

Issue IX, 02 July 2007

## INDUSTRY / REGULATORY UPDATE



During the month, the Federal Government in accordance with section 12 of the Pension Reform Act 2004, announced the issuance of a N1.68 trillion Federal Government Retirement Bond to provide for the accrued retirement benefits of Federal Public servants up to July 2004, when the Contributory Pension Scheme commenced.

The certificated bond, which can only be redeemed upon retirement of the holder from service, is exempted from taxes, non-negotiable, non-tradeable, and carries a 5% p.a. coupon rate. The proceeds of the bond will be credited to a retiree's RSA on the last day of the month in which he/she retires.

The Debt Management Office would issue the bond on behalf of the government while the Central Bank of Nigeria ("CBN") and the Federal Ministry of Justice would act as Registrar and Solicitor to the Bond respectively. As part of the implementation process, the National Pension Commission ("PenCom") also organized an eight-day sensitization seminar, which commenced on 25 June on the Bonds for the about 5,000 public servants due to retire between July and December 2007. Participation for this category of workers is compulsory.

In a related development, it was disclosed that between 2004 to date, about N135.75 billion has been collected by PenCom as contributions of Federal Government workers. Of this amount, about N100 billion have been remitted to Pension Fund Administrators ("PFAs") while the balance of N35.75 billion was being held by the Central Bank of Nigeria, pending the completion of the on-going verification of Federal Public servants.

PenCom also announced the licensing of 7 additional PFAs, bringing the total number of PFAs to 23.

Also, during the month, the Federal Government approved 65 years as retirement age for polytechnic teachers in line with that of their university counterparts.

## RETIREMENT PLANNING TIPS

### KEY CONSIDERATIONS IN RETIREMENT PLANNING

Planning for your retirement is an important activity that every employee must begin to do, right from the start of their careers and all through their work lives. If you haven't begun to plan towards your retirement, then the time to start is NOW.

In planning towards your retirement, workers must consider certain key issues. These include when you will retire; how much you are saving towards your retirement; what other savings or investments you have; how you will like to spend your retirement; your current state of health; and how much you will need in retirement.

You must also take time to reflect on the state of our economy, availability of social welfare schemes, access to quality medical care in planning towards your retirement.

Answering these questions and concerns will guide you towards taking important decisions about your personal and family life as well as your career that will guide you towards a safe and secure retirement.

More details on planning your retirement can be found on our website: [www.ibtcpension.com](http://www.ibtcpension.com)

## IBTC RSA FUND



The IBTC RSA Fund ("The Fund") which opened on 02 May 2006 at N1.0000 closed at N1.2606 as at 30 June 2007. In line with investment guidelines issued by PenCom, the Fund's portfolio allocation was as follows on 30 June 2007: Government Securities (38.04%), Money Market (34.49%), Quoted Equities (24.31%), Managed Funds (1.39%), Other Fixed Income Securities (1.77%).

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



## FREQUENTLY ASKED QUESTIONS

**Q. How Are Contributions Deducted and Remitted for Retirement Savings Account ("RSA") Holders?**

**A.** The process of deducting and remitting contributions for RSA holders differs for employees of the Federal Public Sector and those of the Private Sector;

### Unfunded Public Sector

Deductions for Federal Public servants are done centrally and not by the individual Ministries, Departments and Agencies ("MDAs"). Every month, employees' contributions are deducted from the MDAs allocations for employees' payroll. These employees' contributions are transferred to the CBN for temporary custody in addition to the Federal Government's contribution, which is paid by the Office of the Accountant General of the Federation, representing the employer's contribution.

PenCom then remits the contributions to each employee's PFA / PFC, subject to verification of the employees' service records.

### Private Sector & Self Funded Public Sector

For the private sector and self funded public sector, deductions are made by the employer from the employees' emoluments and transferred to the PFA / PFC, every month, in addition to the employer's contributions.

