



PENSIONS DIGEST

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NATIONAL PENSIONS REGULATORY AUTHORITY

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Working Towards A Vibrant Informal Sector Pensions

In the past, pensions systems worldwide have been focused mainly on reforms in the formal sector with little or no attention given to the informal sector. However, in the recent past, this phenomenon is gradually changing as efforts have been made by countries to provide pension coverage for workers in the informal economy.

According to the International Labour Organisation (ILO) report in 2018, about two billion people consisting of more than 60 percent of the world's employed population earn their livelihoods in the informal economy. In Ghana, for instance, between 80-85% of the workers are said to be in the informal sector. This brings to the fore that pensions issues are becoming a social issue, and there is the need to deal with it as such.

Over the years, these workers (in the informal sector) have not had access to any formalized pension system tailored to their specific circumstances compared to their counterparts in the formal sector

This was a concern which prompted the inclusion of formalized informal sector pension scheme in

the pension reform by the Presidential Commission on Pensions set up to reform Ghana's Pension system.

The reforms gave birth to a contributory 3-Tier Pension Scheme. The contributory 3-Tier Pension Scheme comprises 1st and 2nd -Tier Mandatory Schemes and a 3rd Tier Voluntary scheme. 1st and 2nd -Tier Mandatory Schemes are mandatory for formal sector workers but optional for informal sector workers.

The 3rd-Tier voluntary scheme is made up of Provident Fund and Personal Pension Schemes. The Personal Pension Scheme component is specifically designed for informal Sector economy workers to allow them to contribute to a formalized pension system. It consists of a Group Personal Pension Scheme and a Personal Pensions Scheme.

Efforts by NPRA in Promoting Informal Sector Pension Schemes

Promoting the informal sector scheme to encourage workers' participation has been one of the major activities of the National Pensions Regulatory Authority (NPRA) since the commencement of the 3-Tier Pension Scheme in 2010.

Various strategies have been adopted by the Authority as part of the efforts of promoting and extending the coverage of Pensions to the workers in the informal economy.

The key part of the strategy to increase coverage has been education and awareness creation campaign in the form of Outreach programme campaigns, Market Activation, Radio and TV Campaign, Outdoor advertising platforms and sensitization meetings with specific informal Sector Groups and Association such as the Ghana Union of Traders Association (GUTA), Union of Informal Workers Association (UNIWA), Ghana Private Road Transport Union (GPRTU) and other informal sector groups.

The government has also announced the establishment of a Pensions Scheme for Cocoa farmers in the country. This will bring on board nearly a million people more enrolling on pensions schemes within the informal sector

In July this year, the Authority launched another awareness creation strategy, the Mobile Sensitization Campaign, where pickup vehicles fitted with Public Address System to go into various markets and other public places in the country to educate and sensitize the informal sector workers. The trustees are expected to move along as the Authority prepares them to unroll the potential contributors onto their respective informal sector schemes.

The Authority is also in the process of collaborating with the Information Services Department to embark on another round of nationwide sensitization campaigns on the relevance of pensions and the 3-Tier Pension Scheme.

The Call to Stakeholders

Because there is still more education to be done to bring on the informal sector workers into the pension space, more hands are needed in this direction.

The call is on the industry players, including trustees, pension fund managers, and custodians, to play their part to increase the coverage of pension in the sector. The Authority cannot do it alone as it is the responsibility of all stakeholders in the pension sector to put their shoulders together to ensure that a large portion of the informal sector workers are covered by the formalised pension system.

Despite requiring substantial financial resources to enter the sector and be successful, the trustees especially must look beyond the short term and consider the long-term benefits in extending the coverage to the sector instead of restricting themselves to the Mandatory 2nd Tier occupational pension scheme.

Congratulations to those making the efforts and adopting a cost-effective approach to bring the informal sector workers on board the 3-Tier Pension Scheme.

Pension matters in the country are gradually deepening into the social-economic arena. The issues must be tackled from all angles to ensure the Ghanaian aging working force does not, under any circumstance, retire into poverty.

NPRA Launches “Pensions For All” Campaign



The National Pensions Regulatory Authority (NPRA) has started a pilot project on a national drive to whip up interest in pensions matters among the Ghanaian populace. The project which has been piloted within the Accra metropolis, was, among other things, to sensitise the general public to understand and appreciate the need to participate in pension issues in the country.

This is against the backdrop of the very low pension coverage within the informal sector in Ghana. Data available indicate that the pension coverage in the country is still low.

It is estimated that about 71.30 percent of the working population in the country are found in the informal sector. Out of this figure, only one (1) percent is on one form of a pension scheme or the other. This paints a very gloomy picture of the Ghanaian working force.

Poverty and other old age, as well as retirement challenges ahead of the Ghanaian worker within the coming years, maybe uncontrollable if this is not addressed. The project dubbed “Pensions For All” seeks to help address this challenge.

Under the National Pensions Act, 2008 (Act 766) has been implementing the contributory Three-Tier Pension Scheme since January 2010. The Authority is the sole regulator of the pension industry in the Republic of Ghana. This is done through effective policy direction to secure retirement income for the retired and the aged in Ghana. As part of its mandate, the Authority has been actively engaged in education and sensitization on all pension-related matters in the country for the past ten years.

The situation appears worrying primarily due to Ghana’s Aging Review. More and more older people find themselves in a difficult financial situation when they reach retirement age because of a lack of sufficient savings, housing costs, and rising medical expenses.

“Unfortunately, the growth in the elderly proportion of the population is occurring while the traditional system of protection and care for the aged are breaking down on account of urbanisation, socioeconomic development, and globalisation. These have implications on public policy and the overall wellbeing of the elderly.”

Many people in the informal sector reaching retirement age do not have the pensions that some formal sector workers have and often have not put enough money into savings. Pragmatic measures to help address this is key, and the best way forward to help reduce the number of Ghanaians retiring into poverty is this approach by the NPRA.

The NPRA, therefore, has mapped this comprehensive marketing strategy to help address this looming national challenge as a way of committing to a nationwide outreach programme with Corporate Trustees (CTs) to educate and sensitise informal workers to deepen their understanding and appreciation of the Three-Tier Pension Scheme, which seeks to provide for pension benefits that will ensure better retirement income security.

Management has provided vehicles with public address systems to mount campaigns at public places such as the markets, mosques, churches, lorry stations, and recreational parks to drum home messages on a pension.

To achieve the purpose of the sensitisation campaign, the Authority is targeting audiences such as the Informal Sector Worker Groupings, Religious Leaders and Faith-Based Organisations, among others.

The campaign began in the main markets of Accra and will subsequently be extended to the regions. This is done in conjunction with some Corporate Trustees who sign up interested people on their schemes.

It is expected that the programme will increase public awareness of pensions and the activities of the National Pensions Regulatory Authority as well as promoting the culture of savings and retirement planning amongst the citizenry, especially those in the informal sector.

The Special Pension Scheme For Informal Economy Sector Workers

The informal economy sector in Ghana is considered to be the largest economy employing about 71.3% of the Ghanaian workforce. However, their participation in a formal pension scheme arrangement is very low resulting in most living in poverty during their old age. The introduction of the 3-Tier Pension Scheme established by the National Pensions Act, 2008 (Act 766) as amended has made a provision for a formal pension scheme for workers in the informal sector to ensure retirement income security at their old age.

THE 3-TIER PENSION SCHEME

The contributory 3-Tier Pension Scheme consists of 1st and 2nd Tier Mandatory Schemes and a 3rd Tier Voluntary Provident Fund and Personal Pension Scheme. The 1st and 2nd Tier Mandatory Schemes are mandatory for formal sector workers but optional for informal economy sector workers.

The 3rd Tier voluntary scheme is made up of Provident Fund and Personal Pension Schemes. The Personal Pension Scheme component is specifically designed for the Informal Economy Sector Workers and the Self-employed with an objective of providing a flexible pension scheme arrangement for workers in that sector.

The introduction of the Personal Pension Scheme means that all Informal Economy Sector Workers; Farmers, Fishermen, Commercial Drivers, Traders and all the Self-employed Persons who in the past had no access to any pension scheme can now participate in a pension scheme just like workers in the formal sector.

This will provide a regular source of income to the contributors in the informal economy sector at their old age. It is worth to note that although the personal pension scheme was designed for the informal sector workers, formal sector workers can join and make contributions to enhance their pension benefits.

Types of Informal Sector Schemes

The personal pension scheme for the informal economy sector workers is in two forms;

- Personal Pension Scheme
- Group Personal Pension Scheme

Participation by Informal Economy Workers

Workers in the informal economy sector/self-employed persons can join the scheme in two ways:

- As individuals
- As Groups

Individual persons participating in the scheme would have to join registered Personal Pension Scheme administered by a Corporate Trustee licensed by the Na-

tional Pensions Regulatory Authority (NPRA).

Group participation involves associations or organized groups such as Spare Parts Dealers in Ghana forming a pension scheme known as "Spare Parts Dealers Group Pension Scheme" Farmers Association forming "Farmers Pension Scheme", or GPRTU Pension Scheme for Commercial Drivers and make consistent contributions into the scheme.

The Groups can select their members to form the Board of Trustees to administer the scheme or can outsource the administration to a third party ie. Corporate Trustee as an Administrator. Whether you join the scheme as an individual or as a group, each contributor will have his/her account to which contributions will be credited.

Informal economy sector workers can join the scheme from the age of 15 years. Retirement age, however, depends on the rules of the scheme they have joined.

CONTRIBUTORY ACCOUNTS

According to the National Pensions Act, 2008 (Act 766), informal economy sector workers/self-employed persons will operate two accounts namely:

- Personal Savings Accounts.
- Retirement Account.

Contributions from the members are split into the two accounts in accordance with the scheme rules. Example, the scheme rules may indicate that 40% of the contribution will be put into the Personal Saving Accounts and 60% into the Retirement Accounts or 50/50.

