



REFORMATIONS: CAN THE PENSION REFORM ACT 2014 GO FURTHER?

THOUGHT LEADERSHIP BY

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The enactment of the *Pension Reform Act 2014 (PRA 2014)* to repeal the *Pension Reform Act 2004*¹ heralded much discussions on its projected transformative impact but recent data has confirmed *PRA 2014*'s inadequate coverage. For example, the National Pension Commission (PenCom) reportedly stated that about 12.09% of Nigeria's population (equivalent of 8.41 million out of 70 million Nigerians of working age) contribute to pension schemes as at 2018.² Therefore, less than 13% of the population have a pension

scheme thereby leaving 87% Nigerians without any pension cover at their old age;³ this compares poorly with African peers like South Africa (75%)⁴ and Ghana (33%).⁵



AN EMPLOYER IS OBLIGED TO REMIT PENSION CONTRIBUTIONS WITHIN SEVEN WORKING DAYS AFTER PAYMENT OF SALARY TO THE PENSION FUND CUSTODIAN (PFC)

¹ Cap.P4, *Laws of the Federation of Nigeria (LFN) 2004*.

² See '*Maximising the Contributory Pension Scheme*', *The Punch* (Editorial), 5.03.2019: <https://punchng.com/maximising-the-contributory-pension-scheme/> (visited on 03.08.2019); PenCom Website, '*Summary of Pension Fund Assets As At 31 December 2018*', 11th March 2019: <https://www.pencom.gov.ng/wp-content/uploads/2019/03/SUMMARY-OF-PENSION-FUND-ASSETS-AS-AT-31-DECEMBER2018.pdf> (visited on 29.03.2019). According to PenCom, the total assets of pension funds (PFs) as at December 2018 was ₦8.6 trillion with average monthly contributions of ₦29.15 billion; the subsector accounted for 7.40% of Nigeria's Gross Domestic Product (GDP). The *PRAs 2004* and *2014* did not define "Pension". However, *Black's Law Dictionary* describes "Pension" as "a fixed sum paid regularly to a person (or to the person's beneficiaries), especially by an employer as a retirement benefit." See Bryan A. Garner, '*Black's Law Dictionary*', (9th ed. 2009), p. 1248; "Pension Fund", was however, defined in *section 102 PRA 2004* (in pari materia with *section 120 PRA 2014*) as - "an investment fund within the Pension Scheme which is intended to accumulate during an individual working life from contributions and investment income, with the intention of providing income in retirement from the purchase of an annuity or in the form of a programmed withdrawal, with the possible option of an additional tax free cash lump sum being paid to the individual."

³ *PenCom's Summary of Pension Fund Assets*, *Ibid*; See also - Ifeanyi Onuba, '*Only 12% of Workers Contributing to Pension Scheme - PenCom*', *The Punch*, 19th February 2019: <https://punchng.com/only-12-of-workers-contributing-to-pension-scheme-pencom/> (visited on 03.08.19).

⁴ Wilmington Plc, '*Pension Systems In South Africa*', *Pension Funds Online* (undated): <https://www.pensionfundsonline.co.uk/content/country-profiles/south-africa/98> (visited on 29.03.2019).

⁵ Pension Watch, '*Ghana*', <http://www.pension-watch.net/country-fact-file/ghana> (visited on 29.03.2019).

RSA for Life: A change of job by an employee that is from one employer to another, does not change the employee's RSA.¹⁰

Group Life Insurance: PRA 2004 obligates insurers to pay proceeds of a deceased employee's group life policy to his RSA. However, **PRA 2014** obligates the insurance company to pay such to the deceased's beneficiary that was named in the policy subject to submission of a valid Will or Letters of Administration to the PFA who shall with the approval of PenCom release the benefit to the personal representative of the deceased.¹¹ This implies that proper records of the beneficiaries must be kept and updated in case of such incidence.

