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PENSIONS DIGEST

Official Newsletter Of National Pensions Regulatory Authority (NPRA)

COVID-19 And Pensions

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NATIONAL PENSIONS REGULATORY AUTHORITY

"Ensuring Retirement Income Security"

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Editorial

The Effect Of COVID-19 On The Pension Industry

As the world witnessed the emergence of the novel coronavirus (COVID -19) since December 2019, the disease has virtually caused the collapse of almost all economies both large and small. Ghana's economy and for the matter, the pensions industry has not been spared of the devastating effect of the pandemic.

Pension funds, which plays a key role in the economic development of many countries have suffered some setbacks. In fact, any event that appears likely to disrupt the growth of an economy will in inevitably affect pension funds.

"Pension funds are collective investment undertakings (UCITs) that manage employee savings and retirement. Their primary objective is to provide pensioners who have reached retirement age with income in the form of a lifetime pension or capital."

Some businesses have folded up resulting in loss of jobs as others that are still in operations are struggling to pay their workers let alone pay their social security contributions which many businesses, over the years, try to avoid even in good times. The pension industry has therefore seen a reduction in pension contributions.

Today, some of these businesses are opting for the Government's stimulus packages for survival. Following the economic hardship, the COVID-19 pandemic has brought across the country and the world at large, the government has allocated some GHS600 million as soft loans to Micro, Small and Medium Enterprises (MSMEs), with up to a one-year moratorium and a two-year repayment period with an interest rate of three percent

Such companies clearly, will not be able to pay social security contributions for their workers during their revival and this may continue for a while.

Employers who fear to be prosecuted for failure to pay pension contributions of their workers have changed their employment terms to avoid compulsory payment of 1st and 2nd Tier contributions. This has led to a shortfall in the pension funds available for investment by the pension scheme providers in the country.

Apparently, some workers who have lost their jobs due to COVID -19 have also been forced to withdraw from the funds to mitigate the hardship they are going through. These workers do not see themselves finding jobs anytime soon and therefore have to withdraw from the mandatory 2nd Tier Occupational Pension scheme, taking advantage of the section 101 subsection 2 of the National Pensions Act, 2008 (Act 766).

The recent amendment of the Revenue Act by the Parliament of Ghana to allow workers affected by COVID19 to withdraw from the 3rd Tier Voluntary scheme has also resulted in the spontaneous reduction of the funds under management by the trustees. It is estimated that about one-third of the over four billion Ghana cedis accumulated in the 3rd tier voluntary schemes could be paid out due to this amendment.

The growth of pension funds directly depends on contributions and investment returns. Therefore, any fall in investment returns even as we are witnessing now will have a dire consequence on the funds. The directive by the Bank of Ghana to the banks and specialized deposit institutions to freeze payment of dividends will also impact on the performance of pension funds which have an investment in these banks.

Fixed deposit assets class which has a considerable portion of the pension funds may not also perform well due to the inability of the banks to give good rates for new investments as they would have to adjust their revenue performance and expectations due to the pandemic. Some of these banks are giving interest-free loans and have also allowed delayed in loan repayments as a way of supporting their clients in this difficult time.

Even though it is acknowledged that COVID-19 is having a toll on contributors forcing people to withdraw their benefits, care should be taken not to deplete the funds as it is already under pressure due to the reduction in contributions and investment returns. International Organization of Pensions Supervisors (IOPS) has advised that early access to pension savings should be limited, temporary, and proportionate to actual needs, especially for most vulnerable groups, and should be withdrawn in a considered manner to avoid the situation which may lead to a material worsening of the retirement benefits of beneficiaries.

Government Will Ensure Pensioners Are Not Worse Off – Minister, MELR

The Minister for Employment and Labour Relations, Hon. Ignatius Baffour Awuah has assured Ghanaian workers that the Government will do all it can to ensure that pensioners are not worse off during their retirement.

He has therefore called on all actors within the pension industry to ensure utmost pragmatism and vigilance to help safeguard pension funds in the country.