The contribution rate is flexible allowing registered members to contribute any amount according to their strength. Mode of payment is also flexible permitting members to contribute on daily basis to get the agreed monthly contributions at the end of the month. Seasonal workers such as farmers can also set an amount to be contributed in each harvesting season.

Considering the socio-economic needs of the informal sector workers, the law allows them to withdraw at any time from the personal saving account to enhance their businesses.

Why should an Informal Economy Sector Worker join the 3 Tier under the 3-Tier Pension Scheme?

- The scheme provides a secured and regular source of income for contributors/members on retirement thereby making them financially independent in their old age.

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The Special Pension Scheme For Informal Economy Sector Workers *(Continued From Pg. 4)*

- The member will be relieved of the burden of being taken care of by the children or the family. The characteristic of family support is even gradually becoming extinct. That is why everyone needs to secure his/her future income security.
- The scheme is flexible, allowing members to contribute according to their strength. There is no specific rate of contribution as in the case of 1st and 2nd Tier Mandatory schemes.
- Provision of guaranteed income will enable members to continue to live a decent life and improve their living standards at retirement/old age.
- Members are assured of the safety of the funds as the pension regulator continuously monitor and supervise the activities of the trustees and other service providers in the management of the scheme.
- The Scheme also allows for withdrawal before retirement for purposes of business enhancement.
- Survivors Benefits - Beneficiaries of a deceased contributor can withdraw the accrued benefits of the deceased member.

BENEFITS PAID UNDER THE PERSONAL AND GROUP PERSONAL PENSION SCHEME

- Members/Contributors of Personal Pension Scheme or Group Personal Pension Scheme are entitled to the following benefits:
- Lump sum benefit paid from the Personal Saving Account on the retirement of the member
- Monthly/quarterly pension from the Retirement Account on the retirement of the member.
- Invalidity Benefits due to physical or mental disability
- Survivors Benefits - Beneficiaries of a deceased contributor can withdraw the accrued benefits of the deceased member.

Informal Sector Workers At Sunyani Main Lorry Station Sentised On Pensions

The Sunyani Zonal Office of the National Pensions Regulatory Authority in collaboration with corporate trustees in the Bono Region organized its pursuit to increase the informal sector participation in the Personal Pension Scheme has in a four-day market activation and sensitization for the informal sector workers in Sunyani.

The programme which took place at the main lorry Station of Sunyani had the opportunity to interact with different traders who plight around the market vicinity. The programme was done in collaboration with the trustees in the Bono Region who seek to enrol more informal sector workers onto the Personal Pension Scheme.

At the launch in Sunyani main market, the Head of the Sunyani Zonal Office, Mr. William Ohene-Adjei

called on the public to embrace the 3-tier pension scheme on its promise to ensure retirement income security for every worker in Ghana. He posits that, though the informal sector in Ghana is considered to be the largest economy employing about 72% of the Ghanaian workforce, however, it is very worrying that, the informal participation in the Pension Scheme arrangement is very limited causing most of them to live below the poverty line in their old age hence the reason for such outreach.

Over 2000 participants comprising of drivers, traders, hairdressers and seamstresses participated in the education programme. Addressing the people present, the Corporate Affairs Officer, Mr. Samuel Bafour Awuah explained to the public that, the 3-tier pension scheme has been positioned as a delightful solution for informal workers

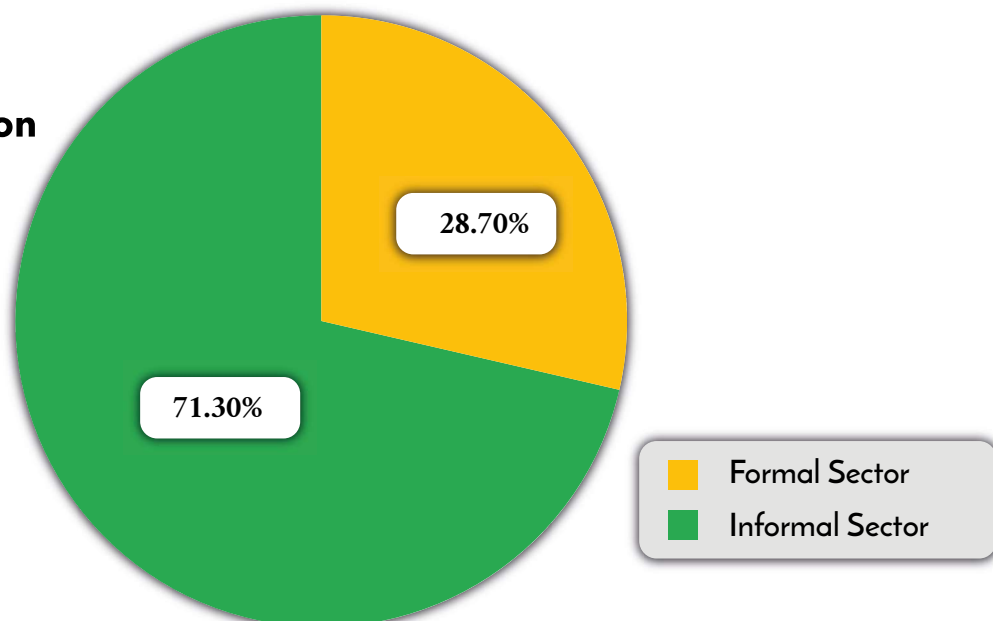
with a busy lifestyle and that one can contribute according to his or her strength and the scheme also allows for withdrawal before retirement for purposes of business enhancement. He however assured participants that pension funds are secured because there are strict laws governing the investment of their contributions. He used the occasion to advise participant to erase the perception that pension is designed for formal sector workers only and reiterated the need for every worker to show interest in their retirement planning in order to secure their future income and to enjoy decent life in retirement.

As a result of the outreach, seventy-eight (78) participants registered and joined Personal Pension Scheme after the four-day programme.

Private Pension Schemes Statistics

Figure 1:

Workforce distribution by sector



Source: Ghana Living Standards Survey (GLSS) June, 2019 (period of survey up to 2017)

The information available at the National Pensions Regulatory Authority indicates that out of the 71.30% of the active workforce in the informal sector, only 3% have joined a pension scheme under the 3-Tier Pension system. The 3% translates into only 273,000 contributors in the informal sector who are trying to secure their future income in Ghana under a pension system as compared to over 1.4million formal sector contributors. The indication is that over 68.3% of active Ghanaians in the informal sector will be without any form of pension in their old age. Majority of these people may be living below the poverty when they retire and will be looking at government for support. This will obviously put pressure on government subsistence programmes such as Livelihood Empowerment Against Poverty (LEAP).

A lot of the informal sector workers in Ghana do not understand the importance of pension, let alone join-

ing and contributing. Even though lots of sensitization programmes on pensions have been organized in an effort to bring on board informal sector workers, many still lack the understanding and relevance of pensions and such, are reluctant to join and contribute to pension schemes.

Entering the informal sector is also considered as capital-intensive project and therefore the majority of the service providers do not want to risk by entry. Majority of them have concentrated themselves in Accra and few other cities with schemes that are focused on the formal sector even with registered personal pension schemes.

However, payment of contributions has posed a huge challenge in extending pension coverage to the informal sector workers, considering the nature of their work the fact that they do not have the luxury of time to be waiting at the banking hall for the payment of their contribution

while their business loses revenue. The gradual introduction of fintech products such as mobile money platforms has greatly improved payment challenges. This is known to have greatly improved the informal sector pension coverage in other countries such as Kenya and India.

One key factor to consider on the way forward is to intensify sensitization programmes. Sensitizations programmes must not be left to the Authority alone. All stakeholders including service providers and other government agencies must get involved to change the perception and attitude of workers on pensions and larger financial system and products.

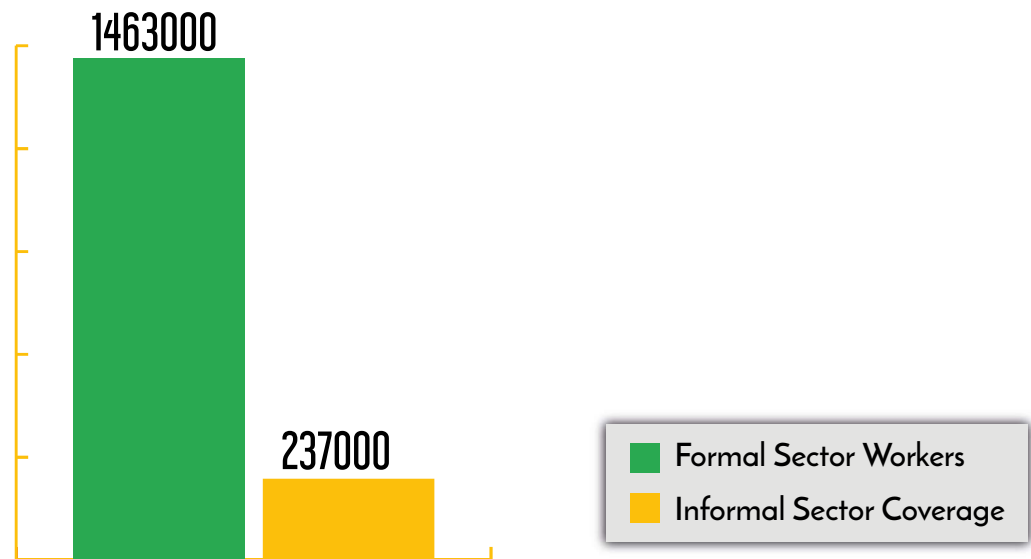
Corporate Trustees must also be encouraged to expend their reach into the informal sector economy. There are instances where people have expressed interest in joining a pension scheme but could not locate any trustee to enrol them. They must make themselves more visible.

