



Introduction

The Contributory Pension Scheme (CPS) is an innovative initiative revolutionizing Nigeria's pension system. The scheme represents a fundamental shift from the old defined benefit scheme (which had proved unsustainable) to a more workable and efficient defined contribution system.

One of the main objectives of the CPS is to ensure that every person who worked in either the public or private sector in Nigeria receives his/her retirement Benefits as and when due. Therefore, benefit payment sits at the core of the new pension reform, aiming to secure contributors' financial future and ensure they can retire with dignity and peace of mind, while financial security is assured.

Accessing Benefits within the CPS is seamlessly regulated by the National Pension Commission (PenCom). In line with the Pension Reform Act 2014 (PRA 2014) provisions, PenCom has established procedures and requirements for Retirement Savings Account (RSA) holders to access their Benefits timely.

This edition of our newsletter exposes the various types of retirement benefit payments available, their unique features, the conditions necessary, and the required documentation/information to access them.

There are various types of Benefits available: retirement Benefits, 25% payment for temporary Job Loss, Death Benefits, Equity Contribution for Residential Mortgage, etc. but our focus for this edition is Retirement Benefits. Section 1.6 (29) of the Revised Pension Reform Act 2014, defines Retirement Benefits as, benefits due to an employee upon retirement, comprising of one-off lump sum payment and monthly/quarterly pension.

Accessing Benefits upon Voluntary or Mandatory Retirement

A holder of an RSA shall upon retirement or attaining the age of 50 years, whichever is later, utilize the amount credited to his RSA for the following benefits:

- **En-bloc Payment:** This can be accessed only where the expected monthly pension payable is less than one-third of the prevailing minimum wage. The retiree will be paid the total balance in his/her RSA.
- **Lump sum:** The amount payable after sufficient provision have been made to procure a programmed withdrawal or an annuity that will produce an amount that should not be less than 50 percent of the retiree's monthly emoluments at the retirement date.
- **Programmed Withdrawal:** A series of regular payments (monthly or quarterly) based on the retiree's expected life span.
- **Annuity:** This is purchased from a licensed Retiree Life Annuity (RLA) Provider.

The table below reflects the Pension industry's historical benefit payments according to National Pension Commission (PenCom) from inception to December 2023 under the CPS:

Sn	Benefit-Type	(₦)
1	Lump sum	1.29 Trillion
2	Annuity-Premium	729.05 Billion
3	Enbloc	47.81 Billion
4	Programmed Withdrawal (PW)	1.03 Trillion
Total		3.09 Trillion

Section 7(1) of the Pension Reform Act (PRA 2014) provides that Retirement Savings Account (RSA) holders are entitled to access their benefits upon retirement or upon reaching the age of 50, whichever comes later.

The following requirements are necessary/mandatory for accessing retirement benefits (either Voluntary or Mandatory Retirement):

- 01 Official notice of retirement/exit from the last employer – original to be sighted.
- 02 Certified true copy of the retirement bond certificate (Public Sector Retiree - Treasury Funded MDAs).
- 03 Confirmation of remittance of Pension Contribution from the last employer (Private Sector/Self-funding MDA retirees).
- 04 Last 3 months' pay slip from the date of retirement (stamped and signed by employer) or any evidence of last annual remuneration. – Original to be sighted.
- 05 Two passport photographs of the RSA holder.

- 06 Retiree Indemnity Form for Public Sector (deposed before a Commissioner of oath or Notary Public).
- 07 Birth Certificate/Age Declaration (Private Sector/Self-funding MDA retirees) – original to be sighted.
- 08 Photocopy of a form of identification (i.e. Driver's license, National ID, etc.).
- 09 A duly completed FCMB Pensions Retirement Withdrawal Form
- 10 Retirement option Consent Form.

For more information on this product and other offerings, please do not hesitate to contact us through any of our service channels or visit www.fcmbpensions.com.