



# NATIONAL PENSIONS REGULATORY AUTHORITY (NPRA)

Launches Logo



## Significance of logo:

- The Green is the Authority's Corporate Colour
- The coloured design around the circumference of the green band is a chain linked fence which stands for security
- The Flag represents our National Identity
- The Gold in the circle stands for the rich mineral resource which contributes to national economy



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NEWSLETTER



# NATIONAL PENSIONS REGULATORY AUTHORITY (NPRA)

Website: [www.npra.gov.gh](http://www.npra.gov.gh)



Ensuring Retirement Income Security





## THE BOARD CHAIRMAN OF NATIONAL PENSIONS REGULATORY AUTHORITY, Mr. Richard Kwame Asante

**W**elcome to the first edition of the NPRA Newsletter. Through this periodic newsletter, we hope to keep all stakeholders updated on topical issues concerning them and news of what is happening at the NPRA.

As you may be aware, a new pensions law, the National Pensions Act, 2008 (Act 766) was enacted on December 12<sup>th</sup>, 2008 to replace the previous Cap 30 and SSNIT schemes. The Act provides for the introduction of a contributory three-tier pension scheme and the establishment of a National Pensions Regulatory Authority (NPRA) to oversee the administration and management of registered pension schemes and trustees of registered schemes. It is envisaged that the new three-tier pension scheme will enhance pension benefits and increase the retirement income security of workers both in the formal and informal sectors. It will also add impetus to the further development of the financial markets and eventually lead Ghana into economic independence and prosperity. The pension supervisory framework is aimed at protecting member's interest and safeguarding the stability of the pension system and extensive transitional provisions have been made in the new pensions law for workers both in the formal and informal sectors. The Board of the NPRA was inaugurated on 31<sup>st</sup> August 2009. Following this, His Excellency the President, Prof. J.E.A. Mills launched the new pension scheme on September 16, 2009.

Since the inauguration of the Board, a number of activities have been undertaken towards the successful implementation of the new pension scheme. At a press briefing (meet the press) at the Ministry of Information, on Thursday, 10<sup>th</sup> December, 2009, the NPRA laid out its plan for the implementation of the new pension scheme which commenced in January, 2010. This included an Implementation Time Table for the three-tier pension scheme, Guidelines for Transitional Arrangements for the Mandatory Contributions, Educational and National Awareness Campaign Programme. Subsequent to this, the NPRA embarked on a massive multimedia public education and information campaign aimed at taking the message of the National Pensions Scheme to the doorsteps of its beneficiaries. As a prelude to the educational programme, the NPRA held between 24<sup>th</sup> - 27<sup>th</sup> November, 2009 separate workshops for three categories of media personnel in Accra including: Editors, Radio and T.V. Presenters, Financial Reporters and Feature Writers, Social Commentators on Radio and T.V., Government Officials, Radio & T.V. Analysts and Public Relations Officers of various Public Institutions.

The NPRA organized fora for the formal and informal sectors in April, 2010 to introduce its guidelines for provisional licensing of approved trustees and registration of provident funds and group personal pension schemes. Subsequently, the guidelines for transitional arrangements for the voluntary schemes were published on 30<sup>th</sup> April, 2010. The implementation of the voluntary third tier provident fund and personal pension scheme started from 1<sup>st</sup> May, 2010.



Several milestones that have been achieved under the pension reforms as of the end of May this year, have been published in this newsletter.

For the foreseeable future we shall ensure that effective regulations are in place for the efficient administration of the new pension scheme, particularly in the privately-managed schemes. We intend to create a congenial atmosphere and awareness to deal with grievances and complaints. The Authority stands as a watchdog, with the overriding objective of ensuring that all pension matters are administered with minimum exposure to fraud and risk. We shall go the extra mile to meet expectations of all Ghanaian workers, in both the formal and informal sectors. We shall at all times be guided by the mission to enhance pension benefits, increase retirement income security, and make available much needed long term funds for the development of the economy. In this wise, our aim is to become a leader and model in pensions regulation. In order to achieve this, we intend to develop an effective system of prudential regulations to ensure retirement income security, act as a catalyst and a leading promoter of the pensions industry. The Authority will effectively protect beneficiaries and other stakeholders interest whilst ensuring that all operators and stakeholders operate under sound, fair and effective rules.

In this maiden edition of the NPRA newsletter, we have a range of articles covering topical issues and news. There are also pictures of some of the events undertaken by the NPRA and our engagement with employers, various organizations, service providers and major stakeholders. We plan to publish the newsletter two to four times a year. I hope you will find the contents of interest and that you will give us a feedback to consider in future editions. We also intend to create a column to enable stakeholders express their views and comments.

Let me now invite you to visit our new interactive and user friendly website; [www.npra.gov.gh](http://www.npra.gov.gh) and also introduce to you the Authority's logo and its significance displayed on the back cover of this newsletter.

Finally, I wish to invite all to join the new scheme and to express my personal gratitude to the Government, the UNDP, World Bank and the Swiss Government for their financial and technical support.