He was speaking in an exclusive interview with the Pension Digest in his office in Accra. He said the funds of the Ghanaian worker is entrusted to the industry player to ensure maximum and favourable returns.

He indicated that pension is perhaps one of the best forms of social intervention and one of the worst things anyone can do to pensions is to misappropriate funds belonging to pensioners.

He said the primary aim of the second and third pension tiers where monies are deducted on monthly basis and given to private schemes of members to invest them on behalf of their members was to make it possible to give them the best of returns and they will be able to accumulate huge sums of monies to pensioners even as and when they retire.

"So, let us not do anything that will breach the confidence our customers have in us. Should that happen it will also be a big blow to the pension industry." Mr. Baffour Awuah stressed.

He expressed the view that most contributors of pensions in the country have complained about bureaucracies and delays in the processing of their pension scheme, the Social Security and National Insurance Trust (SSNIT) has been trying to reduce the waiting time, "I must say that some progress has been made in that direction" adding that there was the urgent need to do even better than that.

Mr. Baffour Awuah noted that people invest in pension funds for the future and the only way one can choose a particular Trustee, Fund Manager or a Custodian depends on the company's strategy to grow and protect the fund.

He said there is generally a low understanding of pensions in the country and especially for persons who are not in the formal sector of employment. The Minister noted that the involvement of such people in pension is very low so it increases the dependency ratio of would-be retirees even as they go.

"Our biggest problem has been our inability to penetrate the informal sector. It is estimated that the total number of persons on the SSNIT pension is about 1.6 million people while we have a working population of about 11.9 million so it then suggests that the majority of our working population are not on pension." He lamented.

Mr. Baffour Awuah noted that pension in itself is a social intervention program so if a larger portion of the working population are operating outside the pension scheme, it is an indication of a big problem.

Tax Relief For Contributors Amidst Covid- 19 Pandemic

Life in Ghana and all over the world has been severely affected by the Novel Corona Virus. The rapid spread of the COVID- 19 has brought some developed economies to a standstill. Day in day out, the numbers of confirmed cases in Ghana and across the world keeps rising and precious lives keep dropping like leaves on a dead tree.

In Ghana and across the world, industries, companies and private institutions have been negatively affected by the pandemic. The closure of borders, the declaration of full and partial lockdowns in many countries have caused industries such as aviation, transport, hospitality etc to tremble. Many private firms in these industries and other affected industries have sort to salvage this unexpected circumstance by closing some branches, laying off workers and requesting staff to accept pay cuts in an attempt to reduce cost.

The unfortunate situation has caused poverty and financial hardship to many individuals who have lost their jobs or have their business collapsed due to the COVID-19 pandemic. This situation is worrying because many of the affected people do not have enough savings to fall on during this period and the thought of not being employed until things get back to normal makes it very frightening.