Tax Exemption Benefits: Interest, profits, dividends, investments, and other income accruable to PFs or assets are not taxable.¹² This brings private sector pensioners on even keel with their public sector counterparts as **section 173(3) Constitution of the Federal Republic of Nigeria 1999 (as amended)**, already provided that: "pension in respect of service in the public service of the Federation shall not be taxed."¹³ However, withdrawal of voluntary contribution if made before the end of the five (5) years shall be

subject to tax at the point of its withdrawal.¹⁴

Pension Fund Investment: Sections 85 to 87 PRA 2014 empowers the PFA to invest the PFs with the objective of safety and maintenance of fair returns on amount invested. **Section 86 PRA 2014** provides various securities that the PFs and assets can be invested in, within Nigeria¹⁵ whilst **section 87 PRA 2014** expanded the scope of investing the PFs and assets to units of any investment outside Nigeria subject to certain conditions.¹⁶ In a bid to preserve the PFs and assets most of the investments are made in government bonds and bills, which has low returns on investments (ROI).

In a recent interview Misbahu Yola, MD/CEO, FCMB Pensions stated: "The ₦8 trillion assets are not in banks; they are invested in various assets classes primarily Federal Government Securities...as they account for about 70 percent of the pension assets."¹⁷ Mishabu further stated that: "infrastructure investment is allowable under the investment guideline through certain instruments like the infrastructure bond or an infrastructure fund...however, the major challenge with infrastructure

is that it is a public thing, a public facility."

Given the infrastructural deficit in the country, the PFAs can engage credible investment managers and private equity (PE) firms to invest in profitable infrastructural projects. To ensure compliance, necessary regulatory measures, watertight legal agreements and stable policies are needed to reduce the investment volatility thereby ensuring measurable results for the PFAs and budding investors.

Although the PenCom **Regulation on Investment of Pension Fund Assets 2019** only allows a maximum of 5% be used for such PE projects considering its risky nature.¹⁸ This can be mitigated

PEAS CAN ENGAGE CREDIBLE INVESTMENT MANAGERS AND PRIVATE EQUITY FIRMS TO INVEST IN PROFITABLE INFRASTRUCTURAL PROJECTS

¹⁰ **Section 14 PRA 2014** akin to **section 13 PRA 2014**. However, **section 14 PRA 2014** made such right of employee subject to **section 13 PRA 2014** which restricts the employee from transferring his RSAs from one PFA to another not more than once in a year without giving a reason for such transfer.

¹¹ **Section 8(1) and (2) PRA 2014**.

¹² **Section 10(2) PRA 2014**.

¹³ There are similar provisions in **section 210(3) 1999 Constitution** in respect of States in the Federation.

¹⁴ **Section 10(4) PRA 2014** similar to **section 7(2) PRA 2004**.

¹⁵ The scope of investments under **section 86 PRA 2014** includes bonds, bill issued and guaranteed by the Federal, State and Local Governments, Central Bank of Nigeria; bank deposits and securities; real estate developments investment; specialist investment funds and such other financial instrument as PenCom may approve, etc.

¹⁶ **Section 87(2) PRA 2014** states that - "subject to the subsisting Central Bank of Nigeria foreign exchange rules, the Commission may recommend to the President for approval, the portfolio limits for investment of pension fund or assets outside the territory of the Federal Republic of Nigeria."

¹⁷ CEO Interview, 'Pensions have become a Significant Portion if the Financial Sector Since the Reforms of 2004', *BusinessDay*, 11th March 2019, pg. 25.