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Private Pension Schemes Statistics

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Private Pension Coverage By Sector



NPRA Engages Members Of The TUC-Ashanti Region On Pension Matters

The National Pensions Regulatory Authority has educated members of Trades Union Congress (TUC) of Ashanti Region on the 3rd Tier Pension Scheme. This was part of a programme organized by TUC to educate their members on payment of benefits under the 3-Tier pension scheme since SSNIT is no more going to pay lump sum benefits from this year (2020) but only monthly pensions to retirees. According to TUC, workers need to be educated on how benefits are going to be paid from 2020.

Mr Gideon Osei-Poku, the Corporate Affairs Officer of NPRA Kumasi Zonal during a presentation on the 3rd Tier Pension Scheme explained to members the benefits that they are expected to be paid under the Tier 1, Tier 2 and Tier 3 schemes and how members can access their benefits when they retire. He said SSNIT

from 2020 will only pay monthly pensions and other related benefits such as invalidity and survivors benefit. He also indicated that workers who retire under the first-tier scheme will also receive a past credit in addition to the monthly pension.

He continued that the lump sum benefits will be paid by the Trustees managing the 2nd tier Occupational Pension Scheme.

He also advised members to check their statements periodically, that is, with SSNIT and the 2nd Tier Trustees and also be acquainted with their various trustees to rectify all omissions before they go on retirement. He charged members to actively participate in the 3rd Tier Voluntary Pension scheme to make their re-

tirement benefits better.

The TUC secretary, Mr Osman, added that all associations having Provident Funds should do well and register them with NPRA as a 3rd tier Provident Fund Scheme. This will help them to mitigate any issue that may arise and receive the needed



Retirement Planning: It is possible for the Self-Employed to have Guaranteed Pension

It sounds a bit out of place to talk about the self-employed person and retirement. Do self-employed people ever and really retire? Probably not, but at least it gets to a point in time when they are not able to carry on with brisk business as they had done all along. Some of them deny the onset of that stage and pull along till the very last embers. The breakpoint eventually comes when they either have to significantly scale down work or cut it out altogether. At that point we can say they have retired. In their retirement, the self-employed can earn guaranteed pension if they planned. This goes for both formal and informal business owners.

For the employed, defining retirement comes easy as it complies with the statutory retirement age of 60 years. In the private sector, the engagement could continue on a mutual understanding of employer and employee. In today's knowledge-era, retirement may not be really clear cut and could be delayed much beyond the statutory retirement age.

You need Guaranteed Pension

Self-employed persons may be used to not having regular incomes in their pre-retirement lives. However, in their old age, that trend has to change. In the old age a guaranteed income is key. It may not only be about how sizeable the income is but how regular or in this case how guaranteed. The guaranteed nature of old age income brings peace of mind which is a vital requirement in old age. This piece is just about how the self-employed can achieve that guaranteed pension in their old age.

SSNIT-1st Tier

Currently, the SSNIT 1st tier pension is the only scheme that guarantees regular income in retirement.

One qualifies to take this guaranteed pension when they have contributed for at least 180 months (or 15 years in total). The self-employed may lose out of this benefit as their contributions (if any) may not be up to the 180 months. This could be due to the breaks in career, travel, little knowledge of how the scheme works or any other factor.

The most likely cause is when a formally employed leaves their job to pursue the entrepreneurial journey. They now begin to concentrate on their business and do not pursue the SSNIT contributions again.

Just to emphasize that as a self-employed you need to register your business with SSNIT and continue with the contribution to at least make up the 180 month-requirement.

The negative press about the adequacy of SSNIT pension benefit makes us regard it with disdain. However, such an opportunity to earn a guaranteed income should not be ignored no matter how 'small'. There exists an opportunity for the self-employed in the informal sector, but that is barely understood and patronized. It is worth visiting the SSNIT offices to enquire of what exists for the informal sector.

Private SECTOR Pension (2nd Tier)

The private sector schemes are made up of 2nd and 3rd tiers. The mandatory 2nd tier is available for the self-employed within the formal sector space. What robs people is the non-registration into the scheme. It is a fact that many such SMEs do not register for such schemes. Thus, the typical entrepreneur may not be having a 2nd tier pension arrangement.

The self-employed person should register into this scheme as well

and contribute the 5% of as much as they have declared as their earnings. An early start here is key as the contribution level is quite low and a long time is needed to accumulate a decent individual fund value. The informal sector should speak to pension trustees to ascertain what opportunities are in there for them. This is one way the self-employed play for their retirement.

Private SECTOR Pension (3rd Tier)

The third leg of Ghana's pensions offers a great opportunity for the self-employed in both the formal and informal sector. In fact, the self-employed persons were a major consideration to the introduction of the 3rd tier scheme. There are a number of such schemes within the 3rd tier space that serve the self-employed sector well.

Self-employed persons can either register for a personal pension or join a group pension scheme and just contribute.

This would help to accumulate some funds for long-term use. They may not necessarily offer a guaranteed pension, however, with good professional management, the benefits would be significantly long-term.

Employees are also able to chip in incomes from 'aside businesses' into this vehicle.

With the exception of the 1st tier, the two others would give a lump sum which should then be invested to yield a long-term or lifetime returns.

I have coined the '4th tier' to represent any other long-term financial arrangement or a retirement plan the self-employed person may have.

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Retirement Planning: It Is Possible For the Self-Employed to have Guaranteed Pension

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This could be a business, property, family and/or financial asset the person may possess. The needed action is for the individual to be aware of the risks that those options face. People place their long-term hopes on a business, asset or investment only to lose expected benefits due to associated risks. Another important step is the engagement of an advisor. This practice is yet to sink in our culture, but recent happenings and the risks we face should awaken us.

Be your Brother/Sisters' Keeper

This principle in retirement plan-

ning especially covers married couples. You may be in the formal sector and so may have your own guaranteed pension in future. What about your spouse who may currently be running their own business in the formal or informal sector? We have just learnt how crucial retirement planning is for the self-employed. They are exposed to the risk of a no-guarantee pension. Be their keeper and recommend the shared knowledge here. They need to act on the knowledge immediately.

Planning without the family in mind is one of the reasons people struggle in retirement. You may as well alert close friends and relatives who

are self-employed to be conscious of their old age income.

This piece is meant to prompt all and especially self-employed to be conscious of the need for a guaranteed retirement income and to work towards it. Hopefully, that has been achieved.

"An investment in knowledge pays the best interest", Benjamin Franklin

CREDIT:

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(Management and Retirement Planning Consultant With M-DoZ Consulting)

Staff Of Norpalm Urged To Prepare Adequately For Retirement

The staff of Norpalm Ghana limited have been educated and entreated to take advantage of their Provident Fund under the voluntary 3rd Tier Pension Scheme to enjoy the tax incentives associated with the scheme.

Speaking at a meeting organized by the senior and junior staff union of the company, the Assistant Manager of Corporate Affairs of the NPRA, stated that the 3rd Tier Pension Scheme was specifically designed for the self-employed and workers in the informal sector but workers in the formal sector are also encouraged to take advantage of the scheme.

He said the 3rd Tier Pension Scheme is voluntary and it is privately managed by trustees licensed and registered by the National Pensions Regulatory Authority. He further

explained that those in the informal sector have two separate account namely retirement and savings account, partial withdrawal from the savings account after contributing for five years to the scheme.

However, those in the formal sector have only one account which can be accessed after ten years to enjoy the tax benefits but was quick to add that partial withdrawal can also be made as per the vesting rules governing the scheme but will attract 15% tax deduction. He also explained that workers in the formal sector can invest or contribute up to 16.5% of their basic salary to a provident fund or personal pension scheme to enhance their retirement.

The Human Resource Man-

ager of Norpalm in his submission also urged the staff to show interest in their retirement planning and encouraged them to do other investment apart from the provident fund to enhance their lifestyle when they retire.



Extending Pension Coverage To The Diaspora



In 2010, Ghana started implementing a contributory pension system, known mostly as the 3-Tier Pension Scheme. The primary objective of this is to ensure an absolute retirement income security of the Ghanaian pensioner.

The reforms also resulted in establishing a regulatory body known as the National Pensions Regulatory Authority, with the mandate of regulating the pensions industry in Ghana.

The 3-Tier pension scheme comprises of two mandatory schemes, which are the first and second mandatory schemes as well as a voluntary third-tier schemes. The first-tier mandatory Basic National Social Security Scheme is for all employees in private and public sectors designed to pay only monthly pensions and other related benefits such as survivors', invalidity benefits, and emigration benefits. This scheme is managed by the Social Security and National Insurance Trust (SSNIT).

The second-tier mandatory is fully-funded and privately managed occupational pension scheme designed to pay contributors a lump sum benefit to replace what was previously available under the old scheme operated by SSNIT.

The third-tier voluntary scheme is also fully funded and privately managed. It has two components, Provident Fund Scheme and Personal Pension Scheme, supported by tax incentives, which also provides additional funds for contributors who want to make voluntary contributions to enhance their pension benefits.

The Personal Pension Scheme component is structured to target contributors in the Informal Sector and the self-employed who constitute about 71% of the working population. This scheme is suitable for any worker, including Ghanaians in the Diaspora. In fact it is aimed at all Ghanaian everywhere.

In an attempt to open up the 3-Tier Pension Scheme for participation by Ghanaians in the Diaspora, the NPRA in 2017 proposed the setting up of Diaspora Pension Scheme, which would be a voluntary scheme with incentives to encourage Ghanaians in living in the outside the country to contribute towards their financial security during their old age. This was in response to calls by a cross-section of Ghanaians in the Diaspora to create an opportunity for them to contribute to a pension scheme in their motherland.