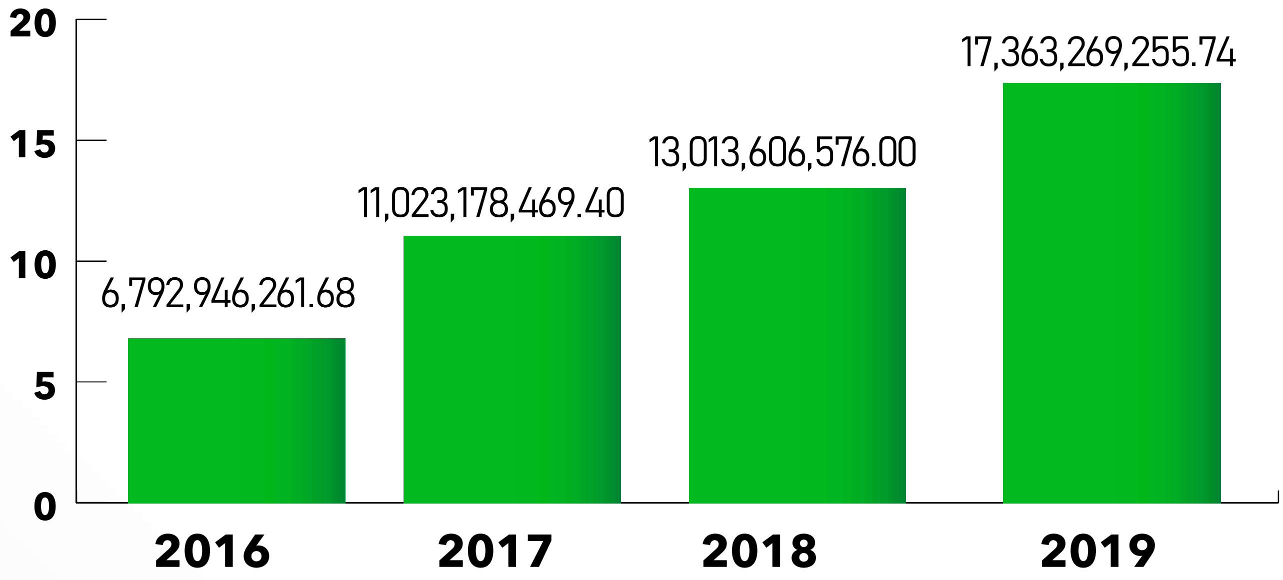
In Ghana, some individuals have called on the government to put in place schemes to help alleviate the plight of businesses and individuals who have been directly affected by the Coronavirus. Many have suggested that individuals who have contributed to the Social Security and National Insurance Trust (SSNIT) and have lost their jobs due to the COVID- 19 pandemic must be allowed to make a withdrawal from the 1st Tier Pension Scheme (SSNIT Scheme).

However, the SSNIT Scheme is a defined benefit scheme by which the average of the best three (3) years salary and the number of months/years of contribution known as pension right earned is used to determine the benefits a contributor is entitled to. Under the Three-Tier Pension Scheme, a contributor must be able to contribute for a minimum period of 180 months or 15 years to the 1st Tier Pension Scheme (SSNIT Scheme) to qualify for full benefits. A contribute who is unable to meet the minimum contributory months or years will receive an old age lump sum from SSNIT without any monthly benefit upon retirement. The question then is, should it be made possible for individuals to make a partial withdrawal from the SSNIT Scheme, would it be a portion of the years contributed? Example; an individual who has made 10 years contributions is allowed withdrawal of four years contributions, the person will now have six years contribution with SSNIT. This scenario would greatly affect a lot of contributors in the long run because most contributors may not be able to meet the minimum 15 years contributions before 60 years due to the deduction of years for the partial withdrawal. This means they would not receive any monthly benefit when they go on retirement. Moreover, even if individuals can meet or contribute above the minimum 15 years after the deduction, it will reduce the pension rights of contributors which means upon retirement, their monthly benefits will reduce.