¹⁸ **Paragraph 8.3 (Fund I) Regulation on Investment of Pension Fund Assets February 2019**; Considering the PFA's role similar to that of a trustee investing pensioners funds on their behalf, it is apposite to say that the restrictions provided in **section 2(3) Trustees Investment Act (TIA) Cap. T22, LFN 2004** (akin to the restriction limits under **para. 8.0 Regulation on Investment of Pension Fund Assets February 2019** are fundamental). This TIA provision restricts any investment that would cause the value of the part of the trust fund invested in government securities to exceed one third of the total value of the fund or exceed one tenth of the total value of the fund invested in the shares and debentures of a particular company; exceed one twentieth of the total value of the fund invested in the shares of a particular company.

when the services of professionals are engaged. In fact, the ROI generated from PE investments can exceed the revenue generated from government bonds, treasury bills etc. within a space of five (5) years depending on the exit strategy agreed by the parties. Such funds can be hedged or diversified to ensure minimal risk exposure.¹⁹

Pension Protection Fund (PPF): By virtue of **section 82(1) PRA 2014**, the PPF was established to guarantee a minimum benefit to contributors in the event of any shortfalls in the investment of PFs and any other use PenCom may determine from time to time. The PPF includes an annual subvention of 1% of the total monthly wage bill payable to employees in the public sector, an annual pension protection levy paid by PenCom and the PFAs (the percentage of which is to be determined by PenCom) and income from the PPF



investments. The government has not complied with the PPF contribution for the past two (2) years²⁰ whilst PenCom has not implemented its supposed 3% pension protection levy either.²¹ By implication, if there is any shortfall or financial losses in PFs investments, there will be no minimum guaranteed pension as compensation for pensioners.

Freedom of Choice on PFA: Employees are expected to maintain a RSA in his name with any PFA of his choice.²² The employee is expected to inform his employer of his choice. In line with **section 11 PRA 2014**, the Nigerian University Pension Management Company (NUPEMCO) was licensed by PenCom in 2019.²³ NUPEMCO, may suffer similar fate like its predecessors such as the Armed

Forces that have their own PFA (managed by Military Pensions Board under PenCom's oversight), because several veterans still have issues with receiving their pensions timeously.²⁴ Therefore, licensing new 'public sector' PFAs may not be expedient, given the systemic issues affecting existing PFAs effectiveness.

The **PRA 2014** also increased the fines for a person that operates as a PFA or PFC without a license to a fine of not less than N10 million or 10 years imprisonment or both.²⁵ For a corporate body, a fine of not less than N50 million, in addition, the directors or officers of the corporate body shall each be liable to a fine of not less than N5 million or to a term not less than 10 years imprisonment or both. Also, the Court may order the forfeiture of the proceeds of the contravention of the offence.²⁶

¹⁹ See generally Gabriel Fatokunbo, 'Mitigating Private Equity Risks: A Commercial, Legal and Regulatory Perspective', *BusinessDay*, 31.05.2018, p. 25 and 7.06.2018 (p.25); Comparatively, many foreign jurisdictions adopts various ways in improving their PF investments. For instance, PFs generated in Canada, US, Australia and Japan are used to ensure growth through capital bonds. In the United Kingdom, a Pension Infrastructure Platform was created in 2012 to attract US\$30 billion worth of investments for hospitals, airports, highways etc. Same applies to South Africa's Public Investment Corporation focused on infrastructure with \$150 billion in assets. See 'Protecting Pension Funds from Raiders', *The Punch Newspaper* (Editorial) 11.07.2016: <https://punchng.com/protecting-pension-funds-raiders/> (visited on 11.03.2019).

²⁰ Sahara Reporters, 'Nigerian Govt Has Failed to Fulfill Pension Obligations in 2 Years', 30.04.2018: <http://saharareporters.com/2018/04/30/nigerian-govt-has-failed-fulfill-pension-obligation-2-years> (visited on 22.03.2019).

²¹ Dotun Akintomide, 'PenCom Yet To Mandate PFAs' 3% Contribution to Pension Protection Fund', *Nigerian New Direct*, 10.04.2017: <http://nigeriannewsdirect.com/pencom-yet-to-mandate-pfas-3-contribution-to-pension-protection-fund/> (visited on 22.03.2019).