It is estimated that 10% of Ghanaians are in the Diaspora and contributing in remittance of over two billion US Dollars (\$2 billion) annually towards the national economy. The scheme is therefore viewed as a game changer and expected to be a win-win situation for the country as

a huge capital pool for investment. Above all it will serve the contributor as his or her pension savings when he or she returns home.

THE FEATURES OF THE DIASPORA PENSION SCHEME

The scheme follows the structure of the Group/Personal Pension Scheme with the following features and benefits;

- The scheme will be a defined contribution scheme meaning that benefits are based on contributions and investment return.
- It is voluntary, with the levels set up by your ability to pay.
- It will be tax-free.
- It is savings which translate itself into compounded capital and investment.
- Being a contributor, you will also be assisting significantly in the economic development of the country.
- It will be a provision for the contributor's old-age poverty alleviation.
- It can be accessed from the age of 55 upwards.
- Benefits will be paid in lumpsum

Any potential contributor can join the diaspora pension scheme from any part of the world. The contributor only needs to contact trustees operating the scheme, enroll and start contributing.

It is important to appreciate that each passing day signifies that one is getting closer to retirement and most people in the Diaspora would be returning home to retire. Even as some are preparing to retire at where ever they are, it is important to also prepare financially at home by joining the diaspora pension scheme under the 3-Tier Pension Scheme to enhance our retirement income to ensure dignified retirement and a decent life during retirement.

The Authority is assuring every contributor that the funds are secured and that there are enough stringent provisions as well as effective supervision and monitoring mechanism to protect every contributor under the 3-Tier Pension Scheme, including contributors in the Diaspora.

As Ghanaians in the Diaspora, let take advantage of this important pension scheme and secure our future income security as we return home for the rest of our lives. There are enough stories of Ghanaians in the Diaspora who return home and do not have any regular income source to live on in their retirement. The time is now to change the narrative.

COVID-19 : Do's And Don'ts At The Workplace

Do's



Wear A Nose Mask



Wash Your Hands With Soap And Water Frequently.



Cough And Sneeze Into Your Elbow.

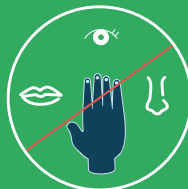


Keep A Minimum 1.5 Meters Distance From Colleagues.



Use Tissues once and Dispose in Closed Bins.

Dont's



Do not touch Mouth, Eyes, Nose.



Do Not Shake Hands & No Hugs.



Stay Home, If ill



Do Not Use Crowded Lifts



Avoid Touching Office Surfaces

The National Pensions Regulatory Authority (NPRA) Relocates It's Tamale Office



The National Pensions Regulatory Authority (NPRA) has relocated its Tamale Zonal Office to the National Communication Authority (NCA) building in Tamale. The relocation is in line with the Authority's strategy to increase visibility, corporate identity and to ensure the zonal office centrally located in the region for easy access by stakeholders and the general public.

The new office location of the Tamale Zonal Office of the NPRA is around the serene administrative enclave of the Northern Regional Coordinating Council (NRCC) and adjacent the Northern Regional office of the National Health Insurance Office Building with Ghana Post Digital Address: **NT-0027-8286**.

The NPRA wishes to assure its cherished clients and the general public of even better services in a safer, more convenient, spacious and client-friendly environment at the new office space.



NCA Building, Ground Floor
Waterson Residential Area
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The Future Is Unknown, Start Planning Your Retirement Today

When I was growing up in my Tontro village in the Eastern Region, some vehicles plied the route from Tafo and Koforidua to the village. Most of these vehicles had a very fascinating and exciting inscriptions on them.

One particular inscription has been indelible on my mind till now, perhaps chiefly due to the way it frequented the village and how we, the children in the village, related to the driver.

The inscription was simply, “FUTURE IS UNKNOWN.” It was then fun when the driver started to toot his horn, and we will run to the roadside in excitement to see him and his Bedford “wooden bus,” but as I continued to grow, I learned some lessons from the famous inscription.

I got back to Tontro after my long absence from the village I loved, and anytime I saw some people who I knew worked hard on the farms to generate great worth for themselves and now see how they live miserable lives, then my memory jogs to the inscription on the old Bedford “wooden bus.”

There is a profound saying that “The past cannot be changed. The future is yet within your power. Happiness is not something you postpone for the future; it is something you design for the present as tomorrow belongs to those who prepare for it today.”

Indeed the future belongs to people who prepare for it today because tomorrow is unknown as it also forms part of the future. The need for a pragmatic preparation towards one's future has therefore become more paramount than ever, especially in this part of the world.

We live in a society where the social and economic challenges abound even when there is a job to do for a regular income. Obviously, there is going to be a time when one cannot work again. The time when parents rely solely on their children for survival during old and inactive age is giving way to a period that is characterised by what I call “sole survival system.” This is a situation where parents have to fend for themselves.

It is not that children are becoming wicked or uncaring. No, that is not the case. It is rather a case that the children do not simply have enough for the “crumbs to fall for the parents.” This situation honestly does not apply to everyone, but frankly speaking, it does to most people in Ghana today.

Many older people try to keep their souls young, but it still becomes quivering for obvious reasons. Rightly so, nature cannot be cheated, as the saying goes. If there are no preparations for old age and retirement for that matter, old age becomes like a nuisance than the blessings God wants old age to be. That is why it is said that “if you fail to prepare, you would rather prepare to fail.”

What has been the best strategy to avoid stress, poverty, loneliness, protracted illness, boredom, and sadness in old age around the globe is adequate preparation.

When you get old, you would not be able to work as before, and circumstances are such that you would be compelled to retire from active work, even if you are self-employed. All over the world, preparation towards old age and retirement, for that matter, has been the process of pensions. Adequate and secured pensions are critical solu-

tions to retirement challenges.

Pension is defined as a “regular payment made by the state to people of or above the official retirement age. In some cases, widows and disabled people are considered in pension plans.

In Ghana, a pension is considered as a “type of retirement plan that provides a monthly income in retirement.” It is a sure way of getting relief from economic hardship after retirement when one is not working for a regular income.

With a pension plan, something else is added to your contribution and invested in a very secure, viable, and effective manner. Then the money will be paid to him or her, usually as a monthly cheque in retirement, after he or she has reached a specific retirement age.

Unfortunately, in Ghana, pension was for a very long time known and practised only within the formal sector, which comprises only 15 percent of the entire working population in Ghana. This means about 85 percent of the working class in Ghana have not been enjoying any form of pension after retirement.

In recognition of the need for addressing such a challenge, which will also ensure a universal pension scheme for all employees in the country, and to further address concerns of Ghanaian workers, the Government in July 2004 initiated a major reform of the Pension System in Ghana. The process started with establishing a Presidential Commission on Pensions under the chairmanship of Mr. T. A. Bediako.

Continued On Page 17

Highlights On Consumer Protection Policy

1. INTRODUCTION

The National Pensions Regulatory Authority, in line with its regulatory functions to protect consumers of pension products and in line with best practices, has developed Consumer Protection Policy which is aimed at empowering workers and other consumers of products to demand the right services from the SSNIT, Trustees and Service Providers and to protect their interest.

2. OBJECTIVES of the Consumer Protection Policy

This policy is to ensure:

- a) That contributors have access to adequate complaints handling and redress mechanisms that are accessible, independent, fair, accountable, timely and efficient;
- b) That the complaint mechanisms do not impose an unreasonable cost, cause undue delay or impose a burden on contributors;
- c) That contributors and members of schemes are protected through the promotion of fair and transparent transactions by service providers;
- d) The fostering of public confidence and trust in the pension industry and thus promote growth and efficiency in the industry for the benefit of contributors;
- e) That the public is educated and sensitized on their right to redress in order to promote fairness in the pension industry.

3. PRINCIPLES

The following principles shall govern Service Providers in their compliance with this directive or policy:

- Honesty

Service Providers shall act honestly by presenting all terms and information in a clear and accurate manner without any intent to mislead contributors and pensioners.

- Fair Treatment

Service Providers shall not unfairly treat contributors, pensioners, or any other individuals, nor discriminate against them in any way, for presenting complaints to the Financial Service Provider, administrators, and individuals, or the National Pensions Regulatory Authority.

- Access to Redress

All contributors, pensioners, and scheme members shall have access to adequate complaints' handling and redress mechanisms that are easily accessible, independent, fair, accountable, transparent, timely and efficient.

- Adequate Redress Mechanisms

Service Providers shall offer adequate internal dispute resolution mechanisms. They shall also have in place appropriate and

effective procedures for receiving, considering and resolving complaints as well as for reporting complaints to the Authority. These procedures must be explicit and well documented in a brochure and made easily available to consumers.

4. APPLICATION

This policy shall apply to all Providers of Pension Services in Ghana Under the National Pensions Act, 2008, including Trustees (Corporate, Individual & Independent) Pension Fund Managers, Pension Fund Custodians, Fund Administrators and Other Service Providers in the Pension Industry regulated by the National Pensions Regulatory Authority.

5. FINANCIAL EDUCATION AND AWARENESS

- Service Providers shall promote the enhancement of contributors' awareness and provide financial education programmes as part of a broader financial Consumer Protection Policy.
- Service Providers shall make sure that financial education programmes are tailored to the needs and capacities of a targeted audience and take into consideration particular types of private pension arrangements.
- Service Providers' websites should serve as one of the primary sources of information and guidance to contributors, while Service Providers remain responsible for the disclosure of the key information on pension services and products.
- Service Providers should make continuous efforts to assess, refine and improve the impact of their financial education efforts.

