



NATIONAL PENSION COMMISSION
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ABUJA

FRAMEWORK

TO: ALL PFAs/PFCs

SUBJECT: FRAMEWORK ON THE ACCESS TO RETIREMENT BENEFITS USING THE REVISED PROGRAMMED WITHDRAWAL TEMPLATE FOR PROSPECTIVE RETIREES UNDER THE CONTRIBUTORY PENSION SCHEME

1.0 INTRODUCTION

- 1.1 The Commission's attention has been drawn to the challenges faced with the *existing* Programmed Withdrawal Template (PWT) for processing of Retirement Benefits which necessitated the deployment of a revised PW template by a firm of Actuary.
- 1.2 The *revised* PWT computes the Programmed Withdrawal benefits of retirees, as well as arrears of monthly/quarterly pension payment (if Any). It has also extended the computation of the benefits beyond the initial age of 65 years to cater for broad categories of retirees in the different sectors of the economy.
- 1.3 This framework therefore sets out the modalities for payment of pension benefits for prospective retirees under the Contributory Pension Scheme (CPS) using the revised PWT.

2.0 THE LEGAL BACKGROUND

- 2.1 Section 3 (2) of the PRA 2014 states that "The Scheme established under subsection 1 of this section shall apply to all employees in the Public Service of the Federation, the Federal Capital Territory, States, Local Governments and the Private Sector subject to the provisions of Section 5 of this Act."

2.2 Section 5 (1b) of PRA 2014 states that “The categories of persons exempted from the CPS are -

“any employee who is entitled to retirement benefits under any pension scheme existing before the 25th day of June, 2004, being the commencement date of the Pension Reform Act, 2004, but as at the date had 3 years or less to retiree.”

3.0 OBJECTIVES

3.1 The Framework outlines the procedures for payment of retirement benefits for prospective retirees using the revised PWT.

3.2 The Framework also establishes uniform set of rules, standards and parameters to be adopted by all Pension Operators.

4.0 ELIGIBILITY

4.1 This Framework applies only to employees who retire under the CPS and are yet to be programmed as at 02 May, 2018.

4.2 Retirees who choose the Programmed Withdrawal option as their preferred mode of retirement benefit payment or Retiree Life Annuity (RLA) Option at retirement as at 02 May, 2018.

5.0 RULES OF GENERAL APPLICATION

5.1 The effective date for implementation of the revised PWT shall be 02 May 2018. Subsequent reviews of the PWT shall be advised by the Commission.

5.2 The revised PWT would be adopted to compute the retirement benefits of prospective retirees who would be programmed in line with the requirement of Section 7 of the PRA 2014.

5.3 The RSA balance to be used for the computation shall be inclusive of the unavailable balance in Voluntary Contributions for augmenting retirement benefits (if any).

- 5.4 The PFA shall adopt the revised PWT to calculate the total upfront payment for retirees who choose the RLA option. In addition the PFA shall set aside one-month Pension to cover the period of processing and transfer of RLA premium to the RLA provider.
- 5.5 For Treasury Funded MDAs, the balance of the RSA after 5.4 above and the validated Final Salary would be issued to the retirees for the purpose of getting a Provisional Annuity Agreement.
- 5.6 For other Public and Private Sector, the balance of the RSA after 5.4 above would be issued to the retirees for the purpose of getting a Provisional Annuity Agreement.
- 5.7 The minimum pension shall be 50% of the final salary of the retiree.
- 5.8 The Minimum Regulatory lumpsum shall be 20% of the RSA balance. However the retiree is at liberty to choose between the minimum statutory and maximum statutory lumpsums.
- 5.9 For retirees whose RSA balance is not sufficient to provide for 50% of their Final Salary as pension, after taking the Minimum Regulatory lumpsum of 20% of the RSA balance the PWT generated agreed pension would be less than 50% of his final salary.
- 5.10 All requests shall be submitted to the Commission for approval within 48 hours of signoff of the Programmed Withdrawal Agreement (PWA).
- 5.11 Once a PWA had been signed off, a retiree cannot request for another lump sum where there is no additional inflow.
- 5.12 The date of programing shall be the date that the PWA was executed between the Pension Fund Administrator (PFA) and the Retiree.
- 5.13 The applicable date of retirement for disengaged/retired employees before attaining the age of 50 years shall be the date of the 50th birthday. This includes those that had accessed 25% of their RSA balance on Temporary Loss of Employment.

5.14 Further to 5.13 above, at the point of programming no arrears shall be paid to such a retiree for the period before the 50th anniversary birthday.

5.15 PFAs shall process payment of retirement benefits within 48 hours of receipt of approval from the Commission.

5.16 PFAs shall instruct the Pension Fund Custodians (PFCs) to pay all approved retirement benefits within 24 hours of receipt of PFA instruction.