²² **Section 11(1) & (2) PRA 2014.**

²³ PenCom Press Release, 'National Pension Commission (PENCOM) Issues A Pension Administrator (PFA) Licence to Nigerian University Pension Management Company', <https://www.pencom.gov.ng/wp-content/uploads/2019/02/NUPEMCO.pdf> (visited on 12.03.2019).

²⁴ News Agency of Nigeria (NAN), 'Nigeria's Retired Military Officers Appeal for Payment of Pension Arrears', *Premium Times* 3.03.2019: <https://www.premiumtimesng.com/news/162459-nigerias-retired-military-officers-appeal-payment-pension-arrears.html> (visited on 22.03.2019); To resolve pension payment issues, the FG harmonized the pension scheme for retired military officers. The harmonization applies to pensioners who retired before and after consolidation of salaries from July 2010. See AIT, 'FG Announces Harmonization of Military Pensions', <http://www.aitonline.tv/post-fg-approves-harmonisation-of-military-pensions> (visited on 15.04.2018).

²⁵ **Sections 54, 56 and 59(1) PRA 2014** state that: Only a licensed PFA can manage pension funds; whilst a licensed PFCs can hold the pension funds and assets; failure to comply attracts a fine respectively.

²⁶ **Section 59(2) and (3) PRA 2014** compared to **Section 48 PRA 2004** which pegs the fine for an individual that contravenes the provision of obtaining the license as a PFC or PFA at N5 million or imprisonment not exceeding 5 years, whilst for a corporate body, a fine of not less than N10 million, in addition, each directors or officers shall be liable for a fine not less than N2 million each or imprisonment not exceeding 5 years or both.

Based on this comparison, can it be said that the **PRA 2014** has brought any significant improvements to the Pension industry? The **PRA 2014** relevance is pretty otiose considering the various litigation issues that stems from – PFs non-remittance by PFCs, mismanagement of funds, corporate governance issues, improper recording and bookkeeping, delayed payments to pensioners, failure of some States in establishing RSAs in their jurisdiction thereby depriving the intending retirees the benefit of a better future etc. It behoves on PenCom to ensure that such issues are dealt with timeously so that the confidence of pensioners reposed in the system is sustained.

In **NPC v. Citi Trust Pension Managers Ltd & Ors**²⁷ the CA per Barka, JCA, held that: “It is beyond argument that by the provisions of Pension Reform Act 2004, specifically Section 15, the appellant was established by law and charged with the administration of pension matters in Nigeria...It also has the powers of investigating any Pension Fund Administrator, custodian or any person involved in the management of pension funds, and the power to impose

administrative sanctions.”

The recent mismanagement of PFs by the Nigeria Social Insurance Trust Fund (NSITF) to the tune of ₦62.555 billion, which is still under the Federal Government (FG) Administrative Panel investigation put to test PenCom's effectiveness as regards preserving the pensioners' interest. The Panel discovered that: “There were several transfers of funds in between bank accounts without authorization and approvals. The sum of ₦15,737,757,697.91 ... was transferred from one account to another. Evidences to show the approvals and payment vouchers authorizing the transfers were not presented to the Panel...Oversea Tours and Trainings were undertaken by the Fund without the approval of the Secretary to the Government of the Federation”²⁸

A recent CA decision, quashed the lower court's judgment imposing a 2-year sentence with option of ₦750,000 fine on Yakubu Yusuf, a former official of the Police Pension Office, for stealing ₦24 billion PF from his employers. Declaring the trial court's sentence as unreasonable, the CA substituted it with a total of 6 years' imprisonment with an addition of ₦22.9 billion fine.²⁹ Till date, very few perpetrators of such heinous act have not been brought to book, which cast a lot of aspersions as to the safety of PFs with the PFAs and the entire system.

