FREQUENTLY ASKED QUESTIONS

ON

PERSONAL PENSION PLAN

1) **What is Pension?**
Pension is a regular income received by a person at retirement when he/she stops working because of having reached a certain age or based on health condition in order to cater for his/her needs at old age.

2) **What is Personal Pension Plan?**
Personal Pension Plan refers to an arrangement under the Contributory Pension Scheme (CPS) that allows the self-employed and persons working in organizations with less than three (3) employees to make financial contributions towards the provision of pension at their retirement or incapacitation.

3) **Why Personal Pension Plan?**
Personal Pension Plan guarantees secured future through steady income at retirement.
It reduces old age poverty and the process is easy, simple and flexible.

3) **Has the Personal Pension Plan been successful in other Countries?**
Yes, Personal Pension Plan has been successful in countries like Ghana, Kenya and India.

4) **Is the mandatory contributory pension scheme different from Personal Pension Plan?**
The mandatory pension and Personal Pension Plan are arrangements under the Contributory Pension Scheme (CPS). The only difference between the two is the nature of participation. Thus, the mandatory pension is obligatory for all eligible employees and both the employer/employee contribute towards the payment of the employee's pension at retirement. Personal Pension Plan on the other hand is voluntary and solely funded by the contributor.

5) **Who can participate in the Personal Pension Plan?**
A Personal Pension Plan prospect must:

a) Be a Nigerian, not below 18 years of age;
b) Have a legitimate source of income;
c) Belongs to trade/association/profession; and
d) May be self-employed or an employee of an organization with less than

three employees with or without a formal employment contract.

6) **Can one have more than one Retirement Savings Accounts?**
No, a Contributor can only have one Retirement Savings Account (RSA) in his/her lifetime.

7) **Can an individual in the formal sector who already has an RSA also participate in the Personal Pension Plan?**
No. An individual who is contributing under the mandatory pension arrangement cannot participate in the Personal Pension Plan.

8) **How do I register/enroll for Personal Pension Plan?**
An eligible Personal Pension Plan contributor can enroll/register through any pension fund administrator (PFA) of his/her choice, obtain and complete the retirement savings account (RSA) Opening Form either physically or electronically. A unique Personal Identification Number (PIN) would be issued to the registered contributor.

9) **Where do I locate the Pension Fund Administrator (PFA) of my choice?**
The detailed list and addresses of all Licensed Pension Fund Administrators (PFAs) can be accessed via National Pension Commission's website www.pencom.gov.ng

10) **Who will manage and keep custody of funds accumulated under the Personal Pension Plan?**
The Pension Fund Administrators manages and invest funds accumulated under Personal Pension Plan on behalf of the contributor, while the Pension Fund Custodian (PFC) keeps the funds and assets in safe custody.

11) **What measures have been put in place by the National Pension Commission to safeguard the funds under the Personal Pension Plan?**

There is effective monitoring and supervision of the Plan by the Commission through daily monitoring of the plan asset and investment decisions made by PFAs to ensure that their decisions are in line with relevant laws and Investment Regulations issued by the Commission.

12) **Is there a provision for the guarantee of the safety under the Personal Pension Plan?**

Yes. The Pension Fund Custodian(PFC) has provided full guarantee of the total pension assets under its custody. Thus , any kobo lost will be refunded by the Custodian.

13) **Do Contributions in the Micro Pension Retirement Savings Account generate income?**

Yes. PFAs invest all pension contributions and all income from such investment activities are credited into the RSA of the Contributor.

14) **Would my Contributions under the Personal Pension Plan be subject to any taxes?**

No. Subject to Regulations issued by the Commission, all interests, dividends, Profits, investments and other income accrued to Personal Pension Plan Fund and assets are not taxable.

15) **Can I decide which financial instruments my contributions should be invested in?**

No. Investment decisions are made by the Pension Fund Administrators in line with the Investment Regulations issued by the National Pension Commission.

16) **Is the Personal Pension Plan different from a savings accounts maintained with a Commercial Bank?**

Yes. Personal Pension Plan is different from savings account maintained with Commercial Bank because any savings made under the plan can only be withdrawn as monthly pension after retirement. On the other hand , savings made with Commercial Banks can be withdrawn anytime as the need arises.

17) **What is the minimum amount of contribution acceptable under the Personal Pension Plan?**

There is no stipulated minimum amount of contribution under the MPP because it is dependent on the Contributors pension aspiration and financial capacity. Thus, higher contributions will result in more money available for pension.

