



# NATIONAL PENSION COMMISSION

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## CIRCULAR

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**Date : 22 March, 2012**

**To : All Self Funded Agencies**

**Subject : REVIEW OF PENSION RATES IN ACCORDANCE WITH SECTION 173(3) OF THE CONSTITUTION OF THE FEDERAL REPUBLIC OF NIGERIA, 1999, AS AMENDED**

Following enquiries by some self-funded Federal Government Agencies on the application of the Circular issued on 5 August, 2010 by the Salaries, Income and Wages Commission (copy attached) to pensioners under the Contributory Pension Scheme, it has become imperative that the National Pension Commission (the Commission) makes the following clarifications.

2. Section 173(3) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) provides that pensions of the Federal public servants shall be reviewed every five years or together with any Federal Civil Service salary reviews, whichever is earlier. Consequently, there is need to give effect to this constitutional provision for the benefit of individuals in the public service of the Federation that cut over to the Contributory Pension Scheme under the PRA 2004.

3. As part of the transitional arrangements, employees that transited to the Contributory Pension Scheme were assumed to have retired as at 30 June, 2004 for the purpose of determining their accrued rights for the past services rendered. Whereas the gratuity component of the accrued rights is one-off payment, the pension component is for periodic and futuristic payments after retirement.

4. Therefore, by virtue of the provisions of Section 173(3) of the Constitution, the pension component of the accrued right qualifies for any pension increase or review from the date of its determination. Accordingly, Agencies are advised to implement the constitutional provision relating to periodic pension review on the pension portion of the accrued rights of employees that transited from Defined Benefit Scheme to the Contributory Pension Scheme.

5. You are therefore kindly requested to ensure compliance with this circular.

Thank you.



**M. K. Ahmad**  
**Director General**