The constitutionality of pension and gratuities' payment was laid to rest in **Ajao v. Perm. Sec. Ministry of Economic Planning, Budget Civil Service Pension Office & Anor**³⁰ where the CA held that:

“It must be conceded that as argued by the Appellant's counsel... the right of the Appellant's counsel to

pension is a constitutional right guaranteed under the 1999 Constitution of the Federal Republic of Nigeria (as amended). Section 210 thereof reads: 1. 'The right of a person in the Public Service of a State to receive pension or gratuity shall be regulated by law. 2. Any benefit to which a person is entitled in accordance with or under such law as is referred to in the Subsection (1) of this Section shall not be withheld or altered to his disadvantage except to such extent as is permissible under any law, including the Code of Conduct.' Therefore, pension is not merely a statutory right of the Appellant in the instant appeal. Ipso facto, it is the fulfillment of a constitutional promise so that the relevant laws or rules made pursuant to Section 210 of the Constitution are enacted for effective execution of the constitutional mandate entrusted to the government. Thus, the payment of pension does not depend on the discretion of the government but is governed by the rules and anyone entitled to pension can claim it as a matter of right.”

Despite this constitutional provision and the judicial affirmation, many pensioners are either not paid their pensions timeously or not paid at all. This is evident by various protests and queues at government offices across the nation. For instance, so many State Governments are owing retirees pension and gratuities for sixteen (16) months.³¹ Same applies to the retirees under the Federal contributory pension scheme (CPS) in Ibadan that staged a protest against PenCom over non-payment of retirement benefits.³²

²⁷ (2018) LPELR-43768 (CA).

²⁸ Tony Akowe, 'FG Uncover ₦62.555 Billion Fraud in NSITF', *The Nation*, 18.07.2018: <http://thenationonlineng.net/fg-uncover-n62-555-billion-fraud-in-nsitf/>, (visited on 25.02.2019).

²⁹ Ade Adesomoju, 'N24bn Fraud: Appeal Court Jails Pension Thief Six Years, Fines Him N22.9bn' *Punch Newspaper*, 22.03.2018: <https://punchng.com/n24bn-fraud-acourt-jails-pension-thief-six-years-fines-him-n22-9bn/> (visited on 29.03.2019).

³⁰ (2016) LPELR-41407 (CA).

³¹ Hembadoon Orsar, 'Pensioners Protest in Benue over Non-payment of Arrears, Gratuities', *Leadership Newspaper*, 18.01.2019: <https://leadership.ng/2019/01/18/pensioners-protest-in-benue-over-non-payment-of-arrears-gratuities/> (visited on 25.02.2019).

³² 'Federal Pensioners Protest Unpaid Retirement Benefits in Ibadan', *Daily Trust*, 10.08.2018: <https://www.dailytrust.com.ng/federal-pensioners-protest-unpaid-retirement-benefits-in-ibadan-265112.html> (visited on 30.03.2019).

Optimizing the PRA through Regulatory Measures

PenCom has played a huge role in advancing pension compliance through its Guidelines, Regulations and Circulars etc. Amongst them are – **Guidelines for Micro Pension Plan 2018; Guidelines For Cross Border Arrangements Under The Pension Reform Act 2008; Guidelines for Appointment to Board and Top Management Positions of PFAs and PFCs 2018; Regulation for the Administration of Retirement and Terminal Benefits; Reg. on Investment of Pension Funds Assets February 2019; Regulation for the Transfer of Retirement Savings Account 2017; Regulation for Compliance Officers, Code of Good Corporate Governance for Licensed Pension Fund Operators 2008 etc.**

Indisputably, these **Guidelines** and **Regulations** lucidly spelt out the PFA and PFC obligations to PenCom and stakeholders. However, these has not translated to increase in PFs contributors.³³ In fact, only a little over 200,000 private sector employers of labor are implementing the CPS.³⁴

A key plank to endearing more participation is to ensure that PFAs' corporate governance principles are adhered to majorly the audit and whistleblowing functions. The recently adopted **Nigerian Code of Corporate Governance (NCCG) 2018** came to the rescue by institutionalizing more generally applicable corporate governance requirements in Nigeria companies.³⁵ Accordingly, **Principle 18 NCCG 2018** on Internal audit function provides for an assurance to the Board on the effectiveness of the governance, risk management and internal control systems, whilst **Principle 20 NCCG 2018** elicits the external auditor's role in providing independent opinion on the true and fair view of the company's financial statement to give assurance to stakeholders on the reliability of the financial statement.