## PENSION REFORMS STRATEGIC MILESTONES

DATE	ACTION
July, 2004	Government of Ghana initiated a major reform of the pension system in Ghana
July, 2004	Presidential Commission established which reported its findings in March, 2006
July, 2006	Government issued White Paper (W.P.No. 1/2006)
October, 2006	Pensions Reform Implementation Committee (PRIC) established
August, 2007	Proposals for National Pension Reform Bill submitted to Government
29 <sup>th</sup> October, 2008	Bill passed by Parliament
4 <sup>th</sup> December, 2008	Bill receives Presidential assent
12 <sup>th</sup> December, 2008	New Law Act 766 promulgated
31 <sup>st</sup> August, 2009	Board of National Pensions Regulatory Authority inaugurated
16 <sup>th</sup> September, 2009	New Pension Scheme launched by His Excellency Prof. J.E. Atta Mills
December, 2009	Publication of First Public Notice in the Print Media on the Guidelines for the Mandatory Scheme
10 <sup>th</sup> December, 2009	Meet the Press at the Ministry of Information by the NPRA Board and the launching of: <ul style="list-style-type: none"> <li>• Time Table for implementation of the scheme covering the period Jan.1 – Dec. 30, 2010</li> <li>• Guidelines for Mandatory Schemes. (1<sup>st</sup> &amp; 2<sup>nd</sup> Tiers)</li> <li>• Educational and Sensitization Programme</li> </ul>
1 <sup>st</sup> January, 2010	Implementation date for new rates of Mandatory contributions
30 <sup>th</sup> January, 2010	Commencement of deductions of Mandatory contributions by Employers
1 <sup>st</sup> –14 <sup>th</sup> Feb, 2010	Payment by Employers to SSNIT of the January contributions including the 5% to the 2 <sup>nd</sup> Tier
8 <sup>th</sup> February, 2010	Issued Notice to the Public on Educational programmes on the New Pension Scheme
12 <sup>th</sup> March, 2010	Issue of Public Notice No. NPRA/PN/02/10 on Forum for Companies /Institutions/ Organizations/Associations with provident Funds/Pensions/Staff Welfare Schemes
16 <sup>th</sup> April, 2010	Forum for Formal Sector with reference to Issue of Public Notice No. NPRA/PN/02/10 to discuss Guidelines on Transitional Arrangements – Voluntary Schemes
22 <sup>nd</sup> April, 2010	Forum for Informal Sector with reference to Issue of Public Notice No. NPRA/PN/02/10 to discuss Guidelines on Transitional Arrangements – Voluntary Schemes
30 <sup>th</sup> April, 2010	Issue of Public Notice: NPRA/T.GUID/PL.TI/3/10 Guidelines on Application for Provisional Licence as Approved Trustees. NPRA/T.GUID/PR.VS/02/10 Guidelines on Transitional Arrangements (Voluntary Schemes) Provisional Registration of Provident Funds and Group Personal Pension Schemes.



**14. Would those who are 55 years and above continue to contribute 17.5% or 18.5%?**

Contributors who are 55 years and above who opted to join the new scheme in its implementation will have to contribute 18.5%. Those still on the old scheme will continue to contribute at 17.5%.

**8. What is the implication; should a worker use his/her 2<sup>nd</sup> tier contribution to secure mortgage and dies after 3 years?**

The person would have taken a Life Insurance cover to secure the mortgage and this should leave untouched his benefits for his/her survivors.

**9. How would the Authority assess the performance of a fund manager?**

The National Pensions Regulatory Authority (NPRA) would set its benchmark for assessing a Pension Fund Manager.

**10. What are the criteria for choosing a fund manager?**

The Fund Manager should be licensed by SEC (Securities and Exchange Commission) and registered by the Authority.

**11. How is the Authority going to ensure that SSNIT expenses are not as high as presented to the public?**

Under Section 55 (1) of the Pensions Act, the administrative expenses of SSNIT would be subject to a maximum limit. The Authority would effectively monitor SSNIT to ensure that its expenses are within the prescribed limit.

**12. Who would be the trustees under the new pension scheme, would the current trustees change or not?**

The current trustees will have to conform and comply to the standards set in the law.

**13. Those who are due for pension this year, would they fall under the new scheme or the old scheme?**

Those who are due for pension are presumed to be above age 55, and would therefore remain under the old scheme and receive both their lump sum and monthly pension from SSNIT.



- Provisional licensing of Trustees and Schemes
- Education and Sensitization campaign for Stakeholders/Service Providers/Employers etc.
- Establishment of District/Regional Offices to handle grievances and complaints
- Public Education through;
  - Workshops
  - Electronic and Print Media
  - Media and Stakeholders orientation in the Regions
- Preparation and Publication of appropriate educational materials to meet audience expectations
- Outdoor advertising through the production and mounting of Bill Boards, Banners and Posters
- Workshops, seminars, group discussions, talk shows and consultation with appropriate stakeholders
- Publication of guidelines, regulations, codes and standards
- Full licensing of service providers, registration of fund managers, custodians and approval of schemes and investment funds

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Some NPRA Board Members at their Inauguration

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**VISION**

- To be recognized as a world-class pension regulator that consistently delivers the highest value to pensioners in the country.