6. RESPONSIBLE BUSINESS CONDUCT OF PENSION SERVICES PROVIDERS AND AUTHORISED AGENTS

- The Authority shall monitor and supervise business conduct and/or general compliance with consumer protection legal requirements by pension Services Providers, Trustees and authorised agents, including monitoring that pension providers and Trustees adhere to business conduct rules including fair treatment of pension consumers and have in place measures to avoid or mitigate conflict-of-interest situations that could negatively impact the consumers.
- The Authority shall conduct examinations as part of the licensing/approval process and monitor on an ongoing basis whether board members, senior management of pension Services Providers and their agents, including pension advisers, comply with fit and proper test requirements and the products and services they distribute and offer meet best interests of the consumers.
- The Authority shall be involved in monitoring marketing strategies and sales practices of Service Providers. Monitor-

Highlights On Consumer Protection Policy

ing of marketing activities may include the power to ban certain advertising campaigns using misleading or false information.

7. COMPLAINT HANDLING AND RESOLUTION PROCESS

• The Three-Level Process

The complaint handling and resolution process for a contributor to a pension scheme has three levels:

• Service Provider

First - at the level of the Service Provider: the Service Provider shall establish an internal complaint and redress procedure that shall handle and seek to resolve all initial complaints. Where the parties are unable to arrive at a consensus, the financial Service Provider shall refer the matter to the National Pensions Regulatory Authority in writing within five (5) working days of the stalemate.

• National Pensions Regulatory Authority

Second - at the National Pensions Regulatory Authority: the Authority shall take up all referred unresolved complaints or disputed decisions by the Service Provider and act as Arbitrator through the Adjudication Committee between the parties and give appropriate directives where required.

• The Courts

Third - at the Court: where a party is dissatisfied with the decision of the National Pensions Regulatory Authority's Adjudication Committee, the aggrieved party may seek redress in Court by instituting legal action.

8. CONFIDENTIALITY

All information related to the complaint and complainant shall be treated confidentially. Information provided by the complainant shall be used only for the purpose for which it was obtained in accordance with the Data Protection Act, 2012 (Act 843).

9. RESOLUTION PERIOD

- The Service Provider shall resolve the complaint and present the decision to the complainant no later than fifteen (15) working days after the date of receipt of the complaint.
- Where the Service Provider is unable to resolve the complaint within the stipulated period, the Service Provider shall inform the complainant of its requirement of more time to resolve the issue.
- Where the Service Provider requires more time to resolve a complaint, the Service Provider may take an additional ten (10) days.

10. REQUIREMENT FOR EXTENDED RESOLUTION PERIOD

If the Service Provider needs more time to resolve the complaint due to its complexity or the need for additional information, a notification shall be sent to the complainant in advance of the expiration of the fifteen (15) working days permitted to resolve the complaint, explaining the reasons for the need to extend the period for complaint resolution and specifying the length of additional time that will be required. The Service Provider is permitted up to ten (10) additional working days to render a decision or refer the complaint to the National Pensions Regulatory Authority. (Extension of 15 days of complaint deadline)

11. COMPLAINTS MECHANISMS INSTITUTED BY THE SERVICE PROVIDER

• Establishment of Written Procedures

The Service Providers shall establish a written policy and have written

procedures that cover the following:

- Receipt of complaints;
- Procedure to handle and resolve complaints;
- Monitoring of complaint handling and resolution;
- Reporting procedures and communication of complaint resolutions/decisions both internally and to the National Pensions Regulatory Authority;
- Communication of resolutions/decisions to consumers
- Provision of Relevant Information

The complainant shall provide all relevant information on the case requested by the Service Provider and act in good faith to facilitate the investigative process. The pension Service Provider shall also act in good faith in processing the complaint and refrain from requesting documents or information from the complainant that is not directly relevant to the investigation and resolution of the particular complaint presented by the contributor

• Right to Complain to the Pension Service Provider

All contributors may complain first to the branch or agency of the Service Provider whose service is the subject of discontentment, at the location where the service was provided, or use any channel of complaint provided by the Service Provider, before consulting the National Pensions Regulatory Authority

12. SANCTIONS

The National Pensions Regulatory Authority shall supervise all internal and external dispute resolution mechanisms instituted by Service Providers and may impose an administrative fine as indicated in the Acts and Regulations of the Authority. The National Pensions Regulatory Authority shall exercise its discretion to impose penalties for non-compliance.

Committee To Determine The Quantum Of Past Credit Inaugurated



The Senior Minister, Mr. Yaw Sarfo-Marfo Stepping Forward To Congratulate Members Of The Committee After The Inauguration

The government has instituted a ten-member Committee to work towards determining the quantum of Past Credit Payable to retirees and modalities of the credit transfer with the Social Security and National Insurance Trust (SSNIT).

The Senior Minister, Mr. Yaw Osafo-Maafa, has inaugurated the Committee in Accra by urging them to work hard to reach a satisfying conclusion for both government and workers.

Past Credit is pensioners' money that remained with SSNIT after the coming into force of ACT 766, which required the Scheme to transfer four percent of pensioners' funds to fund managers (second tier).

The Committee, which is under the chairmanship of Mr. Ignatius Baffour Awuah, Minister of Employment and Labour Relations, has one month to submit its report and recommendations to the Senior Minister.

Other Members of the Committee from the government side include;

Mr. Bright Wireku-Brobby, a Deputy Minister of Employment and Labour Relations; Madam Laurette Kokor Otchere, SSNIT; Hayford Amankwah, National Pensions Regulatory Authority; Mr. Wisdom Messan, Controller, and Accountant General's Department; and Mr. Emmanuel Adjorlolo, Ministry of Finance.

Members from the Forum of Registered Public Sector Pension Schemes (FORUM) are; Mr. Isaac Bampo Addo, Forum Chairman, Mr. Thomas Musah, Mr. Derrick Annan, Mr. Eric Angle Carbonu, and Madam Perpetual Ofori-Amopofo.

The Committee is to make recommendations on how the difference in lump sums payments between PNDCL 247 and Act 766 for persons going on pension between 1st January 2020, and 31st December 2020, should be addressed.

It will also determine the quantum of Past Credit for each beneficiary and come out with modalities for the transfer of Past Credit still with SSNIT to the five Public Sector Occupational Schemes.

Occupational Schemes.

Mr. Osafo-Maafa noted that the concerns with Past Credit dated back to 2017 when the Joint Ministerial Technical Committee was established to resolve matters relating to Temporary Pension Fund Account (TPFA), adding that the task of the Committee was, thus, very important.

The Senior Minister noted that the determination of Past Credit had been inconclusive despite significant efforts and compromises made by all parties to bring finality to the matter.

Mr. Osafo-Maafa recalled that in 2018, the Forum petitioned the Sector Minister to look into the matter to safeguard the retirement benefits of hardworking Ghanaians.

He said, as a result, stakeholder engagements were held to agree on a roadmap acceptable to all parties and that the first meeting on Past Credit was held on 28th August 2018.

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Committee To Determine The Quantum Of Past Credit Inaugurated

Mr. Osafo-Maafa said, due to the inconclusive discussions at the ministerial level, the attention of the President was drawn to the matter for intervention and that the President directed the request to the Senior Minister's Office for mediation.

He recounted that during the commissioning of the refurbished Hall of Trades Union Congress (TUC) last month, President Nana Addo Dankwa Akufo-Addo assured the labour unions of the good intentions of his government to pay any difference in lump sum payments

for those retiring in 2020.

He said under the Terms of Settlement between Government and the FORUM, which was adopted as consent ruling on the matter by the National Labour Commission (NLC), the 10-member Committee was being inaugurated to make proposals on the way forward for Government's consideration.

To the Committee Members, Mr. Osafo-Maafa said: « We acknowledge the difficult task ahead of you, but with the cooperation of all stakeholders, it should not be

an impossible task. »

Mr. Bampo Addo said the Committee already agreed on the terms of settlements, which had been sent to the NLC, saying, « ...all is well that ends well. »

Madam Abena Osei Asare, a Deputy Minister of Finance, urged the Committee to work hard to resolve all issues related to Past Credit and all other matters of concern.

Mr. Wireku Brobby said it was important for Government and the Committee to work together to resolve the issue "once and for all."

The Future Is Unknown, Start Planning Your Retirement Today *(Continued From Pg. 8)*

The Bediako Commission was charged with the responsibility to examine existing pension arrangements and to make appropriate recommendations for a sustainable pension scheme(s) that would ensure retirement income security for the entire Ghanaian working population, with special reference to the public sector.

The main recommendation of the Commission was the creation of a new contributory Three-Tier Pension System for Ghana, funded by direct contributions of employers and employees to replace existing parallel pension schemes.

Statistics available have it that only about two percent out of the 85 percent within the informal sector is currently on one form of a pension scheme. This is a good step that needs to be encouraged and continued. Thanks to the introduction of the 3rd Tier Pension Scheme introduced into the country some ten years ago.

The three-tier (3rd Tier) pension scheme is a voluntary pension scheme for workers and self-employed workers in the informal sector and is privately managed by a Corporate Trustee. The contribution is up to 16.5% (35% of declared income) of basic salary.

Pension schemes until then had been operated in the country with a sharp focus on workers in the formal sector in mind. This obviously was a huge limitation because the then scheme failed to consider the plight of the majority of workers in the informal sector, who constitute the bulk (about 85%) of the working population in Ghana.

One can start today to contribute minimal sums per month and reap maximum figures at the end of working life. There are many pension service providers called "Corporate Trustees" across the country that one can contact and start something today. Before you realise, you will have an all-time regular and

secure income after retirement or when incapacitated. Then you could say the future is known.

So, therefore, today no one has an excuse to be poor after retirement, irrespective of where one works, either in the formal or informal sector. Appropriately we could say one's retirement happiness is in his or her own hands.

The pension gained in the future would help you to at least maintain a middle-class standard of living. It would also provide such substantial supplementary income for unforeseen expenses.

This could be done as an individual or a group depending mainly on the type of work or where one works. Pension plans are the most economical and efficient way to fund retirement.