The external auditors are bound by statutory requirements and international best practices in performing their duties, which involves, where appropriate or

mandated, reporting any infringement to the regulatory bodies such as the PenCom and the Financial Reporting Council of Nigeria (FRCN), upon pain of sanctions for failure to do so.³⁶ This is a powerful tool that can be used to monitor potential PFA excesses.

Section 66(2) PRA 2014 compels the PFAs and PFCs to cause both the PFs and company accounts be audited by a qualified external auditor not later than three (3) months from the end of the year.³⁷ To ensure more accountability, all PFAs should be compelled to notify its stakeholders (especially the pension funds contributors) regularly on their PFs just the way PFCs are expected to report PFs collected to the PFAs within 24 hours upon receipt.³⁸

Also, **Principle 19.1 NCCG 2018** enjoins the Board to establish a whistle-blowing framework to encourage shareholders to bring unethical conduct and violations to the attention of an internal and/or external authority to verify the allegations and mete necessary sanctions. In fact, **Principle 19.5 NCCG 2018** compels

33 As noted previously (see footnote 2), about 12.09% of Nigeria's population (equivalent of 8.41 million out of 70 million Nigerians of working age) contributed to the pension scheme as at December 2018.

34 See Ifeanyi Onuba's *Ibid*.

35 See the **NCCG 2018 (Aims and Objectives)**. The **NCCG 2018** harmonized the various sectoral corporate governance codes amongst them are: **Code of Corporate Governance for Licensed Pension Fund Operators 2008; Code of Corporate Governance for Insurance Industry in Nigeria 2009; Code of Corporate Governance for Public Companies in Nigeria 2011** etc.

36 For example, when there are intentional material misstatements especially when it relates to public interest entity pursuant to **section 45 FRCN Act**. Similarly, **section 68 PRA 2014** provides for the external auditor's obligation to report to the Commission in case of imminent financial collapse of the PFAs or PFCs, fraud or other misappropriation etc.

37 In contrast, **sections 359 and 365 Companies and Allied Matters Act (CAMA) Cap. C20, LFN 2004** provides that auditors report should be submitted to the company in a general meeting during the auditors' tenure of office. In the event of auditor's resignation, a notice must be deposited in writing at the company's registered office and it can only be effective unless it contains a statement that there are no circumstances connected to his resignation which should be brought to the members or creditors' notice. The company is expected to file the notice within 14 days of receipt to the Corporate Affairs Commission and to every person (members of company, debenture holders, all other persons other than members and debenture holders) entitled to be sent copies of the financial statement. By implication, the audit report and a resigning auditors' right to requisition a company meeting helps to put checks on company's infractions and as well intimate the company's stakeholders about the company's financial status. This will aid their investment monitoring and decision making.

38 **Section 57(b) PRA 2014**.

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the Board to ensure that no whistle-blower is subject to any detriment on the grounds of making such disclosure. Contrary to **Principle 1 NCCG 2018**, the FG has not up till date appointed board members of the NSITF.³⁹

Recommendations

PFAs should consider high value investment interventions such as government infrastructure projects compared to its usual investments in government securities (treasury bills, bonds etc.) that has little ROI but less risks. For instance, the PFAs can take a cue from the Nigeria Sovereign Investment Authority's (NSIA) US\$11 million investment in the Lagos University Teaching Hospital (LUTH) Advanced Cancer Treatment Centre. The NSIA-LUTH cancer treatment centre is a public-private partnership (PPP) arrangement executed as a Build-Operate-Transfer model whereby

NSIA takes 100% ownership of the centre and is expected to revert to LUTH after ten (10) years of operations.⁴⁰ The Infrastructure Concession Regulatory Commission (ICRC) has lots of PPP based projects which the PFAs can invest in.⁴¹

Recently, RSA holders were required to upgrade their National Identity Number (NIN) and Bank Verification Number (BVN) before they can have access to their pensions. Instead of clogging the pension system with all these requirements, a consolidated identification number having a multiple usage should be adopted to ease the stress on many existing and intending pensioners across the federation.

