

**NATIONAL PENSION COMMISSION  
174 ADETOKUNBO ADEMOLA CRESCENT  
WUSE II  
ABUJA**

## **CIRCULAR**

**REF: PENCOM/INSP/CIR/SURV/17/22**

**DATE: 16 November, 2017**

**TO: All Licensed Pension Fund Administrators/Pension Fund Custodians**

**SUBJECT: WITHDRAWALS FROM VOLUNTARY CONTRIBUTIONS**

- 1.0 Section 4 (3) of the Pension Reform Act, 2014 allows active employees under the Contributory Pension Scheme (CPS) to contribute voluntarily in addition to the mandatory contributions into their respective Retirement Savings Account (RSA) in order to augment their pension at retirement. Similarly, Section 4 (7) allows exempted employees from CPS to participate in voluntarily in the CPS subject to a Guideline issued by the Commission.
- 2.0 Section 10 of the Money Laundering Act 2011 provided for obligation on all the Financial Institutions to report any single transaction of ₦5 million and above to the Economic and Financial Crime Commission (EFCC).
- 3.0 The Commission has observed the current high trend of requests for Voluntary Contributions (VC) withdrawals by PFAs especially the significant VC amount withdrawn, usually within short duration of lodgement in the RSA both for mandatory and exempted contributors thereby defeating the purpose of VC which is meant to enhance pension at retirement. Also the short intervals between the date of contributions

and withdrawals, results in insignificant tax payable to the relevant tax authorities.

4.0 Consequently, this Circular is to provide measures that would curb high VC withdrawal, ensure appropriate tax payments and strengthen the process of VC administration in line with the draft Guidelines on Voluntary Contribution to be issued by the Commission.

5.0 The following rules and activities must be adopted by all PFAs /PFCs to foster compliance of clause 4.0 above:

a) Timeframe for withdrawal from VC account shall be once every 2 years from the last approved withdrawal date. Subsequent withdrawals shall only be on the incremental contributions from the date of last withdrawal.

b) For mandatory contributors, the amount remitted as VC shall be separated as follow:

i) 50% shall be treated as contingent, available for withdrawal within the stipulated timeframe of every 2 years. Taxes would be deducted on income earned in line with Section 10 (4) of the PRA 2014.

ii) The balance of 50% shall be fixed for pension and utilized at date of retirement to augment the contributor's retirement benefit

c) For exempted/foreign contributors, the following shall apply:

i) The timeframe of withdrawal of once every two years in clause 5 (a) above shall be adopted.

ii) The contributor is allowed to withdraw all the funds in his/her VC account after two years of contribution, subject to deduction of taxes on both income earned and principal amount when withdrawal is less than five years of the contribution.

d) PFAs shall forward request for approval to the Commission using the revised schedule for VC withdrawals hereby attached as **Appendix A**.

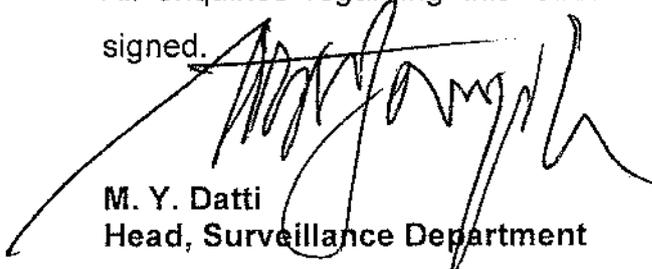
e) Both PFAs and PFCs are required to inform the Economic and Financial Crime Commission of any single lodgement of **N5 Million** and above.

6.0 Henceforth, all tax deductions shall be remitted to the relevant Tax Authorities within 21 days after the end of the month of deduction and render returns to the Commission twice yearly of such remittance.

7.0 Failure by any PFA to adhere to this Circular will result in the imposition of appropriate sanctions.

8.0 This Circular will be effective on 1 December, 2017.

All enquiries regarding this Circular should be directed to the under signed.



**M. Y. Datti**  
**Head, Surveillance Department**

SCHEDULE OF VOLUNTARY CONTRIBUTIONS FOR HARD COPY REQUEST

APPENDIX A

PFA NAME:  
DATE OF REQUEST:

		PENSION FUND ADMINISTRATORS SUBMISSION														
(A)	(B)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)
S/N	NAME	PIN @	ORGANISATION	SECTOR	UNIT PRICE AT ENTRY	DATE OF UNIT PRICE AT ENTRY	DATE OF DEPOSIT(S)	DATE OF LAST WITHDRAWAL	TOTAL UNITS CREATED	TOTAL AVC BALANCE AT ENTRY	AVERAGE UNIT VALUE AT EXIT	TAXABLE AMOUNT PAYABLE AT EXIT	NON TAXABLE AMOUNT	INTEREST	TAX	NET AMOUNT PAYABLE