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Board of Directors

# THE A-Z OF YOUR IBTC RSA STATEMENT



IBTC PENSION MANAGERS LIMITED

## Your Retirement Savings Account Statement

Contact Tel: 01-271-6000, 01-75000  
0802 PENSION, 0804 PENSION  
0805 PENSION, 0806 PENSION  
[www.ibtcpension.com](http://www.ibtcpension.com)

**A** ← IKENNA WOJI ABDUL  
**B** ← YOUR COMPANY LIMITED ABUJA

**C** ← RSA PIN PEN1010101010101  
**D** ← EMPLOYER YOUR COMPANY LIMITED

**G** ← Account Summary  
**H** ← RSA  
**VC** → **I**  
**J** ← Total Units 260,535.45  
**K** ← Current Unit Price 1,2135 1,2135  
**L** ← Current Value 312,199.63

**M** ← 01 January to 31 Mar 2007

### **N** ← Retirement Saving Account Details

<b>O</b> ← Date	<b>P</b> ← Description	<b>Q</b> ← Employee(N)	<b>R</b> ← Employer(N)	<b>S</b> ← Gross(N)	<b>T</b> ← Admin Fees (N)	<b>U</b> ← Net Cons(N)	<b>V</b> ← Unit Price	<b>W</b> ← Units
<b>X</b> ← 01-Jan-07	BALANCE BF					236,741.66		217,476.64
<b>Y</b> ← 10-Jan-07	Dec 06 Cons	8,362.81	8,362.81	16,725.62	100.00	16,625.62	1.1142	14,921.58
<b>Y</b> ← 19-Feb-07	Jan 07 Cons	8,362.81	8,362.81	16,725.62	100.00	16,625.62	1.1743	14,157.90
<b>Y</b> ← 12-Mar-07	Feb 07 Cons	8,362.81	8,362.81	16,725.62	100.00	16,625.62	1.1893	13,979.33
<b>Y</b> ← 31-Mar-07	TOTAL					286,618.52		260,535.45

### **Z** ← Voluntary Contribution Account Details

Date	Description	Employee (N)	Employer (N)	Gross (N)	Admin Fees (N)	Net Cons (N)	Unit Price	Units
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KEY	ITEM	DESCRIPTION
<b>A</b> →	Name	Indicates the Name of the RSA Holder
<b>B</b> →	Address	Correspondence Address of the RSA Holder
<b>C</b> →	RSA PIN	Unique Personal Identification Number issued by PenCom
<b>D</b> →	Employer	Name of the RSA Holder's Employer
<b>E</b> →	IBTC Pensions Hotline	0802 736 7466, 0804 736 7466, 0805 736 7466, 0806 736 7466
<b>F</b> →	IBTC Pensions Website	For on-line access to information on RSA and other useful information on retirement planning, and the Pension Reform Act
<b>G</b> →	Account Summary	Summary of the RSA, including number of units, unit price and current value of the account
<b>H</b> →	Account Summary – RSA	Summary Details of Contributions and Value of mandatory Contributions
<b>I</b> →	Account Summary – VC	Summary Details of Contributions and Value of Voluntary Contributions
<b>J</b> →	Account Summary – Total Units	The total number of Units held by the RSA Holder as at the date of valuation, i.e. quarter ended 30 June 2007
<b>K</b> →	Current Unit Price	This is the Current Unit Price of IBTC RSA Fund, as determined by a Pencom regulated pre-determined formula based on the Net Asset Value of investments in The RSA Fund, and the Number of Contributing Units Issued
<b>L</b> →	Current Value	This is the product of the Total Units and the Current Unit Price (K*J)
<b>M</b> →	Period of the Statement	This shows the applicable period of the Statement, usually three months, representing a Quarter.
<b>N</b> →	RSA Details	This section shows the details of the RSA for the period, including contributions, unit price, and allotted units per contribution.
<b>O</b> →	Date	This is the value-date or effective date of the transaction
<b>P</b> →	Description	This describes the transaction or gives a narrative of the transaction
<b>Q</b> →	Employee	This represents the employee's Contribution. A minimum of 7.5% of (Basic Pay + Housing + Transportation Allowance)
<b>R</b> →	Employer	This represents the employer's Contribution. A minimum of 7.5% of (Basic Pay + Housing + Transportation Allowance)
<b>S</b> →	Gross	This is the sum of Employee and Employer Contributions – (Q+R)
<b>T</b> →	Admin Fees	This is the administrative fee chargeable at N100 per contributing month, deducted from the Contribution
<b>U</b> →	Net Cons	This is the Net Contribution – (S-T)
<b>V</b> →	Unit Price	This is the applicable unit price on the value date for the Contribution, and at which the Contribution was uploaded
<b>W</b> →	Units	This is the number of units allotted to a particular contribution, calculated by dividing Net Contribution by Unit Price – (U÷V)
<b>X</b> →	Balance B/F	This is the Balance brought forward from previous quarters and Statements. It is expressed in naira and units
<b>Y</b> →	Quarterly Contributions	Shows all the contributions received within the Quarter
<b>Z</b> →	Voluntary Contribution Account Details	Shows the details of Voluntary Contributions made (if any), similar to details provided for Mandatory Contributions above.