The Trader Moni model, currently adopted by the FG to encourage financial inclusion in Nigeria, can be adopted in pension administration in Nigeria, whereby various pension

agents are allocated to various zones under the auspices of the PFAs and PFCs to make easy pension registration, monitoring and payment of funds through their tech-enabled phones that contains pensioners' details. Although the **Guidelines for Micro Pension Plan 2018 (MPP)**, an initiative expected to attract over 20 million workers and ₦3 trillion of pension assets,⁴² practically gives an opportunity to explore the Trader Moni model.

The **MPP** covers employees of organizations with less than three (3) employees as well as self-employed persons at the grassroots level⁴³ may not achieve great result if the leadership and the regulators do not take ownership of the initiative. Notably, the **MPP** provides for a flexible approach to Micro Pension Contributors' (MPC) contribution by allowing contingent withdrawals which can only be accessed after three (3) months of making the initial contribution.

Other unanswered issues regarding the **MPP** are how to identify the MPCs? Given the fact that the **MPP** is voluntary,

39 Onyebuchi Ezigbo, 'An NSITF without A Board', *ThisDay*, 20.01.2019: <https://www.thisdaylive.com/index.php/2019/01/20/an-nsitf-without-a-board/> (visited on 04.03.2019).

40 NSIA, 'Commissioning of the NSIA-LUTH Cancer Treatment Centre', 26.02.2019: <http://nsia.com.ng/node/352>, (visited on 11.03.2019).

41 Some of the PPP initiated projects include: Onitsha River Port Concession; Aviation Leasing Company; Solar Off-Grid Rural Electrification (aimed to power rural communities in Ebonyi, Oyo, Edo, Ogun etc.); Abuja Medical City/Mall; Radio Therapy and Oncology Centre and Operations of Oxygen Gas Plants at Aminu Kano Teaching Hospital, Kano. etc See ICRC, 'Projects Under Development and Procurement (Pre-Contract)', 28.02.2019: <http://www.icrc.gov.ng/projects/projects-under-conceptualization-development-and-procurement/> (visited on 23.03.2019).

42 Bankole Orimisan, 'PenCom Set to Roll out Micro-Pension Scheme', *The Guardian*, 23.01.2019: <https://guardian.ng/business-services/pencom-set-to-roll-out-micro-pension-scheme/> (visited on 19.02.2019).

43 This include small savers, informal sector not below the age of 18 years example like the artisans that are not under the organized private or public sector. See **section 6.1 MPP 2018**. See also **section 2(3) PRA 2014**.