**MISSION**

- To ensure the efficient, effective and equitable development and administration of pensions in Ghana, in order to protect and promote the interest of pensioners, while advancing the development agenda of the country.



*Pages*

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## BRIEFING NOTES ON PENSION REFORMS IN GHANA

### Background

Over the years, concerns have been raised and agitations made by public servants over inadequacies of the level of pensions to sustain a dignified life for retired public servants. Of particular concern to most workers' groups has been the low pensions received by workers under the Social Security and National Insurance Trust (SSNIT) Pension Scheme compared to those still under Chapter 30 of the 1950 British Colonial Ordinances (Pension Ordinance No. 42), popularly known as CAP 30.

In addition, pension schemes that have been operated in the country so far, have, beside their limitations, also failed to consider the plight of workers in the informal sector, who constitute the majority (about 85%) of the working population in Ghana.

The concerns rose to a peak in agitation and protests by workers' organizations for the restoration of public service pensions to the level of the provisions still available to some public officers under CAP 30, in place of the SSNIT system that had been introduced in 1972 as the mandatory and universal pension scheme for all employees.

In recognition of the need for reforms to 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 the establishment of a Presidential Commission on Pensions under the chairmanship of Dr. T.A. Bediako.

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 Ghanaian workers, with special reference to the public sector.

The Commission submitted its Final Report in March 2006. The Government accepted almost all the recommendations of the Commission and issued a White Paper (W.P. No. 1/2006) in July, 2006. The main recommendation of the Commission was the creation of a new contributory Three-Tier Pension System for Ghana, funded by direct contributions of employer and employees to, replace existing parallel pension schemes.

The new contributory three-tier pension scheme comprises two mandatory schemes and a voluntary scheme as follows:-

**First Tier** mandatory basic national social security scheme which will incorporate an improved system of SSNIT benefits, mandatory for all employees in both the private and public sectors;


**Second Tier** occupational (or work-based) pension scheme, mandatory for all employees but privately managed, and designed primarily to give contributors higher lump sum benefits than previously available under the SSNIT pension scheme; and

**Third Tier** voluntary provident fund and personal pension schemes, supported by tax benefit incentives to provide additional funds for workers who want to make voluntary contributions to enhance their pension benefits and also for workers in the informal sector.

It is important to underline that provision has been made in the 3<sup>rd</sup> tier voluntary Personal Pension Scheme to cater for the peculiar needs of workers in the informal sector of the economy which covers about 85% of the working population.

Other major accepted recommendations in the White Paper included:-

- Establishment of a National Pension Regulatory Authority to regulate both public and private pension schemes in the country.
- Decentralization of public sector pension management and a restructured administrative system for CAP 30, while it lasts.
- Restructuring of SSNIT which should include an overhaul of the governance, management and administrative structures.
- Pension Coverage for the Informal Sector.
- The proposed National Pension Regulatory Authority should, within four years after coming into effect of the new pension scheme, achieve unification of all pension schemes in the country.

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## Questions and Answers at Various Public Sensitization Seminars/Workshops on the New Pension Scheme



### 1. What would happen to someone who retires at the age of 45 years under the new pension scheme?

Under the new pension scheme you cannot retire at age forty-five (45). You can take an early retirement at age fifty-five (55). However, under the 2<sup>nd</sup> tier mandatory scheme, you can claim your accrued benefit at fifty (50) if you are unemployed.

### 2. How would you determine the lump sum and the monthly pensions of workers who are above 45 years and have all their contributions in the 2<sup>nd</sup> tier?

Under Section 63 (9) of the Pensions Act, a portion of the accrued benefits (comprising total contribution and returns on investments) would be used to purchase an annuity for life (the same as pensions) to provide monthly pensions.

### 3. What would happen to a worker who attains age 55 at 2010 and decides to join the scheme?

If you join the new scheme the rules and regulations of the scheme applies to you automatically. The lump sum would be paid from the occupational scheme and only your monthly pension from SSNIT compared to the former arrangement where you would have received both lump sum and monthly pension from SSNIT.

### 4. If a worker makes the minimum time contribution of 180 months (15 years) under the new scheme and dies, would SSNIT pay the survivors benefits?

The beneficiaries will receive a onetime lump sum benefit from the Social Security and National Insurance Trust (SSNIT) in addition to any benefit accrued under the 2<sup>nd</sup> tier mandatory occupational scheme.

### 5. What would happen to funds which are privately managed should there be a credit crunch?

The National Pensions Regulatory Authority (NPRA), by regulations and guidelines would put in place preemptive measures to protect the contributor's funds to avoid loss. However, approved trustees would have the fiducial responsibility to ensure that investments are diversified and within the permitted investments.


### 6. Would a pensioner who lives more than 75 years still be paid a monthly pension and how much?

Yes. He/she would be paid a monthly pension at the same level as he/she was receiving at age 75 and indexed annually according to the law till he dies.

### 7. Is the 4 years enough for the Unification of the pensions schemes in the country?

Yes. Work on this will begin immediately.



