

Editor's Note

Dear Esteemed Customer,

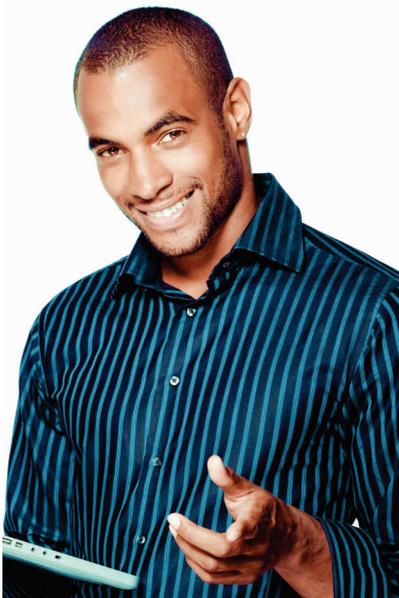
Here we are at the end of Q1 2014. This quarter, the industry witnessed an active engagement of PENCOM (the pension regulatory body) with retirees and contributors alike. This was seen through the organisation of Customer Fora in strategic locations in different states. The opening of several PENCOM regional offices in Lagos, Kano, Ibadan and Awka was a major step-up during this quarter. Also, in tune with achieving excellent customer service delivery, a nationwide training on Personal Effectiveness and Superior Customer delivery was organized

by the Pension Fund Operators Association of Nigeria (PENOP) for employees of PFA's. Also, in this quarter, PAL launched her dynamic multi-lingual call center "palconnect" which makes it easier for clients and prospective clients to reach us. It has been noted that a common discuss in financial circles, is the comparison of profitability of different savings outlets available to individuals. In this edition, we will consider profitability of the pension scheme in theory and reality.

Have a good read!

PRIVATELY MANAGED PENSION PLANS:

Theory & Reality



The Future starts now

The contributory pension scheme in Nigeria has evolved over the last decade. Having gone past its teething phase of acceptance of a new savings culture (albeit mandatory by labour laws) and the overcoming of trust issues of the older scheme with employers of labour. New convictions have sprung up. The arguments for competitive private management of the investments are today stronger. On a large part, public sector institutions generally find it difficult to exhibit the flexibility and speed of action necessary to manage investment portfolios actively and successfully.

Although the development of funded pension schemes clearly implies an important savings dimension, economic theory warns against assuming that a change in savings structure necessarily increases savings in the economy.

There is a real possibility that, if companies and individuals are compelled to save more for pensions, they will reduce other forms of savings, leading to a substitutionary effect rather than a real increase in savings. The potential role of institutional investment, (particularly from pension funds) in helping economic growth through infrastructure & capital markets seems to be generally accepted. There is, however, often a difficult "chicken and egg" issue, as the successful development of pension funds also depends on there being a suitably wide range of appropriate investments, a well-functioning banking system to ensure speedy and accurate processing of financial transfers, stable investment markets with adequate liquidity and low transaction costs without excessive price volatility. The strongest argument for funding of privately managed pension plans is the need to provide long-term security. Economists have shown that, theoretically at least, under simplified assumptions, a funded pension plan costs less than a pay-as-you-go plan if the return on the assets is greater than the increase in wages. At retirement age, the member can opt to convert the accumulated savings into a price-indexed annuity (indexed according to the Consumer Price Index (CPI)), or to use the draw-down facility (programmed withdrawal), withdrawing an income of his/her choice, with the option of converting the balance into an annuity later. So far the experience has been more for the option of programmed withdrawal over those opting for an annuity (to be continued...)

By Oriola Soyege



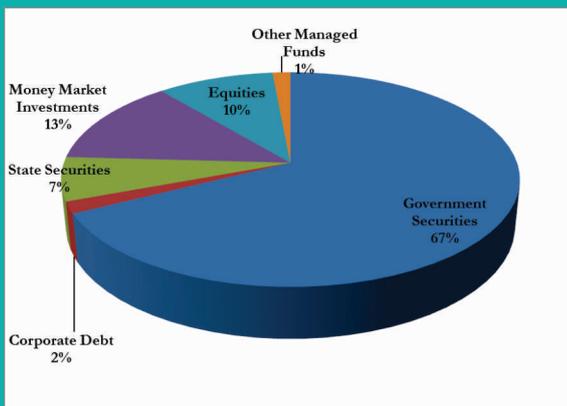
PALconnect
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PAL VALUE FUND

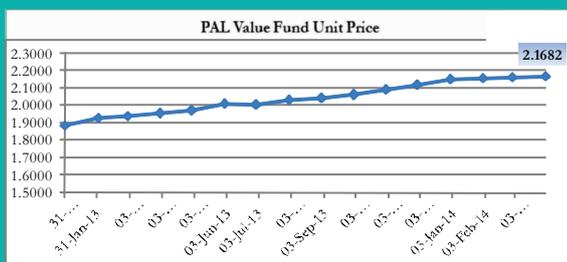
The PAL Value Fund opened the year with a unit price of N2.1527 and closed the month of March 2014 with a unit price of N2.1682. This represents a year till date growth of 0.7%.

The PAL Value Fund Portfolio as at 31st March, 2014 comprised of the following asset classes: Government Securities (67%), Equities (10%), Money Market Instruments (13%), State Securities (7%), Corporate Debt Instrument (2%) and Other Managed Funds (1%).

ASSET ALLOCATION AS AT 31ST MARCH 2014



UNIT PRICE AS AT 31ST MARCH 2014



Financial Tip



You can have anything you want but not everything you want. Cut expenses ruthlessly on the things that don't matter so you can spend lavishly on the things that do. (Roth, February 2014)

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Frequently Asked Questions

Q1. How will I benefit from a Retirement Savings Account?

You have the assurance that your old age is well catered for and that in the event of death your family will have something to fall back on

Q2. How can I be sure that my contributions are safe?

Every PFA (Pension Fund Administrator) and PFC (Pension Fund Custodian) is properly licensed and regulated by the National Pension Commission. The Commission is empowered to sanction and if need be prosecute defaulting operators. The monies in pension funds are also assured by the Central Bank of Nigeria.

Q3. How can I keep track of my investments?

Every quarter, statements of accounts are sent to all clients with contributions in their accounts; hard copies for those without email addresses and soft copies for those with emails. You can also monitor the progress of your account on your profile on our website. Also, SMS alerts are constantly sent out to clients whose accounts have been credited monthly.

Q4. How do I Check my account status online?

Log on to www.palpensions.com

- ➔ LOGIN
- ➔ Customer log-in
- ➔ Enter Username and Password
- ➔ Type in Verification Letters
- ➔ Complete the test question
- ➔ Create your Username and Password
- ➔ Click on the Verification Link sent to your mail box
- ➔ View your account online.

On a lighter note

A couple goes out to dinner to celebrate their 50th wedding anniversary. On the way home, she notices a tear in his eye and asks if he's getting sentimental because they're celebrating 50 wonderful years together. He replies, "No, I was thinking about the time before we got married. Your father threatened me with a shotgun and said he'd have me thrown in jail for 50 years if I didn't marry you. Tomorrow I would've been a free man!"

Quotable Quotes

It's not how much money you make, but how much money you keep, how hard it works for you, and how many generations you keep it for."
- Robert Kiyosaki

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