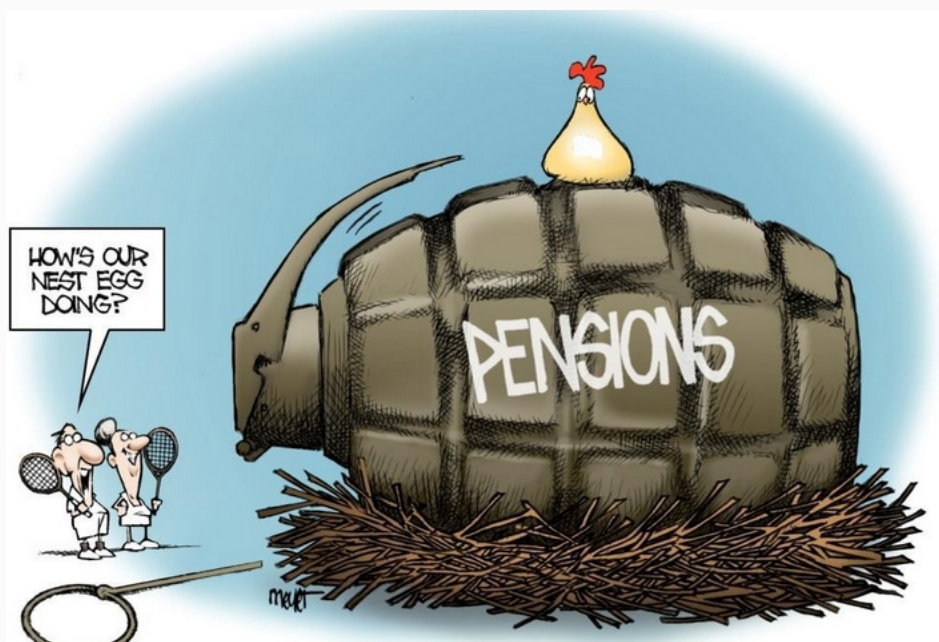
“EMPLOYEES ARE EXPECTED TO MAINTAIN A RSA IN HIS NAME WITH ANY PFA OF HIS CHOICE. THE EMPLOYEE IS EXPECTED TO INFORM HIS EMPLOYER OF HIS CHOICE.”

how will the MPCs be incentivized to make the initiative attractive? What are possible pension collection, recording and payment structures that will further engender more participation? Processing and payment of contingent withdrawals takes two (2) working days.⁴⁴ Conversion from MPC to mandatory contribution if the organisation has three (3) or more employees,⁴⁵ but participants in mandatory contribution are not allowed to convert to **MPP**.⁴⁶

For instance, in advancing the Trader Moni, Vice President, Prof. Yemi Osibanjo visited market places and participated in the process of sensitizing the citizens about its benefits. Similar approach was used in propagating the Obamacare campaign which is grassroot driven. PenCom can, through its radio program title 'PenCom on the Radio', enlighten the people about the **MPP**. However, the radio programme should not be substituted for physical visits to conglomerations of the target (intending) pensioners.

Conclusion

The **PRA** was introduced to change the mindset of many Nigerians who had been culturally attuned to the belief that their social safety net is their family and friends (children especially are expected to take care of their



aged parents, etc), personal savings and investments, but not pension schemes. Over 87% of Nigeria's population are yet to be covered despite the huge potential of pension schemes as a vehicle for mobilising funds for national development. Today, pension funds are strategic investors and can make significant contributions towards reversing Nigeria's infrastructure deficit.

The foregoing is an eye opener to stakeholders (particularly the government and the regulators) that more still needs to be done especially in raising the restriction limits placed on PE related investments, considering the dire need to harness more funds in executing infrastructural development projects in Nigeria.

⁴⁷These projects would create more

job opportunities and as well empower many people enrolled to the pension scheme.

Apparently, the **PRA** seems to be thriving considering the structure put in place to ensure compliance, however we still have a long way to go in regaining Nigerians trust in the system especially in the management and easy disbursement of their pension contribution when the need arises.

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⁴⁴ Section 6.5.2 (i) and (iv) **MPP** 2018.

⁴⁵ Section 6.6.1(a) **MPP** 2018.

⁴⁶ Section 6.6.2 **MPP** 2018.

⁴⁷ See for instance, South Africa's Government Employees Pension Fund (GEPF) which, as the largest investment portfolio in Africa, has 14 direct investments in 904MW of renewable energy including SA's airports, MTN Nigeria, 646 housing projects etc. These projects would create more job opportunities and as well empower many people enrolled to the pension scheme. By March 2019, the GEPF intends to introduce three key pillars (default investment portfolio, default preservation and portability, and annuity strategy) to impact members of these funds. See ASEA, 'How Big Are African Pension Funds', 20.12.2017: <https://african-exchanges.org/en/media/blog/how-big-are-african-pension-funds> (visited on 23.03.2019).