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# HIGHLIGHTS ON THE NEW PENSION SCHEME

## Comparison Between The Old and New Schemes

	Old Scheme	New Scheme
<b>Type</b>	SSNIT: Defined Benefit CAP 30: Defined Benefit	Defined Benefit (1 <sup>st</sup> Tier). Defined Contribution 2 <sup>nd</sup> & 3 <sup>rd</sup> Tiers
<b>Funding</b>	SSNIT: Partial Funding Social Security Scheme Cap 30: Mostly unfunded Government Scheme	1 <sup>st</sup> Tier: Partial Funding Social Security scheme 2 <sup>nd</sup> & 3 <sup>rd</sup> Tiers: Contributory and Fully Funded
<b>Membership</b>	Mandatory for all employees in formal sector.	Mandatory for all employees with over five years to retire.
<b>Pension Portability</b>	Portable for social security scheme. Not Portable for Government Scheme	Portable for all three tier schemes
<b>Management</b>	Largely State (SSNIT)	Privately managed by Approved Trustees
<b>Benefits</b>	Discriminatory	Uniform Application
<b>Supervision</b>	Regulated Social security Unregulated Private Schemes	Strictly regulated by National Pensions Regulatory Authority
<b>Tax Exemption</b>	Limited	Contributions (up to specified limit), Investment Income and Retirement Benefits

## Objectives of 3-Tier Pension Scheme

The main objectives of the 3-tier pension scheme are to:

- Provide pension benefits that will ensure retirement income security for workers.
- Ensure every worker receives pension benefits as and when due
- Establish rules, regulations and standards for administration and payment of pension benefits

## Contributions

### Contribution Rates

	Previous	Additional	New Rate
Employer	12.5%	+ 0.5%	= 13.0%
Employee	5.0%	+ 0.5%	= 5.5%
	<b>17.5%</b>	<b>1.0%</b>	<b>18.5%</b>

## Remittances

- SSNIT – Mandatory 1<sup>st</sup> tier: 13.5% (2.5% NHIS Levy for Health care; 11% for pensions)
- Private - Mandatory 2<sup>nd</sup> tier: 5%
- The Minimum Contribution for the mandatory schemes will be based on daily minimum wage.
- There will be Maximum Contribution to check abuse of the first tier basic national social security scheme (i.e to check gaming) (section 63(3) of Pension Act)

## Tax Exemption

- Contributions up to specified limit is tax exempt.
- Investment income is tax exempt.
- Retirement (Pension) benefit is tax exempt.
- The total tax exemptions for contributions into all the pension schemes under the three-tier pension system would not exceed 35%.

## Tax Exemption on Contributions

1 <sup>st</sup> tier (mandatory)	-	13.5%
2 <sup>nd</sup> tier (mandatory)	-	5.0%
		<b>18.5%</b>

(employer gets 13.0% and employee gets 5.5%)

3<sup>rd</sup> tier (voluntary) - 16.5% (employer/employee)  
(section 112 of Pensions Act)

## Key Features (1<sup>st</sup> Tier) - Mandatory Basic National Social Security Scheme

- Will concentrate on payment of monthly pensions and related benefits
- Mandatory for all employees in the formal sector and optional for self-employed.
- The governing body of the Trust is a Board of Trustees with balanced representation of stakeholders.

**Entry Age** – 15 years (minimum) and 45 years (maximum) – only for new entrants.  
(age 45+ to enter mandatory 2<sup>nd</sup> tier - see section 63 (8) of Pensions Act)

**Age Exemption** – 55 years and above exempted (option to join) (section 60 (1))

**Investment of Funds** – investment policy, permitted investments and external investments (section 67, 68, 69)

## Improved Benefits and Qualifying Conditions

- Qualifying period reduced from 20 to 15 years (section 76)
- Survivors benefits period increased from 12 to 15 years (section 78)
- Hazardous employment benefit – underground mine workers to retire at age 55 with full retirement benefit (section 75, 76)

## PENSION REFORM IMPLEMENTATION COMMITTEE (PRIC)

In October 2006, the President appointed an 8 member Implementation Committee (including representatives of Ministries of Finance, Public Sector, Employment and Attorney General) and a Consultant, under the chairmanship of Dr. T.A. Bediako, to implement the accepted recommendations. As part of the Implementation Plan, the Committee established five (5) Sub-Committees based on strategic stakeholders interests and expertise to advise the Main Committee on specific areas in the Government White Paper.

## Mandate

The mandate of the Committee was to perform the following tasks:

- To implement the accepted recommendations of the Presidential Commission on Pension as contained in the Government White Paper No. W.P. No.1/2006 of July 2006.
- To facilitate the drafting of a new Pension Reform Bill that will give legal backing to all the accepted recommendations of the Presidential Commission on Pensions requiring the passage of laws.

The Committee commenced work in October, 2006 and as part of its mandate submitted proposals for National Pension Reform Bill to Government in 2007. Bill was passed by Parliament on 29<sup>th</sup> October, 2009 and received Presidential assent on 4<sup>th</sup> December, 2008.