18) **How often can one contribute under the Personal Pension Plan?**

Contributions can be made daily, weekly, monthly or as may be to the contributor and shall be subject to reporting requirements under the Money Laundering (Prohibition) Act.

19) **How can I make contributions under the Personal Pension Plan?**

Contributions under the Personal Pension Plan can be made by cash deposit or electronic transfer through any payment platform, or other financial service agents approved by the Central Bank of Nigeria (CBN).

20) **Can a Contributor use his Personal Pension Plan Account as collateral for a Loan?**

No. Personal Pension Plan account cannot be used as collateral for a loan.

21) **Can a Contributor access an amount from his RSA in excess of his Personal Pension Plan Account balance and repay over a period?**

No. A contributor cannot access an amount in excess of his/her Personal Pension Plan account balance because the Pension Reform Act 2014 prohibits such transaction.

22) **How do I access my RSA under the Personal Pension Plan?**
A contributor can access the balance in his/her RSA through two means namely; **Contingent Withdrawal** and **Retirement Benefit Withdrawal.**

23) **What is Contingent Withdrawal?**
It is the withdrawal of that portion of the RSA balance(contributions plus returns on investment) made available for withdrawal to ease financial pressures or needs of the Personal Pension Plan Contributor before his/her retirement.

24) **What is Retirement Withdrawal?**
It is the withdrawal of that portion of the RSA balance that need the Personal Pension Plan Contributor shall be eligible to access as monthly pension upon retirement in accordance with the Regulation for the Administration of Retirement and Terminal Benefits.

25) **How do I withdraw my contingent portion?**
A Personal Pension Plan Contributor can withdraw an amount from his/her contingent portion by applying to his/her Pension Fund Administrator (PFA) in a prescribed format.

26) **For how long will an individual contribute before he/she can access the contingent portion?**
A Personal Pension Plan Contributor shall be eligible to access the contingent portion of the balance of his/her RSA three (3) months after making the initial contribution. Subsequently, he/she can make withdrawals once in a week, from the balance of the contingent portion of the RSA.

27) **How long does it take to receive payment from my contingent contribution?**
The Pension Fund Administrator is mandated to approve and pay the amount requested from the contingent portion within 48 hours of application for withdrawal.

28) **What happens if the Micro Pension Contributor gets formal employment?**
The Personal Pension Plan Contributor who secures a formal employment shall notify his/her PFA for conversion into the mandatory pension. The Personal Pension Plan Contributor shall also retain his/her existing RSA to be used for the mandatory pension.

29) **What is the retirement age of Personal Pension Plan Contributor?**

A Personal Pension Plan Contributor shall retire upon attaining the age of 50 years or on health grounds. However, a Personal Pension Plan Contributor can choose to extend his retirement age beyond 50 years.

30) **How do I access my contributions after retirement?**

A Personal Pension Plan Contributor shall, upon retirement, access his/her retirement benefits through either programmed withdrawal or Life Annuity.

31) **What is programmed withdrawal?**

Programmed Withdrawal is a mode of benefits withdrawal by which a Personal Pension Plan Retiree receives pension through his Pension Fund Administrator (PFA) on periodic basis, i.e monthly or quarterly.

32) **What is Annuity?**

Annuity is a method of receiving pension by a retiree through a contract purchased from a Life Insurance Company. It provides a guaranteed periodic income (pension) to a retiree throughout his/her life after retirement.

33) **What is the length of the Annuity Guaranteed Period?**

The Retiree Life Annuity is guaranteed for 10 years. Thus, if a retiree dies before 10 years, the balance of the equivalent monthly pension to complete the remaining period up to 10 years would be paid to his/her beneficiaries. Where the retiree dies after the guaranteed ten years period, nothing would be paid to the beneficiaries.

34) **What happens to the balance in the Personal Pension Plan Contributor's RSA in the event of death?**

The balance in a Personal Pension Plan Contributor's RSA shall, in the event of death, be paid to the legal heirs of the deceased/contributor as may be appointed by a Will or Letter of Administration granted by a Probate Registry or as may be directed by a Court of competent jurisdiction in the State of residence of the deceased contributor, as the case may be.

35) **Can I participate in the Personal Pension Plan upon retirement from my job in the formal sector?**

No. Personal Pension Plan only for allows for conversion from Personal Pension Plan to the Mandatory Pension.