

3rd Quarter 2012

From the Editor

Welcome to the fourth and last quarter of the 2012 financial year.

The previous quarter was throbbing with a lot of excitement not just in PAL but in the industry as a whole. This can be attributed to the release of the final guidelines as regards the transfer of Retirement Savings Account amongst Pension Fund Administrators (PFAs). Since the National Pension Commission had set regulations and guidelines as regards the said transfer, all PFAs await the commencement date with abated breath.

For PAL it is a worthy challenge. Unlike the banking industry whereby one can run numerous accounts with various banks in a financial year, for Pension Fund Administrators the reverse is the case, thus any individual that is gainfully employed will be hounded by all the PFAs in Nigeria and we are well aware there are over twenty of them.

PAL pensions have put in place processes that will ensure a seamless transfer of RSAs to PAL. In this edition, we have taken the time to highlight scenarios and cases that might delay the transfer process or out rightly cause for the request to be rejected.

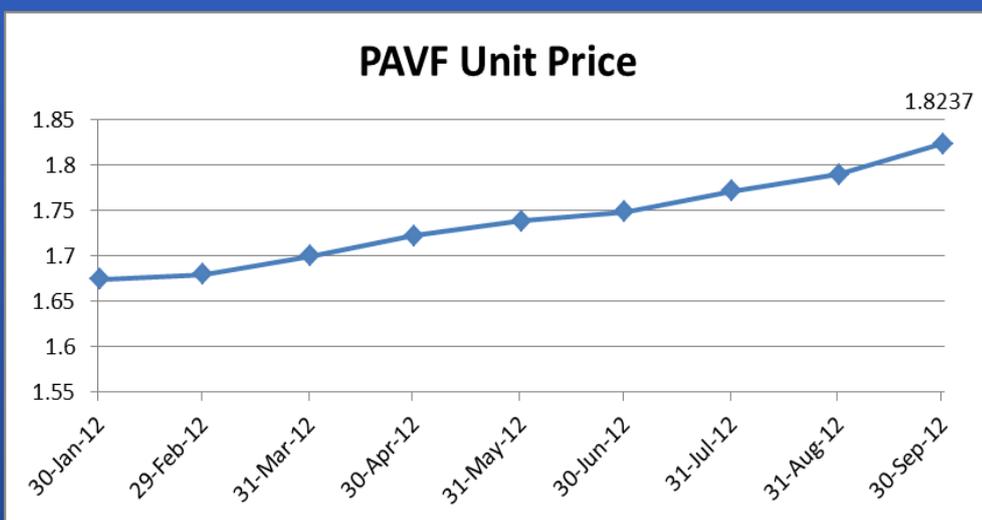
We have embarked on a series of awareness programs to enlighten our esteemed clients and bring them abreast of the new development in the Pension scheme. In view of this, we had yet another customer conference in Port Harcourt. This conference like others not only addressed the several questions/issues on the scheme but brought to the fore ways that would help our never ending quest for continuous improvement in the current superior service being rendered to our esteemed clients.

We thank all our clients for the opportunity given to us to serve you and hope that you enjoy the rest of the year 2012.

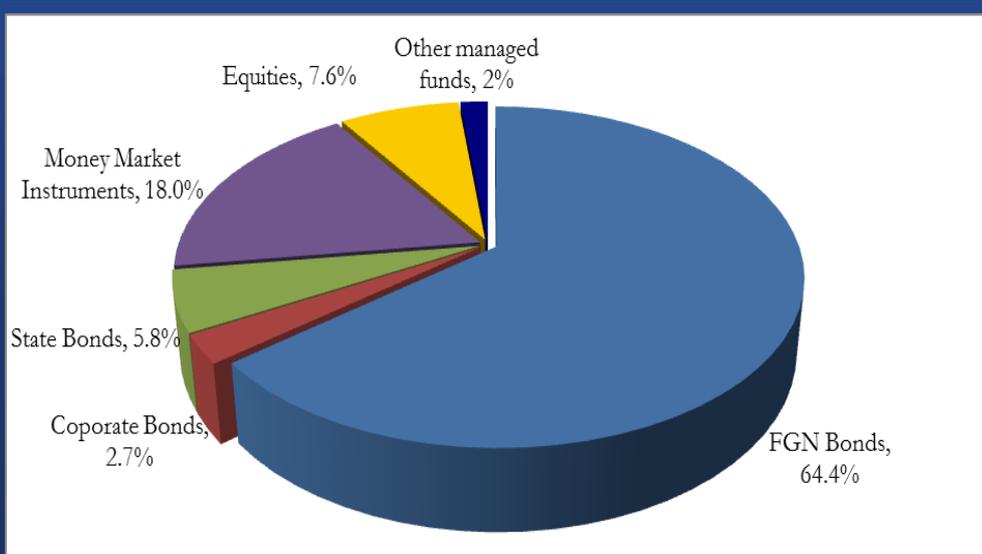
PAL Value Fund

The PAL Value Fund unit price was N1.6684 at the beginning of the year and N1.8237 by the end of September 2012. The PAL Value Fund Portfolio as at 30th September 2012 comprised of the following asset classes: Government Securities (64.4%), Equities (7.6%), Money market instruments (18%), State Securities (5.8%), Corporate Debt Instrument (2.7%) and Other Managed Funds (2%).