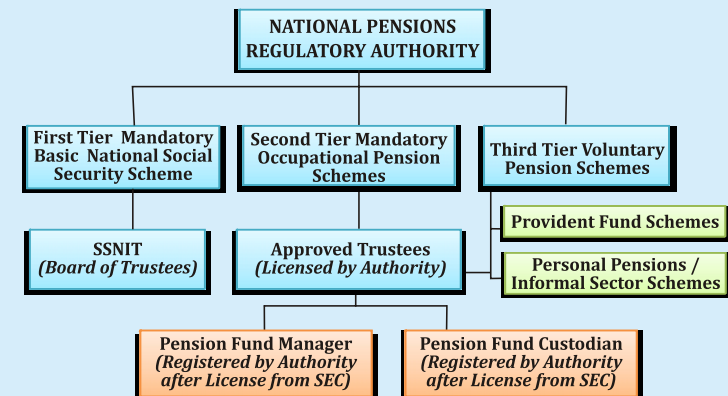
Subsequently a new Pensions law, the National Pensions Act, 2008 (Act 766) was promulgated on 12<sup>th</sup> December, 2008.

## NATIONAL PENSIONS REGULATORY AUTHORITY (NPRA)

A ten member Board of the National Pensions Regulatory Authority, Chaired by Mr. Richard Kwame Asante, was inaugurated on 31<sup>st</sup> August, 2009.

The New Pension Scheme was launched by His Excellency, Prof. J.E.A. Mills on 16<sup>th</sup> September, 2009. The implementation date for the new scheme was 1<sup>st</sup> January, 2010.

## REGULATORY STRUCTURE (THREE-TIER PENSION SCHEME)



## FUNCTIONS OF THE AUTHORITY

### SECTION 2:

Act 766 establishes a National Pensions Regulatory Authority (NPRA) to oversee the administration and management of the three - tier pension scheme.

## Pensions Regulator

- The National Pensions Regulatory Authority (“the Authority”) will regulate both public and private pension schemes in the country.

The Authority will approve, regulate and monitor Trustees, Pension Fund Managers, Custodians and other institutions relating to pension matters.

## Other Functions include the following:-

- To register pensions schemes and issue guidelines for the investment of pension funds;
- To sensitize the public on matters related to the various pension schemes;
- To receive and investigate complaints of impropriety in respect of the management of pension schemes;
- To receive, and investigate grievances from pensioners and provide for redress;
- To advise government on the general welfare of pensioners;
- Established standard, rules and guidelines for the management of pension funds under the National Pensions Act, 2008 (Act 766);
- Regulate and monitor the implementation of the Basic National Social Security Scheme.



# INAUGURATION OF THE NPRA BOARD

*Extracts from the Acceptance Speech of The Board Chairman at The Ministry of Employment and Social Welfare on The 31<sup>st</sup> August, 2009.*

The Chairman of the Board of the Authority Mr. Richard Kwame Asante in his acceptance speech thanked the President H.E. President Mills for appointing them to serve on the Board of the National Pensions Regulatory Authority NPRA. He also on behalf of the Authority expressed their deepest appreciation to all those who helped in the crafting of the new pension scheme particularly Dr. T. A. Bediako who led a dedicated team to deliver the new scheme.

He appealed to the Government for the desired support to enable a successful and effective operation of the Authority. The Chairman assured workers that the Board would go the extra mile to ensure that the expectations of the Ghanaian workers are met.

In conclusion, the Chairman invited all stakeholders, especially organized labour and employers to cooperate and work closely with the Authority to ensure the implementation of a functional scheme for the benefit of all concerned.

*NPRA Board during their swearing in ceremony*



*NPRA Board Inauguration Members in a group picture with Hon. Amoanor Kwao*



## Public Confidence in the New Pension Scheme

It is a bit of a respite to know that some steps have been taken to improve pension provision in Ghana. For a long time, provision for pension has left much to be desired. Contributors and pensioners have had their fair slice of the somewhat botched system. First hand experience with pensioners and views gathered by the Implementation Committee from various groups affirm the poor state of pensions. It may also be of interest to note that the recent world-wide financial crises and pockets of others preceding it, have eroded confidence in most parts of the world.

As the new multi-tier pension scheme takes off, one thing that would stand in its way is public confidence. Wrecked confidence has emanated from inefficiencies in record management, processing of contributions, processing and payment of benefits especially in the initial stages of retirement. The present state should only show players the enormous nature of the task, and how large the room for improvement is. What is required is to build public confidence that the new scheme would improve pensions. Improvement would be expected in the level of benefits and services. Payment of benefits under the new scheme is quite a while away from now, but the initial services of data management, processing contribution and availability of scheme information would be keenly watched by all. Building public confidence is like building a product /service brand. It needs time and consistency.

The players in the pensions industry are the ones to build this 'brand' of pensions. Two most crucial players are the National Pensions Regulatory Authority (NPRA) and the Private Service Providers. The discipline instilled in the industry by the regulator is of great importance and critical for its success. Of course in the early stages there would be a lot of challenges and room has to be made for them. Private Service Providers owe the public transparency in the running of the schemes.