5.17 PFAs shall maintain a database of retirees on Programmed Withdrawal.

5.18 The Commission shall respond within 72 hours to all approval requests on PWT.

5.19 The Commission shall be indemnified and / or discharged from any liabilities arising from the information provided by the PFA on retirement benefits payment using the revised PWT.

6.0 DOCUMENTATION REQUIREMENT FOR PROCESSING PWT REQUESTS

6.1 The Standard Notice Retirement (SNR) Form shall be duly completed by the PFA and retained in the mandate file of the retiree, with copy of the following:

- i. Official ID (Staff ID with any one of the following; National ID or National Driver's License or Permanent Voters Card (PVC) or International Passport);
- ii. Letter of first appointment / Attestation Letter for Public sector employees;
- iii. Letter of employment / Letter of appointment for Private sector employees;
- iv. Official Notice of Retirement or Acceptance of Retirement by Employer;
- v. Birth certificate or declaration of age of the retiree;
- vi. Any of the Last 3 months pay slip stating final salary to include salary structure, grade level and step at retirement for Public Sector;
- vii. Any of the Last 3 months' payslip stating final salary for Private sector employee;

- viii. Acknowledgement letter of non-indebtedness of accrued pension/pre-act benefits or outstanding pension contribution by employer of an employee in the Private sector; and
- ix. Any other documents that may be required by the PFA.

6.2 An authorised PFA personnel shall sight the original documents listed under clause 6.1 above and shall do the following:

- i. Confirm that the passport photograph appended on the form is of the retirees' current likeness;
- ii. Ensure that there are no irregularities in the documents/information provided by the employee.
- iii. Ensure that all relevant documents submitted in clause 6.1 above are authenticated and certified true copies; and
- iv. Ensure that all relevant documents submitted in clause 6.1 above are kept in the mandate file of the RSA Holders.

6.3 The retirees are to be classified into two broad employment sectors namely; Public and Private Sectors of the economy.

- i. **Public Sector:** This is further sub-divided into three groups namely Treasury Funded Ministries, Department and Agencies (MDAs), Self-Funding Agencies, State Government MDAs and Local Government.
 - a. **Treasury Funded MDAs:** These are MDAs that receive their funds directly from the Federal Treasury Account through the Office of the Accountant General of the Federation. This includes MDAs that have joined the Integrated Payroll and Personnel Information System (IPPIS) platform. See list of Treasury Funded MDAs and salary structure as approved by Salaries and Wages Commission which shall be reviewed by the Commission from time to time.
 - b. **Self-Funding Agencies:** These are agencies that remit their pension contributions directly from their Internally Generated Revenue (IGR) to the PFAs account with the PFC.

c. **State Government MDAs:** These are agencies that remit their pension directly from State Government Treasury or State/Local Government Pension Bureau to the PFAs account with the PFC.

ii. **Private Sector:** These are private employers who remit their employees' pension contributions directly to the PFAs account with the PFC.

6.4 PFAs are required to prepare, confirm and forward Programmed Withdrawal Request in the format specified by the Commission.

6.5 PFAs are required to input in the revised PWT the information listed in Table 1 below for single processing.

Table 1: PWT Variables Input

SN	TITLE	DESCRIPTION	
1	Salary Structure	XXXXXX	Input only for Public Sector Treasury Funded MDA Employees
2	Grade Level	NUMERIC DIGIT (XX)	
3	Step	NUMERIC DIGIT (XX)	
4	Gender	M or F	
5	Date of Birth	DD-MMM-YYYY	
6	Date of Retirement	DD-MMM-YYYY	
7	Date of Programming (PFA Provided Date)	DD-MMM-YYYY	
8	RSA Balance (₦)	NUMERIC DIGIT TO 2 DECIMAL XXXXXX.XX	
9	Annual Salary (₦)	NUMERIC DIGIT TO 2 DECIMAL XXXX.XX	

6.6 The revised PWT would generate the outputs listed in the table 2 below:

Table 2: PWT Variables Output

10	Validated Annual Salary (TF MDAs only) ₦	NUMERIC DIGIT TO 2 DECIMAL XXXX.XX
11	Agreed Pension (₦)	NUMERIC DIGIT TO 2 DECIMAL XXXX.XX
12	Recommended Lump sum (₦)	NUMERIC DIGIT TO 2 DECIMAL XXXXX.XX
Pension Arrears (Where Applicable)		
13	Number of Payments in Arrears	XX
14	Agreed Periodic Pension	XXXX.XX
15	Pension Arrears (₦)	XXXX.XX
16	Recommended Lump Sum Amount(₦)	XXXXXX.XX

17	Total Upfront Payment (₺)	XXXXXX.XX
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6.7 For Batch processing, PFAs are required to input the information listed in Table 3 below:

Table 3: PWT variable Input for Batch processing

SN	TITLE	DESCRIPTION
1	RSA PIN	PEN+12 DIGITS
2	Surname	Full Surname (No Initials)
3	First Name	Full First name (No Initials)
4	Middle Name (if any)	Full Middle name (No Initials)
5	Gender	M or F
6	Date of Birth	DD-MMM-YYYY
7	Date of Retirement	DD-MMM-YYYY
8	Employer Name	Full name of Employer (No Abbreviations)
9	Employer Code	PenCom assigned Code for the Employer
10	Sector	Public or Private
11	Salary Structure	Treasury Funded only
12	Grade Level	Treasury Funded only
13	Step	Treasury Funded only
14	PFA Name	Full PFA name (No Abbreviations)
15	Date of Programming	DD-MMM-YYYY
16	RSA Balance as at programming date(₺)	Numeric Digits to 2 decimal places
17	Annual Salary (₺)	Numeric Digits to 2 decimal places

6.8 The revised PWT would generate the output listed in the table 4 below:

Table 4: PWT variable output for batch processing

SN	TITLE	DESCRIPTION
1	Validated Annual Salary (TF MDAs Only) (₺)	Numeric Digits to 2 decimal places
2	Agreed Pension (Mthly/Qtrly) (₺)	Numeric Digits to 2 decimal places
3	Recommended Lump sum (₺)	Numeric Digits to 2 decimal places
Pension Arrears (Where Applicable)		
4	Number of Payments in arrears	Numeric Digits
5	Agreed Periodic Pension (₺)	Numeric Digits to 2 decimal places
6	Pension Arrears (If any) (₺)	Numeric Digits to 2 decimal places
7	Recommended Lump sum Amount (₺)	Numeric Digits to 2 decimal places
8	Total Upfront (₺)	Numeric Digits to 2 decimal places

6.9 The business process for the input and output above is hereby attached as **Appendix I**.

7.0 REQUEST FOR APPROVAL OF PROGRAMMED WITHDRAWAL BY PFA

- 7.1 PFAs are required to review the information/documents of prospective retirees provided in 6.1 above against information on their database.
- 7.2 For retirees from TF MDAs, the PFA shall use the payslip provided by the retiree to confirm the Annual Salary against the salary structure provided by the Commission in the PWT.
- 7.3 For self-funded MDAs, State Government and private sector, the PFA shall use the gross salary on the payslip provided by the retiree in the computation of the Annual Salary on the PWT.
- 7.4 The PFA shall utilize the revised PWT to compute the lump sum and pension (monthly/quarterly) using the input parameters provided in clause 6.5 above.
- 7.5 PFA shall inform the retiree on the minimum and maximum allowable pension and lump sum, while the retiree may agree with their recommendation or his preferred monthly pension and lump sum within the allowable limits.
- 7.6 All prospective retirees shall be required to sign and execute the revised Programmed Withdrawal Agreement and Consent Forms with their respective PFAs based on 7.4 and 7.5 above. See specimen format attached as **Appendix II & III.**
- 7.7 All revised PWA and Consent Forms received from prospective retirees shall be kept in the retirees' mandate file subject to examination by the Commission.
- 7.8 PFAs are required to forward computed Programmed Withdrawal requests to the Commission for approval through the email address: benefitsinsurance@pencom.gov.ng using the PW request format provided by the Commission in the attached Business Process.
- 7.9 All requests to the Commission for approval must be endorsed by either the Managing Director or Executive Director (Operations) as well as the Head of Benefits and Compliance Officer. All endorsement in the above must be the original signature and not automated.

7.10 PFAs are to ensure that all PW requests are batched serially for ease of reference.

7.11 Soft copies request/submission shall not be forwarded to the email addresses of individual staff as these would not be processed.

8.0 SANCTIONS

8.1 PFAs that fail to carry out due diligence on their submission to the Commission shall be sanctioned appropriately in line with the Commission's Sanction Regime.

8.2 PFAs that fail to provide correct information on the PWT request of prospective retirees to the Commission, shall be sanctioned accordingly in line with the Commission's Sanction Regime.

8.3 PFAs that fail to seek the Commission's approval before payment of PWT shall be sanctioned in line with the Commissions Sanction Regime.

8.4 PFA that fails to seek consent of the retiree/ execute the Programmed Withdrawal Agreement before payment of PWT benefits shall be Sanctioned in line with the Commissions Sanction Regime.

9.0 REPORTING

9.1 PFAs/PFCs shall submit monthly returns to the Commission on payments of retirement benefits on or before the 10 working day of the preceding month using a prescribed format provided by the Commission. See format attached as **Appendix IV** for the Programmed Withdrawal Monthly Returns.

10.0 REVIEW AND ENQUIRIES

10.1 This Framework shall be subject to review by the Commission from time to time as the need arises.

10.2 All enquiries regarding this Framework shall be directed to the Director General, National Pension Commission (PenCom).