



NATIONAL PENSION COMMISSION

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PENCOM/TECH/B&I/18/8910

30 October, 2018

The Managing Director
Oak Pensions Limited
266, Murtala Mohammed Way
Alagomeji, Yaba
Lagos

Dear Sir,

EXPLANATORY NOTES ON THE GUIDELINES OF THE VOLUNTARY CONTRIBUTIONS (VC) UNDER CONTRIBUTORY PENSION SCHEME (CPS)

Further to our letter reference: PENCOM/TECH/BI/2018/8721 dated 24 October, 2018 on the above subject, find attached Explanatory for your immediate implementation.

Please note that the contributions of Foreigners shall, henceforth, be treated in line with Clause 5.4 of the Guidelines.

Accordingly, all contributions by Foreigners, captured as mandatory, shall be moved to VC after due approval is sought and granted by the Commission prior to withdrawal.

Yours faithfully,

Ekanem B. Aikhomu (Mrs)
Head, Benefits and Insurance Department

EXPLANATORY NOTES ON THE GUIDELINES OF THE VOLUNTARY CONTRIBUTIONS (VC) UNDER CONTRIBUTORY PENSION SCHEME (CPS).

The following Explanatory Notes are intended to give guidance on the step by step procedures as well as additional explanations on most important aspects of the Guidelines and its appendices.

A. THE GUIDELINES

SN	SECTION	REMARKS
	2.0 Eligibility Criteria	
	Clause 2.2	Employees of CPFA and AES employed prior to June, 2014 who wishes to participate under the Contributory Pension Scheme (CPS,) are eligible and their contributions must be remitted through their employers. This contributions shall be VC and not mandatory
	Clause 2.5	Exempted persons are persons mentioned in Section 291 of the Constitution of the Federal Republic of Nigeria ,1999 (as amended), Judiciary Staff and members of the Armed Forces and the Intelligence and the Secret Services of the Federation who are in active service. Also their retirees who secured contract employments and who wishes to participate under the CPS are eligible but contributions must be remitted through their employers. This contribution shall be VC.
	Clause 2.6	This affects person's appointed or elected to hold a political position for a term or period and desires to participate under CPS. His/her

		contributions must be remitted through their employer. This contributions shall be VC.
3.0	Rules of General Application	
3.6		Individuals are not allowed to deposit contributions directly into their respective RSAs. All contributions must be transfer only through an employer on behalf of the employee
3.9		Daily or weekly contributions are not allowed. Contribution shall only be once monthly .
3.13		The total VC balance for active contributor is divided into two:
3.13 (i)		50% shall be the contingent, available for withdrawal after lodgment of more than the minimum two years by the contributor
3.13 (ii)		50% fixed for pension shall only be utilized at date of retirement to augment pension of the contributor .
3.15		PFA shall ensure that Retirees under Contributory Pension Scheme, Foreigners and Exempted Persons (Active or retired in employment or contract) contributions shall be segregated in the statement
3.17		Active/Mandatory contributors are persons currently in employment in the Public Service of the Federation, Federal Capital Territory, State or Local Government or Private Sector. Their VCs shall be held in the account for a minimum of two years (24 months) before withdrawal can be made
3.20		VCS of Retirees under CPS, Foreigners and Exempted

		Persons(Active or retired in employment or contract) can be accessed at expiration or termination of their contract as the two years rule do not apply to them.
	3.33	The PFA must seek the Commission's approval to transfer funds from mandatory to VC column in the RSA. Failure to comply to the Commission directives shall be sanctioned appropriately in line with the Commission's Sanction Regime
	5.1 Treatment and Withdrawals for Active or Mandatory Contributions	
	5.1.4	50% shall be the contingent, available for withdrawal after lodgment of more than the minimum two years by the contributor, while 50% fixed for pension shall only be utilized at date of retirement to augment pension of the contributor
	5.1.6	The contributor can only make a new withdrawal from new contributions made after last withdrawal
	5.1.7	At the point of withdrawal , the contributor cannot withdraw the maximum 50% on the new contribution remitted and portion of initial 50% yet to be access.
	6.0 Conversion from Mandatory Contributions to Voluntary Contributions	
	6.1	Contributions made by these Retirees under CPS, Foreigners and Exempted Persons (Active or retired in employment or contract must be remitted and treated as VCs only.

B APPENDICES

The Commission developed seven appendices and most information are generic which cuts across the appendices. Below are ones that requires clarity for ease of reference.

VOLUNTARY CONTRIBUTIONS WITHDRAWAL FORM APPENDIX 2

ITEM	STATUS
VOLUNTARY CONTRIBUTIONS BALANCE	Total VC balance in the contributor account
AMOUNTS REQUESTED	Contributions requested by different categories of contributors

VOLUNTARY CONTRIBUTIONS REQUEST SCHEDULE APPENDIX 3

ITEM	STATUS
DATE OF CURRENT DEPOSIT	Date of recent deposit of VCs by the contributor. This should be in the format DD-MMM-YYYY
TENOR (MONTHS HELD)	Number of month held in the VC account
AVERAGE UNIT PRICE AT ENTRY	Average unit price at entry into VC at the time of registration by the contributor
TOTAL UNIT CREATED AT ENTRY	Total unit created at entry for the contribution at the time of entry
TOTAL AMOUNT REQUESTED	Total amount of VCs requested by different categories of contributors
UNIT PRICE AT EXIT	Unit price at exit of at the time of retirement /exit by contributor
TAX	Amount deducted as tax on behalf of contributor upon retirement/exit
NET AMOUNT PAYABLE	VC amount paid after tax deduction has been effected.

**CONSENT FORM FOR VOLUNTARY CONTRIBUTIONS WITHDRAWAL
APPENDIX 7**

ITEM	STATUS
CURRENT AGE	Present age of the contributor

Please, do not hesitate to contact the Department for further clarification.

Benefits & Insurance Department