Financial services and trends in capital markets are driven by intangible sentiments and this would not be any different. The time of life when these benefits are needed makes pension very sensitive.

*By: Yaw Antwi, A Risk Manager and Certified Financial Planner (UK), specialized in Pension Administration.*

## OUTREACH PROGRAMMES ORGANISED TO SENSITIZE AND EDUCATE THE PUBLIC ON THE NEW PENSION SCHEME

### NATIONAL PENSIONS REGULATORY AUTHORITY (NPRA)

#### GREATER ACCRA

- The Institute of Chartered Accountants (Ghana)
- Ghana Banking College
- National Insurance Commission (NIC)
- Save Foundation (NGO)
- Bureau of National Investigations (BNI)
- Ghana Prisons Service
- Civil Servants Association Ladies Club
- Ghana Insurers Association
- Ministry of Foreign Affairs (Annexe)
- Ministry of Energy
- Electoral Commission
- Ghana Broadcasting Corporation (GBC)
- Pensions Forum for Companies/Institutions/Associations with existing Provident Fund/Pension/Welfare Schemes. (Formal and Informal Sectors)
- Meet the Press on Guidelines on the Mandatory Schemes and Launching of the Authority's Sensitization/Educational Strategic Plan.
- Pensions Forum for Service Providers (Banks and Insurance Companies and Investment Advisers).
- Engagement with Government Officials, Management Level Editors, Media Analysts, Social Commentators, Reporters and PROs.

### PENSION REFORM IMPLEMENTATION COMMITTEE (PRIC)

**ASHANTI REGION** (Kumasi Metropolitan Assembly, Ejura, Agona, Tepa, Bekwai, Mampong, Fomena, Nsuta, Effiduase, Mamawu, Manso, Konongo, Nkwanta, Juaso, Nkawie, Ejisu, Mampong Districts)

**NORTHERN REGION** (Bole/Sawla, Damongo, Walewale, Savelugu Nanton, Tamale, Yendi and Salaga Districts)

**UPPER EAST REGION** (Bolga/Bongo/ Tongo, Navrongo, Paga/Chiana and Sandema Districts)

**UPPER WEST REGION** (Wa, Nadowli, Jirapa, Lawra/Nandom, Lambusie/Hamile and Tumu/Gwollu Districts)

**WESTERN REGION** (Twifo Praso, Assin Districts)

**CENTRAL REGION** (Komenda, Elmina, Agona Swedru Districts)

**VOLTA REGION** (Ho, Hohoe, Denu Districts)

**EASTERN REGION** (Koforidua, Nsawam, Akim Oda Districts)



While contributors can access benefits before retirement from personal savings account, the proceeds of the retirement account shall only 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.

### How To Participate In The Special Informal Sector Scheme.

The informal sector workers can participate as organized groups (Group Personal Pension Scheme) or as individuals in a Personal Pension Scheme. For example, Cocoa farmers or Makola market women or Koforidua barbers or Hohoe drivers or Moree fishermen, can come together to form, say, "Hohoe Drivers Pension Scheme".



There will be Corporate Trustee companies and insurance companies that will establish personal pension schemes or group pension schemes.

The Groups can also set up their own schemes and seek technical advice or outsource administration and other technical work to third party administrators. All the Pension Funds and assets will be kept by a custodian, which is mainly a bank or financial institution registered by the Pension Regulatory Authority. But the choice of custodians lies with the group. The National Pensions Regulatory Authority can also provide guidance when contacted.

### NPRA EDUCATES CIVIL SERVANTS ASSOCIATION LADIES CLUB (CISALAC)

#### On The New Pension Scheme.

As part of the Nationwide Education and sensitization programme on the New Pension Scheme, the National Pensions Regulatory Authority (NPRA) on the 25<sup>th</sup> March, 2010 sensitized the members of the Civil Servants Association Ladies Club in Accra on the new pension scheme.

This was during the first quarterly meeting of the club in Accra. Participants were taken through events leading to the Pensions Reforms and details of the new pension scheme and the management of the scheme.



Concerns and questions from the members were addressed by the NPRA Team and the participants urged the Authority to continue to educate Ghanaian workers.

Present at the function were Mrs. Cecilia Ezua who was the Chairperson, Mrs. Cynthia Asare Bediako, President of CISALAC, Christiana Edmond, Vice President of CISALAC and Mr. Foli representative from Civil and Local Government Staff Association and other executives of the club.



## LAUNCHING OF THE NEW PENSION SCHEME

*Extracts from The President's Speech at The National Theatre on the 16<sup>th</sup> September, 2009.*

Launching the New Pension Scheme, H. E. President Evans Atta Mills spoke passionately on the new scheme especially with regard to the informal sector. H.E. the President, reminded the National Pensions Regulatory Authority of the heavy responsibility which has been entrusted on them especially with regard to the informal sector. He advised the Authority to organize a comprehensive educational and sensitization programme to encourage individuals, associations and groups to participate in the scheme.



H. E. the President was particularly happy about the fact that under this new pension scheme, provision had been made for workers to use their future lump sum as collateral security to secure loans and mortgages for their primary residence.

