

## **FREQUENTLY ASKED QUESTIONS ON** **ISSUES OF GOOD GOVERNANCE AND INTEGRITY OF** **THE NEW PENSION SCHEME**

### **1. HOW CAN I BE SURE THAT MY CONTRIBUTIONS ARE SAFE?**

All those managing or keeping custody of pension funds and assets will be licensed and continually regulated and supervised by the National Pension Commission.

### **2. WHAT IS THE GUARANTEE THAT THE PENSION FUNDS UNDER THE NEW SCHEME WILL BE WELL MANAGED AND NOT DIVERTED FOR OTHER PURPOSES?**

The functions of the Pension Fund Administrator (PFA) and Custodian are clearly spelt out in the Pension Reform Act 2004. The Act provides adequate safeguards against the misuse of the pension funds and assets by any operator.

### **3. WHAT HAPPENS IF A PFA FAILS OR IS LIQUIDATED?**

The pension funds and assets in the Retirement Savings Account (RSA) are kept by the PFC and as such the liquidation of the PFA will not affect the funds and assets. Besides, every PFA is expected under the Pension Reform Act 2004 to maintain a statutory reserve fund as contingency fund to meet claims for which it may be liable as may be determined by National Pension Commission.

### **4. WHO CAN I COMPLAIN TO IF I HAVE A PROBLEM WITH A PFA?**

The Pension Reform Act 2004 allows any employee to complain about any PFA to the National Pension Commission.

### **5. WHAT IS THE ROLE OF THE GOVERNMENT IN THE NEW PENSION SCHEME?**

The Federal Government has established the National Pension Commission and charged it with the responsibility of regulating and supervising new pension scheme.

**6. CAN THE GOVERNMENT TAKE OR USE THE MONEY IN MY RSA FOR ANY PURPOSE?**

The Government cannot tamper with the pension funds in your RSA, because the Government cannot have access to the account. Besides, the Government is primarily concerned with ensuring the safety of the money in your RSA through the enforcement of strict rules and regulations.

**7. WILL INFLATION AND DEVALUATION OF THE NAIRA NOT ERODE THE VALUE OF THE PENSION CONTRIBUTIONS?**

It is the duty of the PFAs to administer the contributions and invest in such a way that will ensure safe and reasonable returns on investment. The reserve fund created by the PFAs under the Act would compensate for any erosion of the value of the contributions.

**8. HOW IS COMPULSORY OR VOLUNTARY RETIREMENT ESPECIALLY IN THE ARMED FORCES TO BE HANDLED UNDER THE NEW SCHEME, IF THIS HAPPENS BEFORE THE AGE OF 50 YEARS?**

Under the Pension Reform Act 2004 a person can voluntarily retire or be compulsorily retired before the age of 50 years on the ground of medical advice, permanent disability or due to particular terms and conditions of employment. If any person retires under any of the foregoing circumstances, he is entitled to withdraw from his RSA even though he was under the age of 50 at such retirement; provided that, in the case of retirement due to particular terms and conditions of employment, the contributor does not secure another employment after six months from the last employment.

**9. WHAT IS THE MINIMUM OF PENSION GUARANTEED UNDER THE NEW SCHEME?**

The minimum pension guarantee shall be determined from time to time by the National Pension Commission.

**10. IS THERE ADEQUATE REPRESENTATION OF ALL STAKEHOLDERS ON THE BOARD OF THE COMMISSION, OR IS IT DOMINATED BY GOVERNMENT APPOINTEES?**

There is adequate representation of relevant stakeholders in the Board of the National Pension Commission, which comprises of representatives of the Government, Nigeria Labour Congress, the Nigerian Union of Pensioners and the Nigerian Employers' Consultative Association.

**11. DOES THE PENSION REFORM ACT REFLECT THE APPLICATION OF THE PRINCIPLES OF TRANSPARENCY AND ACCOUNTABILITY?**

Yes. The new pension scheme entrenches the principles of transparency and accountability as reflected in the reporting requirement of the PFAs and PFCs to both the contributor and the National Pension Commission. An employee has the right to choose who manages his RSA and the right to receive statements of his account on quarterly basis with details of contributions made and returns on investment.

*For more enquiries, please contact:*

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