CREDIT:

Nana Sifa Twum

(Manager Corporate Affairs, NPRA)



Informal Sector Pensions In Ghana

The origin of the informal sector in Ghana's economy can be traced back to the very beginnings of colonial capitalism in the then Gold Coast. Even at such an early stage, an essential feature of labour in the informal sector was its heterogeneous character that provided for varieties of peasant proprietors and agricultural labourers, distribution agents, buyers, transport owners and employees, porters, repairers, etc. (Ninsin, 1991; Adu Amankwah, 1999).

Uncertainties of the Informal Worker

In Ghana, approximately 80%-85% of the population works in the informal sector. Month to month, an informal worker in Ghana can't be sure exactly how much money she makes. Her wages depend on the market, the month, and, sometimes, the weather. Despite this daily uncertainty, informal workers in Ghana are often more concerned about how long they will be able to work and being able to afford retirement.

As health care improves, Ghanaians are living longer. Culture is also changing. However, because 80 percent of Ghanaians are employed in the informal sector, most aging workers have few options for safeguarding their health and well-being in the long term after they can no longer work.

In the past, people were told their children are their pension, so a lot of people had four or five children hoping that one of them will take care of them," he said. But now, people are moving from rural areas to urban areas for work, leaving the parents to themselves without any support.

These are very cogent reasons why the 3-Tier Pension came into existence to address some of these issues.

Hope for Informal workers

It is important to emphasize that

provision has been made in the 3-Tier voluntary Personal Pension Scheme to cater for the peculiar needs of workers in the informal sector of the economy. This means that farmers, fishermen, tailors, hairdressers, market women and traders, drivers, and other self-employed can participate in a pension scheme which will take care of them in their old age.

The informal sector workers will elect to contribute any amount they can afford regularly. Even seasonal contributions can be arranged. It must be emphasized that the benefits that will accrue will depend on how much contribution is made and the returns on investments of such contributions. The more the amount contributed, the higher the benefits.

Persons in the informal sector who are not covered by the mandatory schemes shall have 35% of their declared income, exempt from tax for contribution purposes, whiles investment income from investment of Scheme Funds shall be tax-exempt. Informal sector contributors are allowed to have two accounts:-

- (a) a retirement account (to provide benefits on retirement) and
- (b) personal savings account with rules for withdrawals before retirement (e.g., for education and business enhancement).

While contributors can access benefits before retirement from personal savings accounts, the proceeds of the retirement account are expected to be paid on the retirement of the contributor as monthly or quarterly pensions. In this way, workers in the informal sector, just like their counterparts in the formal sector (on the First and Second Tiers of the new scheme), will also receive monthly pensions (from the retirement account) as well as a lump sum (from their personal savings account) to begin retirement.

The informal sector workers can participate as organized groups

(Group Personal Pension Scheme); for example, Cocoa Farmers can come together to form, say, "Cocoa Abrabopa Pension Scheme" or as individuals in a Personal Pension.

Building trust

Since the inception of 3-Tier Pension in 2010, Trustees licensed by NPRA has acquired numerous clients. It's imperative to state that the key to growth is building trust among informal workers by providing early access to their money and by sticking to safe investments.

In the informal sector, people remember when experienced banks came and collected their monies and then went bankrupt, so a lot of people are like, 'so how do I know that in 20 years, you're still there to give me my money?'

Conclusion

Retirement should be seen as a reward for all the years spent at work and pension have to be managed throughout the working life. Taking advice from experts on pensions and making the right decisions on where to put the money, the self-employed are encouraged to take advantage of the Third Tier Scheme to secure retirement income and also to reduce old-age poverty.

Why informal pension

The personal pension scheme is for individuals who want to make voluntary contributions to enhance their pension benefits beyond the mandatory first tier and second tier schemes and any provident fund scheme. But most importantly, it is also aimed at workers in the informal sector who are not covered by a retirement or pension scheme.

Informal sector contributors will have two accounts, the retirement account (to provide benefits on retirement) and personal savings account with rules for withdrawals before retirement.

Small And Medium Scale Enterprises (SMEs) And Pension Scheme

Small and Medium Scale Enterprises (SMEs) play a significant role in the global economy and also considered as the backbone of the private sector. SMEs contribute immensely to the Gross Domestic Product (GDP), employment creation.

According to the Ghana Statistical Service (GSS), SMEs contribute about 70% of GDP and also absorb more than 60% of the labour force and account for 92% of businesses in Ghana.

The government realizing the socio-economic importance of the SMEs, has established the National Board for Small Scale Industries (NBSSI) by an Act of Parliament (Act 434) to promote the operations of SMEs aimed at reducing unemployment among the youth and to boost economic growth.

The Microfinance and Small-Scale Loan Centre (MASLOC), National Entrepreneurship and Innovation Programme (NEIP) and COVID-19 19 Alleviation Programme Business Support Scheme were established to assist SMEs in income-generating activities to reduce poverty.

Despite the contribution of SMEs in Ghana and the government's efforts to support the SMEs, it is unfortunate to state that most workers and owners of these businesses do not contribute to pension schemes.

SMEs constitute the majority of workers in Ghana but unfortunately, only a few contribute to

a pension scheme. This is because of several factors. Among these is, in some circumstances, employers manage to convince their workers to accept the suggestion to exempt themselves from contributing to pensions schemes. This enables them (the employers) to cleverly avoid adding their part of the contributions.

Many workers in the informal sector also believe that pension is only for the formal sector workers. Besides all these, there is a considerable number of people in the country who still believe in the very old tradition of children growing up to take over their life responsibilities. Such people do not take any initiative to plan towards their pension

Again, SMEs do not want to participate in pension schemes, possibly because they have heard that it takes a very long time to access benefits due to bureaucracies.

Finally, the level of education to sensitize and clear the misconception mentioned above is relatively low. This situation is worrying since no one can escape retirement, whether planned or not. In addition, if the majority of these SMEs are not contributing to any pension scheme, then the implication will be an increase in old-age poverty in the country, which will eventually lead to a high dependency ratio in the future.

To address this concern, the Na-

tional Pension Act 2008 (Act 766) has made the necessary provisions to capture informal sector workers onto the 3rd Tier Pension Scheme being managed by the Corporate Trustees to provide pension benefits at old age. Due to the flexible nature of the scheme, contributors can contribute on a daily, weekly, or monthly basis while NPRA ensures the safety and fair returns on their investment.

In conclusion, workers involved in SME's businesses should erase the perception that pension is for salaried workers and start planning towards retirement to enjoy a decent retirement. Religious leaders, opinion leaders, media, civil society organization, and Trustees should join hands with NPRA to create the necessary awareness to ensure SMEs in Ghana participate in pension schemes to reduce old-age poverty.

Pension is a must, and it is therefore mandatory for all businesses, whether formal or informal, to ensure that correct contributions are deducted and paid on the employee's behalf so that workers of the country enjoy the fruits of their labour as they retire in dignity and comfort

CREDIT:

Samuel Baffour Awuah

(Staff Of NPRA)

Members Of CLOSAG Educated On The Three-Tier Pensions Scheme In Northern Ghana



For several working people in Ghana, the ability to have a decent retirement income security is of high significance. The fear and anxiety of most workers during work is the low pension benefits they anticipate during retirement. These anxieties and fears of potential pensioners are borne out of lack of retirement planning. Besides, these workers lack education on pensions and general retirement planning. Aside the mandatory first-tier and second-tier pension's scheme, the majority of working people in the country do not contribute to the voluntary third-tier pension scheme to shore up their retirement incomes.

To facilitate uptake of the voluntary third-tier pensions scheme among members of the

Civil and Local Government Staff Association of Ghana (CLOSAG), Hedge Pensions Trust (Scheme administrator for CLOSAG) in collaboration with the Tamale Zonal Office of the National Pensions Regulatory Authority (NPRAs) organised an education and sensitization programme for staff and management of six Metropolitan, Municipal and District Assemblies and the Northern Regional Coordinating Council in the Northern and North East Regions. The MMDAs included: Tamale Metropolitan Assembly, Sagnarigu Municipal Assembly, Savelugu Municipal Assembly, Kunbungu District Assembly, Tolon District Assembly and Walewale Municipal Assembly.

Speaking during the event at Tolon in the Tolon District of the Northern Region, the Head of Marketing at Hedge Pensions Trust, Mr. Robert Cinery, said the purpose of the programme was to educate and sensitize CLOSAG members on the three-tier pension scheme with a specific focus on the voluntary third-tier pension scheme. He said pensioners constant complain of low retirement income is nothing but lack of proper investment towards retirement emanating from lack of education on pensions. According to Mr. Cinery, workers were not taking advantage of the third-tier pensions scheme to shore up their

retirement income despite the tax benefits that comes with it, due largely to lack of education on pensions and retirement planning. "our mission today, is to demystify the ingrained perception that pensions in Ghana are to the disadvantage of workers, it is to explain what the third-tier means to the worker, it's benefits and how you (workers) can make your retirement lovely with the third-tier, in fact, tier-3 is the game-changer for workers in Ghana", Mr. Cinery stressed.

He admonished members of CLOSAG to enrol onto the Hedge Pensions Trust's third-tier scheme to increase the streams of their incomes during retirement, adding that, it was just not enough to contribute to only the mandatory first-tier and second-tier pension schemes, as old age income requirement is quite huge. "with the third-tier, you(workers) can contribute as much as you can afford and the contributions would multiply quickly, aside from the 16.5 per cent tax burden that would be taken off you", Mr. Cinery emphasized.

The Corporate Affairs Officer of the Tamale Zonal Office of the NPRAs, Mr. Abdulai Abdul-Rahaman advised participants to take an active interest in their retirement planning as that was the only way to secure their future against old-age poverty.

Your Retirement Must Be Enjoyable

Retirement is an inevitable stage in the life of every worker, both in the formal and informal. It is the time when most people think and worry about it, chiefly due to inadequate preparation. Often many persons after retirement from active service find it difficult to maintain their financial capabilities, lifestyles and also stay close to what was obtained immediately before retirement.