He however, had words of caution to the Fund Managers "I will want the Fund Managers to work conscientiously, but let me draw their attention to the fact that if the recent experiences and the global financial crises are to be noted, you make sure that while you ensure that the funds are made available you do not over stretch the system".

The President described the New Pension Scheme as a dream come true and encouraged all Ghanaians to welcome it while cooperating with the Authority to achieve the desired results for the benefit of all contributors.

*The President and Other Dignitaries at The Launching*



**Picture details:**

His Excellency Professor John Evans Atta Mills, the President of Ghana (3<sup>rd</sup> from left), Mr. Richard Kwame Asante, The Chairman of the NPRA, (4<sup>th</sup> from left), Hon. Amoanor Kwao, Former Minister for Employment and Social Welfare (2<sup>nd</sup> from left), Mr. Kofi Asamoah, Secretary General of TUC, (1<sup>st</sup> from left), Dr. T.A. Bediako, a member of the Board of NPRA, (5<sup>th</sup> from left), Mr. Kwame Preprah, The Chairman of the Board of SSNIT. (6<sup>th</sup> from left)

*The President Arriving for The Launching*



*Public interaction after the Launching*





## ROLES OF VARIOUS STAKEHOLDERS

1. Employees
2. Employers
3. Trustees
4. Pension Fund Managers
5. Pension Fund Custodians

### 1. Employees

- Know information about your payroll deduction arrangements with your employer.
- Know how much is deducted from your salary or how much contribution you pay to the scheme.
- Know contact details of trustee of scheme, such as name of representative of company, phone and fax number and email.




### 2. Employers

- Comply with legal demands and obligations towards the social security and occupational pension schemes such as deducting the relevant contributions from the employee's salary and remitting these along with your contributions report to the Mandatory scheme.
- Provide the administrative and accounting services required to enable a worker join and contribute to a personal pension scheme of the employee's choice.
- Make appropriate payroll deductions from the monthly salary of a worker who desires to contribute to a provident fund or a personal pension scheme and remit the contributions to the approved trustee of the scheme within fourteen days after the end of the month of deduction.
- Should not mingle payroll deductions with the employer's own funds and where an employer deducts contributions from the salary of a worker the contributions shall be held by the employer in trust until it is remitted to the appropriate approved trustee.
- Provide scheme trustees or administrators with the information they need to carry out their duties.
- Provide information and access to support your employees.
- Keep proper books of accounts and records of contributions made.
- Work in compliance with the National Pension Regulatory Authority (NPRA).

### 3. Trustees

The role of a trustee is very important in that, the members of the scheme place their trust in you to make sure that they receive their promised benefits. They will be looking up to you to make sure that the scheme is administered efficiently and honestly and in the best interest of all members by doing the following:-

- Act in line with the trust deed and rules
- Secure scheme registration
- Appoint pension fund managers, custodians and other service providers and ensure their compliance with regulatory requirements or guidelines
- Maintain investment policy statements and internal control procedures that may be prescribed by the NPRA Board

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## PENSION REFORMS IN GHANA: SPECIAL FOCUS ON THE INFORMAL SECTOR

### EXTRACTS

Everyone needs money to live on when they retire or can no longer work. The reality, however, appears to be that few people spend time thinking about long-term savings for their days of retirement. Another striking reality is that because more people are living longer, the period of retirement could be as much as a quarter of one's life-span. When we retire or can no longer work, we will still need to pay bills and have money to meet financial and social obligations.

The needs of workers after retirement include the following: food, shelter, clothing, transportation, healthcare, other household expenses, funeral donations, family commitments, entertainment and other social activities. Unfortunately, the traditional and customary ways of helping the aged to meet the above needs have broken down. Support from children and relatives are less reliable and forthcoming.

Given how gloomy retirement without adequate income can be, there has always been the need to put in place, an appropriate pension scheme that will ensure brighter retirement period for workers. Pension schemes that have been operated in the country so far, have, beside their limitations, also failed to consider the plight of workers in the informal sector, who constitute the majority of the working population in Ghana.

### Meetings With Informal Sector Representatives

To appropriately capture the concerns and needs of workers in the informal sector, the Presidential Commission on pensions held discussions with a cross-section of the informal sector, including representatives of the Council of Indigenous Business Association (CIBA), Ghana Union of Traders' Association (GUTA), Ghana Cocoa, Coffee and Sheanut Farmers Association, the Ghana Private Road Transport Union of TUC (GPRTU), the Greater Accra Markets Associations (GAMA) and the Ghana National Association of Garages, to solicit their views on a retirement scheme for that sector."

Indeed, the Commission also noticed that the absence of a formalized arrangement that provides retirement income security for the informal sector was inconsistent with the provisions of Article 37(6) (a) of the 1992 Constitution which enjoins the State to: "ensure that contributory schemes are instituted and maintained that will guarantee economic security for self-employed and other citizens of Ghana.



During the Commission's interactions with representatives of the informal groups, they were enthusiastic about participating in any form of retirement savings scheme that would meet their retirement income needs and would welcome the establishment of such a Scheme.