PAVF Price Trend



PAVF Asset Allocation Structure as at 30th September, 2012



THE RSA TRANSFER WINDOW – ALL YOU NEED TO KNOW

The transfer window, a medium through which Retirement Savings Account (RSA) holders can move their RSA from one Pension Fund Administrator to another is a creation of the Pension Reform Act 2004.

Section 11, subsection 2 of the Act has provided that an RSA holder can change from one PFA to another without adducing any reason for the transfer because the Act protects the RSA holder from divulging his/her reasons

There has been a delay in the release of the commencement date as regards the said transfer due to the driving need to stabilize the industry and put in place an enduring mechanism that would ensure the process is seamless.

Reviewing the pension contributory scheme within the first three (3) to four (4) years of its existence, it was apparent that there were some shortcomings in the operation that would make the transfer of RSAs between PFAs meaningless if not corrected. Such shortcomings include multiple registrations in both intra and inter PFAs, the profiles of some RSA holders lacked essential bits of information, and there was no system in place to prevent further duplication of registration. Having successfully put some of these corrective measures in place, one can safely say the industry is now ripe for the transfer window.

The transfer window is for contributory RSA holders who are either in active service or retirees whom have duly executed the Programmed Withdrawal Agreement. It is instructive that the transfer process can only be initiated by the RSA holder, not the employer or a proxy.

The transfer process is structured to run on quarterly basis. Transfers are therefore to be effected on the last day of every quarter, March 31, June 30, September 30 and December 31. These dates are known as Effective Transfer Dates (ETD). In tune with the enabling guideline, transfer requests received in the last month of every quarter, that is, transfer requests received in March, June, September and December will form part of the transfer for the next quarter and NOT in the quarter they are received. This is to ensure there is ample time for the consolidation of the RSA prior to the transfer. It is expected that there will be recourse to the employers by the existing PFA to make payments on RSAs with outstanding remittances before the RSA is moved to the new PFA.

This will not in any way delay or affect the transfer process as a full proof platform has been put in place to receive such outstanding remittances whenever they are paid, even after the RSA has been transferred.

Transfer requests can only be made through the pre-numbered transfer form as approved by the National Pension Commission. On submission of the request to the National Pension Commission, the receiving PFA must convey to the RSA holder the status of the request within three days. This is to state whether the transfer request is accepted or rejected. And where the latter is the case, reasons for rejection must be stated. Instructively, if the rejection is on the basis of biometric challenges, the transferring PFA will be required to liaise with the RSA holder with a view to correct the thumb print initially submitted by the RSA holder on registration.

The basis upon which a transfer request could fail includes the following:

- ◆ When either or both the Personal Identification Number (PIN) and the name of the RSA holder on the transfer form is different from what is on the database.
- ◆ Whereby the transfer is not initiated from the PFA where the RSA holder registered.
- ◆ If there is an inconsistency in the date of birth of the RSA holder.

Transfers from one PFA to another can only be made once a year. Once a year in this regard, is considered as 12 calendar months from the date of the last transfer. RSA holders would not be charged to transfer their RSA from the present PFA to a preferred one.

At the completion stage of the transfer, the new PFA will issue an account statement showing the transaction history of the RSA to the RSA holder. The RSA holder is expected to review his statement to ascertain its accuracy.

We hope at the commencement of the transfer window regime, our clients and prospective clients will be sufficiently guided and well informed

Laugh it off



A lady lost her handbag. It was found by an honest little boy and returned to her. Looking in her purse, she commented, "Hmmm.... That's funny. When I lost my bag there was a N1,000 note in it. Now there are ten N100 notes." The boy quickly replied, "That's right. The last time I found a lady's purse, she didn't have any change for a reward.

Quotable Quote

"Gather the crumbs of happiness and they will make you a loaf of contentment." - Anonymous

Frequently Asked Questions



Q: I have two PINS from different PFAs and both are funded, I want all funds to be consolidated in one PFA?

A: The National Pension Commission recognizes the first PIN issued to an RSA holder and is in charge of account reconciliation. Once the accounts have been reconciled and actual contributions determined, PENCOM will transfer the funds to the PFA that issued the first PIN

Q: What percentage of my Retirement Savings Account balance will I collect at retirement?

A: Your lump sum and monthly pension is a function of 3 things: your RSA balance, age at retirement and last salary. You are however guaranteed to receive a minimum of twenty five percent (25%) of your RSA balance as lump sum payment. This is calculated using a template provided by PENCOM