Some people after retirement are still seen as strong enough to engage themselves in one line of business or the other, while others retire and are completely inactive and weak to do any other thing. This poses serious challenges worldwide. That is why there is an urgent need for everyone to plan for retirement.

In life, few things are more frightening than the thought of outliving one's resources. Even a seemingly adequate portfolio can be inadequate for one's needs if it's not well managed, especially if market conditions change. So, the calls for early retirement planning while one is strong and vibrant in active service is extremely crucial.

One may be financially successful in life, yet may not have taken the time to plan for one of the most essential and expensive phases of life, which is retirement, and ensures that such life success is well sustained and enjoyed.

According to psychologists, over 70% of adults worry about money, which can take a toll on their physical health. Financial stress can lead to physical conditions such as migraine headaches, diabetes, heart diseases, and poor sleep. Not only that, all forms of worries, including financial problems, can cause anxiety and depression, robbing one of the peace of mind to enjoy old age.

Taking the necessary steps today can help one's retirement be more enjoyable and dignified. A good retirement plan does not only keep one from being a burden to his or her children. Importantly, it gives him or her the resources to be independent and resourceful as well as useful to others too.

Wouldn't it be nice to take the entire brood on an annual trip or host your entire family at your spacious retirement home? Money won't be an obstacle to any dream of helping to assist close relations and grandchildren. Maintain the social status during retirement requires, to an extent, finding means of maintaining or, better still, improving upon the financial position. This obviously could be attained through an effective retirement plan initiated today.

The government pensions reforms have provided the privilege for all Ghanaians to plan for their retirement. The time to start is now. Corporate Trustees are around the country and ready to sign individuals and groups on for pensions schemes.

To conclude, all these reasons and many more should push one to make very serious retirement plans regardless of their wealth or level of education or the kind of work today. If retirement is well planned today, it can be enjoyed tomorrow. The decision to make your retirement enjoyable starts today in your hands. It lies with just you.

CREDIT:

Gideon Osei-Poku

(Staff Of NPRA)



She Retires is Uniquely designed to meet the retirement needs of young and working age women especially those who do not have a pension plan or who have stopped contributing to mainstream pensions. She Retires provides the needed cushion during retirement.

Why She Retires?

- * Because women live longer and need Xtra cash for the Xtra Years.
- * Because the rate of old age poverty is higher among women.
- * Because your children cannot guarantee your pension.
- * Because you need peace of mind at retirement.
- * Because you deserve a decent retirement.
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Nigeria Creates Pension Plan To Cover Informal Workforce

Given Nigeria's large informal workforce – estimated by the IMF to contribute 50-65% of GDP – a significant segment of the population is not captured by the country's pension scheme. Without some form of pension, this portion of the population becomes increasingly financially vulnerable with age. To combat this, Nigeria has taken steps to institute a micro-pension scheme similar to plans in India and Kenya, countries that also maintain large informal workforces. Nigeria's primary national pension programme, the Contributory Pension Scheme (CPS), currently only covers those who are in the formal workforce. However, a provision in the Pension Reform Act of 2014 opened the door to the possibility of extending the CPS to cover those who work in the informal economy.

In The Works

A micro-pension scheme to reach informal workers is still in development, and pension fund administrators are awaiting programme guidelines. Regulations were expected to be released by the Pension Commission (PenCom) during the second half of 2017, with the aim of having the pilot phase underway by the end of the year. A draft of the regulations was issued by the National Insurance Commission in July 2017 to gather feedback from industry stakeholders. While the final rules are being formulated, fund administrators have been busy developing products and services targeting the informal sector.

The CPS in its current form is managed through payroll contributions. The micro-pension programme, by contrast, is designed to capture all independent workers, regardless of income or the size of pension contributions. The label, however, may not fully capture the scope of the programme and can conjure an image of small-scale contributions chiefly made by those towards the bottom of the income distribution. The scheme targets low-income informal earners, as well as self-employed business owners and entrepreneurs who earn higher incomes but are nevertheless not a part of the formal economy. To combat misconception, PenCom and the fund administrators are considering renaming the programme Informal Sector Pension in an effort to capture the entirety of their target population.

"We have to first segment the market into low, medium and high earners, just as in the formal sector," Tunde Ottun, head of strategic planning and corporate communications at AIICO Pension Managers, told OBG. "While many contributors will be small, you will also have independent business owners who are relatively wealthy and who can provide good volume, but are still a part of the informal sector," he added.

Reaching Out

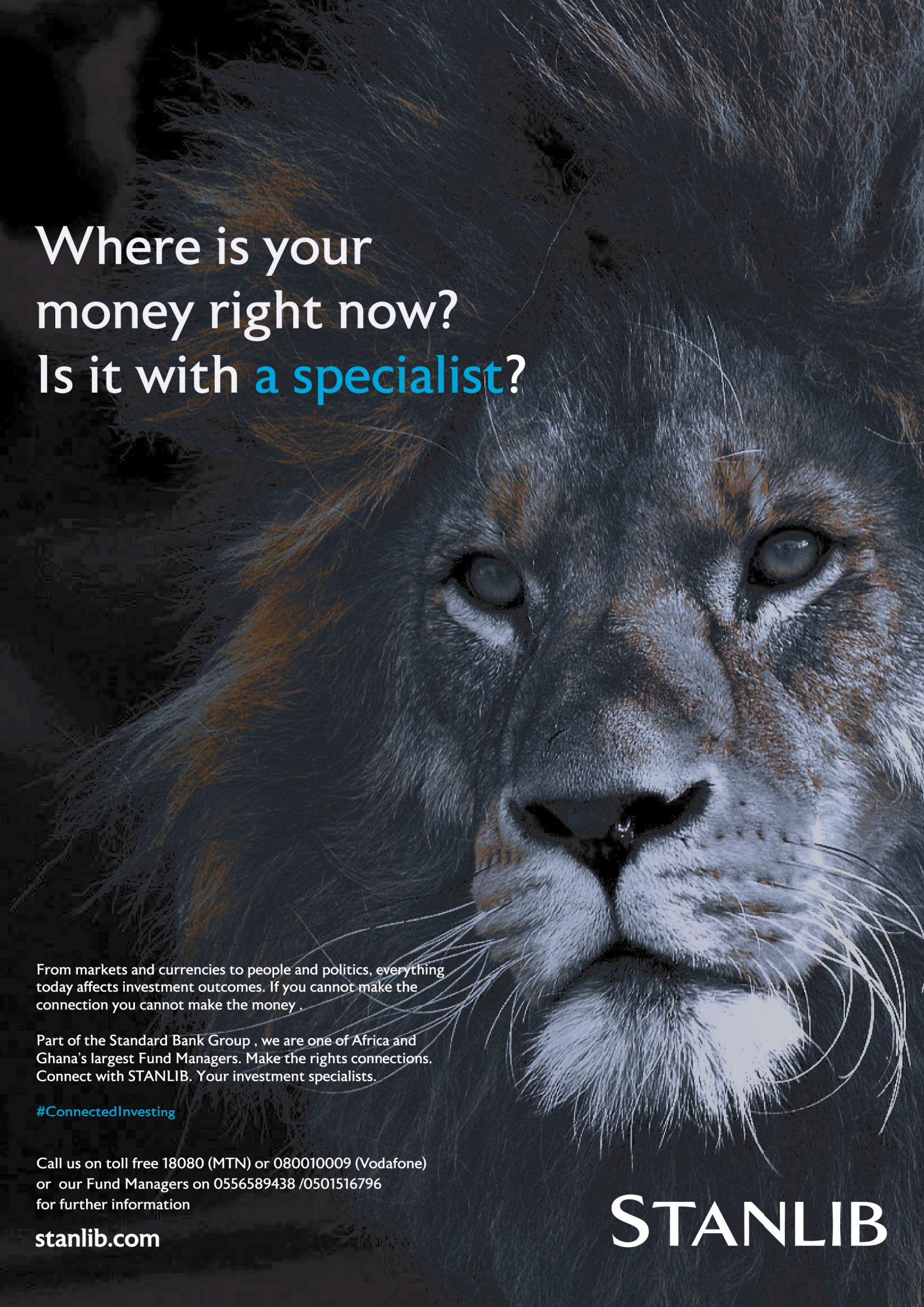
Lower-income members of the informal sector can also be difficult to capture. Pension fund administrators are considering methods to educate the community, build trust and encourage participation.

Other financial inclusion efforts have shown that lower-income earners in the informal sector tend to be more comfortable operating through already established community and professional associations, at least in the very beginning. The success of mobile money has been a proven avenue to reach those currently outside of the formal banking structure. Administrators are looking to form partnerships with these associations and mobile money operators to build relationships and provide a platform for insurance transactions that may be very unfamiliar to its target market.

Bigger Picture

Approximately 10% of the formal workforce is currently covered by the CPS, and PenCom has set its sights on growing that coverage to 30% of the entire labour force – both formal and informal – by 2024. Achieving this goal would not only provide a greater safety net for the population as a whole, but would also substantially increase the pension industry's assets under management. These additional assets could be mobilised to fund large-scale investment projects throughout the country. Ottun told OBG, "Pension industry funds, along with federal government funds, are what will develop the economy beyond where it is right now, especially in regards to infrastructure."

Source: oxfordbusinessgroup.com



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Government Establishes A Pension Scheme For Cocoa Farmers To Help Increase Coverage In The Informal Sector



The government has put in place a pension scheme for cocoa and shea nut farmers to help them enjoy pension at their old age. The scheme, which has been finalised is expected to be launched by the President of the republic, Nana Addo Dankwa Akufo-Addo, by the close of the year, 2020

To date, all the necessary arrangements and documentation have been completed, paving the way for the scheme to take off early next year. A Board of trustees has been constituted to administer the scheme that would operate as a contributory venture.