### Special Pension Scheme For The Informal Sector

Provision has been made in the third-tier voluntary Personal Pension Scheme of the new Three-tier Pension Scheme, to cater for the peculiar needs of workers in the informal sector of the economy who constitute the majority of workers in the country.

The informal sector workers will elect to contribute any amount they can afford on monthly or regular basis. It must be emphasized that the benefits that will accrue, will depend on how much contribution is made. The more the amount contributed, the bigger the benefits.

Informal sector contributors will have two accounts:

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

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## MEET THE PRESS

The National Pensions Regulatory Authority (NPRA) organized the meet the press to lay out its plans for the implementation of the new pension scheme which commenced 1<sup>st</sup> January, 2010 to stakeholders and the general public. This included an Implementation Time Table for the new 3-tier pension scheme, Guidelines for Transitional Arrangements for the Mandatory Scheme.



The Authority also used the occasion to lay out its Educational and National Awareness Campaign programme and called for the support of the media in the educational campaign to ensure that all stakeholders especially the informal sector workers are well educated on the new pension scheme.



## MEDIA ORIENTATION ON THE NEW PENSION SCHEME

As part of the National Educational and sensitization campaign programme on the new pension scheme, the NPRA organized a media orientation to sensitize and educate Government officials, Management Level Editors, Media Analysts, Social Commentators, Reporters, and PROs on the new pension scheme at the Alisa Hotel and Coconut Grove Regency Hotel between 24<sup>th</sup> and 26<sup>th</sup> November, 2009.



This was to afford them the opportunity to understand the details of the new scheme so that they can speak from an informed source when reporting on the new pension scheme in line with their duties.

The programme was to enable the Authority build a good partnership and rapport with the media for an effective and successful educational and sensitization campaign on the new scheme across the country.



- Ensure that the investment of funds of the scheme is diversified to minimise investment risk
- Act as a provident trustee in financing relationship with its members
- Keep proper accounting records and a members' register
- Prepare and lodge annual audited financial statements, scheme and investment reports and other relevant records that the NPRA Board may require
- Perform other functions as may be directed by the NPRA Board.
- Act prudently, responsibly and honestly
- Act in the best interests of your beneficiaries
- Act impartially

## 4. Pension Fund Managers

- Invest pension funds and assets in accordance with the provisions of the National Pensions Act, 2008 (766).
- Invest the funds in different investments to minimize investment risks whilst achieving the best return within specific investment activities set by trustees.
- Maintain books of account on transactions related to pension funds invested.
- Submit its activities to inspections in the discharge of duties of trustees.
- Submit records and reports that the NPRA Board may require.
- Perform other functions that the NPRA Board may prescribe that are incidental to the performance of its functions.

## 5. Pension Fund Custodians

- Receive contributions remitted by the employer under the National Pensions Act, 2008 (Act 766) on behalf of the trustees.
- Notify the trustees within forty-eight hours of the contributions from an employer.
- Hold pension funds and assets in trust for members.
- Settle transactions and undertake activities related to the administration of pension fund investments including the collection of dividends and related activities.
- Report to the NPRA Board on matters related to the assets being held on behalf of a trustee at periodic intervals that the NPRA Board may determine.
- Undertake statistical analysis on the investments and returns on investments with respect to pension funds in their custody and provide data and information to the trustee and the NPRA Board.

- Execute in favour of the trustees, relevant proxy for the purpose of voting in relation to the investment.
- Perform other functions as may be directed by the NPRA Board.

## NATIONAL PENSIONS REGULATORY AUTHORITY PUBLIC NOTICE

### Implementation of The National Pensions Act, 2008 (Act 766)

#### PUBLICATION OF TRANSITIONAL GUIDELINES ON APPLICATION FOR PROVISIONAL LICENCE AS APPROVED TRUSTEES

AND

#### REGISTRATION OF PROVIDENT FUNDS AND GROUP PERSONAL PENSION SCHEMES

### Submission of Applications

- completed application forms and the relevant application documents for provisional license as individual trustees should be submitted in hard copies and sent, together with the application fees;
- completed application forms and the relevant application documents for registration of a provident fund scheme or group personal pension scheme should be submitted in hard copies and sent, together with the application fees to:-

**The Chairman,**  
National Pensions Regulatory Authority,  
Office of Head of Civil Service Building,  
PMB Ministries, Accra.

*The prescribed format of the forms and provisional fees can be obtained from the National Pensions Regulatory Authority, Office of Head of Civil Service Building, Ministries, Accra.  
Tel: +233 - 030 - 2688089 / 2688169 / 2688232*

*You may also send e-mail to:-  
[info@pensioncommission.org](mailto:info@pensioncommission.org) / [info@npa.gov.gh](mailto:info@npa.gov.gh) to request for the prescribe forms and fees schedule or download from our website [www.npra.gov.gh](http://www.npra.gov.gh)*





# PICTURE GALLERY

## Launching of the New 3-Tier Pension Scheme

16th September 2009



## Meet The Press

10th December 2009



## Media Orientation

24th-26th November 2009



## NPRA Forum For The Formal Sector

16th April 2010



## NPRA Forum for the Informal Sector

22nd April 2010