This is a scheme that has been hailed by not only cocoa farmers but also all well-meaning Ghanaians, especially those in the financial sector.

For some, the establishment of the Cocoa Farmers Pension scheme is long overdue. This is because, as stipulated in Section 26(1) of the Ghana Cocoa Board Law, 1984 (PNDCL 81), "the Board shall within one year after the coming into force of this Law establish a contributory insurance scheme for cocoa, coffee and shea nuts farmers within the framework of the Social Security Scheme."

However, this has not been possible over the years, but as the popular saying goes, it is better late than ever. The informal sector of which cocoa, coffee, and shea nut farmers are part is very dear to the government of Ghana due to its contribution to Gross Domestic Product (GDP) and job crea-

tion potential, among others.

Statistically, it is estimated that the agricultural sector, which is a major contributor to Ghana's economy, accounts for 45% of the country's Gross Domestic Product [GDP], with the cocoa sub-sector alone comprising almost 25% of this total amount. Ironically, this is the category of workers who have not benefited from any form of pensions scheme in the country, but it is the sweat and contributions of this same group of informal workers that have put the country at the world stage. That is why the intervention of the government to provide these sets of farmers with a pension scheme is much welcome and important.

Against this backdrop, the National Pensions Regulatory Authority (NPRa) and the Ghana Cocoa Board (COCOBOD), as well as other stakeholders, are putting in relentless efforts towards establishing the pension scheme for this category of workers.

Pensions are an important component of social protection. It forms part of the decent work agenda that all workers seek to pursue. Decent work sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace, and social protection for families for which pensions are integral.

Sadly, in Sub-Saharan Africa and Ghana, in particular, coverage of pensions is very low and primarily confined to workers in the formal economy. This reflects the fact that only a small minority of workers are in the formal economy, while most workers in the informal economy are not covered.

Therefore, this initiative by the government is more than laudable because most of these cocoa farmers are subjected to high levels of vulnerability, informality, and social exclusion, among others. It is also refreshing that as per the dictates of the scheme, per-

sons in the cocoa, coffee, and shea nut industry value chain will also benefit from this scheme. This is directly in line with the government's vision of enhancing financial inclusion, one of the critical pillars of the formalisation process.

It is also worth noting that the National Pensions Act, 2008 (Act 766 as amended by Act 883), established a contributory three-tier pension scheme which comprises two mandatory schemes and a voluntary scheme that has paved the way for these farmers and indeed all informal sector workers to benefit for a pension when they retire.

With this timely intervention, cocoa farmers who have had to save for themselves after they become weak or unable to work on their farms will no longer be subjected to financial humiliations. Once this happens, the United Nations 2030 Agenda that embraces the three dimensions of sustainability – economic, social, and environmental will be attainable.

Under the scheme, cocoa farmers would benefit from lump-sum payments upon reaching retirement age, monthly pension, and total disability benefits, with additional benefits to the next of kin upon a member's demise.

One of the functions of the NPRa is to sensitize the public on matters related to the various pension schemes. As such, the Authority will embark on a series of sensitization programmes to educate, sensitize, and inform individuals and groups in the cocoa, coffee, and shea nut sector and other farmers in the informal economy category.

This scheme would, in no doubt, not only care for these farmers when they retire but would guarantee the sustainability of cocoa production in the country as the youth would be attracted to cocoa farming as well at the same time ensuring retirement income security.

CREDIT:

Rosina Akrofi (Staff Of NPRa)

Licensed Corporate Trustees As At Dec 2019

(Licenses Are Valid Until 31st July, 2020).

No.	Name Of Service Provider	License Number	Physical Address	Contact Person	Telephone Numbers
1	Daakye Pension Trust Limited	CT13008	3rd Floor Vodafone Building ABC, Junction Achimota	Theophilus Twum	0302-408444 0248-059380
2	NTHC Trustees Limited	CT12014	Martco House, Adabraka, Accra	Barbara Assan	0242-142387
3	Secure Pensions Trust Limited	CT12006	91 OSU Badu Street, West-Airport, Accra	Nancy Amorkor Armah	0302-771248
4	Negotiated Benefits Trust Company Limited	CT12012	Emerald House, Roman-Ridge, Accra	Paul Afena	0266-085929
5	Axis Pension Trust Limited	CT12009	# 4 Ibadan Avenue, East - Legon, Accra	Louisa Siaw	0209-735358
6	Enterprise Trustees Limited	CT12007	Advantage Place, Mayor Rd, Ridge West, Accra	Theresa Aggrey	0248-488152
7	Metropolitan Pensions Trust Limited	CT12002	Metropolitan House 81 Taboon Link, North Ridge, Accra	Josephine Amartey-Vondee	0207-758603
8	Petra Trust Company Limited	CT12001	113, Airport West Dzorwulu, Accra/ 217 Osu Badu Street, Dzorwulu	Doris Forson	0242-435037
9	Kimpton Trust Limited	CT13007	136 La-Bawaleshie road, American House Bridge, East Legon, Accra	Laud Cobby Odonkor	0244-992142
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22	Hedge Pensions Trust	CT12015	National Secretariate CLOGSAG Ministries Stadium Road Accra	Christabelle Yalley	0202-019457

Questions And Answers

1. What is National Pensions Regulatory Authority (NPRA)?

Ans: National Pensions Regulatory Authority (NPRA) is a regulatory body established by the National Pensions Act, 2008 (Act 766) to oversee the administration and management of the contributory 3-Tier Pension Scheme.

2. What is the objective of NPRA?

Ans: The object of the Authority is to regulate and monitor the operation of the 3-Tier Pension Scheme and ensure the effective administration of pensions in the country.

3. Does NPRA have the power to punish service providers who go contrary to the laws and regulations governing the management of 3-Tier pension scheme?

Ans: Yes. The National Pensions Act, 2008 (Act 766) has given powers to NPRA to sanction individuals and Organizations including service providers who contravene the laws, guidelines and other directives issued by NPRA on the management of pension schemes.

4. Can the Authority prosecute employers who have refused to pay their workers contributions?

Ans: Yes, the Authority has been given prosecutorial powers through an Executive Instrument to prosecute

employers who fail to pay their workers contributions to their respective schemes.

5. What are the components of the contributory 3-Tier Pension Scheme?

Ans: The contributory 3-Tier pension scheme consists of:

1st-Tier – A Mandatory Basic National Social Security Scheme

2nd- Tier - A Mandatory fully funded and privately managed Occupational Pension Scheme

3rd-Tier - A Voluntary fully funded and privately managed Provident Fund and Personal Pension Scheme

6. Who is a trustee under the 3-Tier Pension Scheme?

Ans: A trustee is an individual or company appointed to carry out the purposes of a trust in accordance with the provisions of the trust instrument and general principles of trust law.

7. Who manages the 1st - Tier of the 3-Tier Pension Scheme?

Ans: The 1stTier is managed by a Board of Trustees of Social Security and National Insurance Trust (SSNIT).

8. For how long shall the employer hold the contributions before remitting it to the appropriate scheme?

Ans: The contributions shall be remitted by the employer within fourteen (14) days after the end of each month to the scheme.

9. Who manages the 2nd and 3rd-Tier Pension Schemes?

Ans: The 2nd and 3rd Tier schemes are privately managed by trustees licensed and approved by the National Pensions Regulatory Authority (NPRA).

10. Are the trustees the only body involved in the management of pensions schemes under the National Pensions Act, 2008(Act 766) as amended?

Ans: No, the Trustees work with the Pension Fund Managers and Pension Fund Custodians in managing pension schemes.

11. Who is a Pension Fund Manager?

Ans: A Pension Fund Manager is an investment firm licensed by Securities and Exchange Commission.

(SEC) and registered by the NPRA to provide advisory services to Trustees on the investment of pension funds.

12. What is the function of the Pension Fund Manager?

Ans: The Pension Fund Manager advises the Board of Trustees in making prudent investment decisions for good and fair investment returns of the scheme funds.

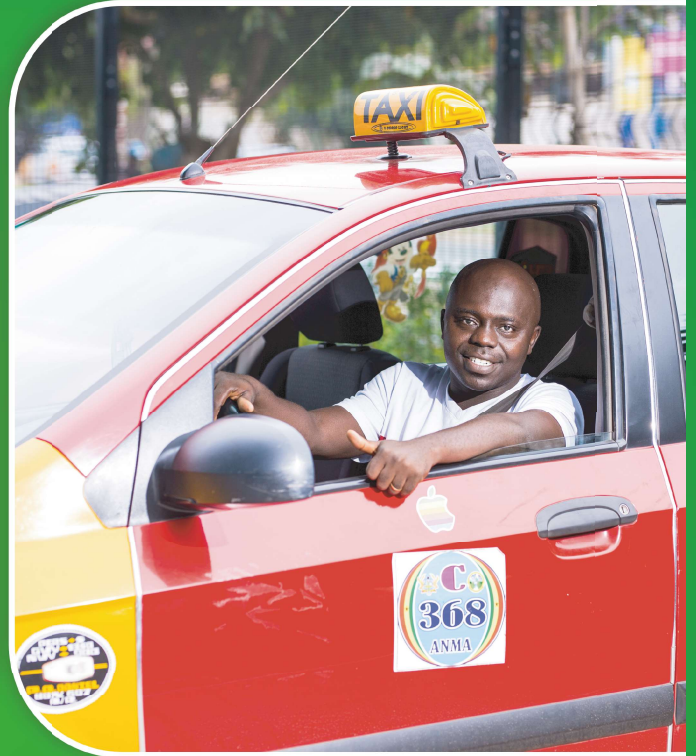
13. Can Trustees have physical access to pension funds under their management?

Ans: No, Trustees cannot have a physical access to the fund/money. The funds are kept by the Pension Fund Custodian.



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