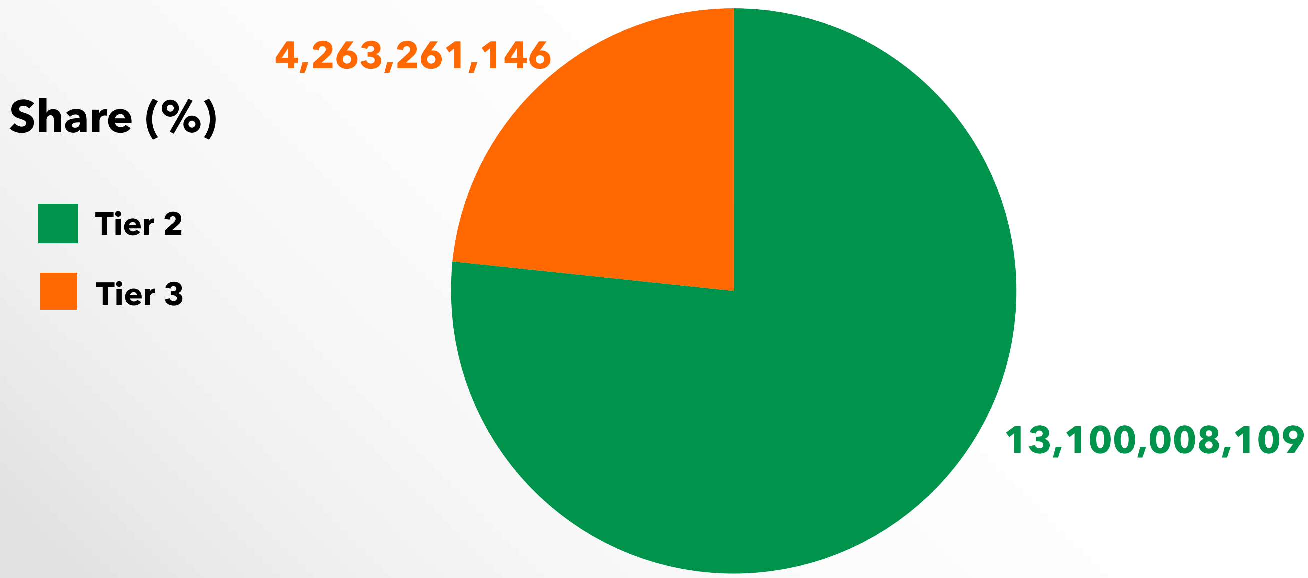
In response to the numerous calls on government to compel SSNIT to allow affected contributors to withdraw from the SSNIT scheme, Parliament on the advice and recommendation by the National Pensions Regulatory Authority (NPRA) amended the Income Tax (Amendment) Act 2015 to exempt withdrawals from the 3rd Tier voluntary Provident Fund and Personal Pension Schemes from tax. ***continued on Pg.6***

Private Pension Schemes Statistics

Ghana operates a contributory 3-Tier (3-Pillar) Pension Scheme. The private pension schemes (defined contribution plans) consists of a mandatory 2nd Tier Occupational Pension Scheme and a Voluntary 3rd Tier Provident Fund and Personal Pension Schemes. This data provides information on the growth of private pension schemes in Ghana from 2016 to 2019



Distribution of Private Pension Funds under Tiers 2 &3 (2019)



Private Pension Schemes Statistics

(continued from Pg. 5)

The National Pensions Act provides for assets classes that are permissible for investment of pension funds. These assets are guided by the guidelines on investment approved by the Authority inline with the Act. The data below provide information on investment of pension fund in various assets classes.

Private Pension Funds In Approved Asset Classes (2019)

Asset Class	Percentage (%)
GOG Bonds	61.63
Fixed Deposits	9.94
Treasury Bills	6.87
Mutual Funds	2.16
Corporate Bonds	1.92
Equities	1.74
Cash	1.23
Other	14.51

Note: "Other investments" refers to Schemes that had not submitted the required investment reports hence such funds could not be appropriately classified.

Tax Relief For Contributors Amidst

(continued from Pg. 4)

The NPRA further issued a guideline to operationalized the amendment of the Income Tax Act. According to the Authority, contributors who have been directly affected by the pandemic can withdraw from their provident funds under the 3rd Tier Pension Scheme which will be tax-exempt, contributors of personal and group personal pension schemes are also allowed to make a full withdrawal from their savings account without any tax implications.

The initial position of the law with regards to withdrawal from the 3rd tier pension scheme was that contributors of a 3rd Tier Provident fund scheme could only enjoy tax exemption after 10 years of contributions whiles withdrawal from the personal pension scheme should be after 5 years.

Any withdrawal before these periods would have attracted a 15 percent tax on the amount being withdrawn.

Workers who were fortunate to have a provident fund scheme registered as a 3rd Tier Pension Scheme and have been affected by COVID- 19 may have part of their plights alleviated by this intervention from the government. Those who also took the opportunity to enrol on a personal pension scheme would now have a financial cushion to fall on during this unexpected period.

Credit: Ivan Ashley-Lawson
(Staff Of NPRA)

The Staff of Burma Camp Educated On 3-Tier Pension Scheme

The National Pensions Regulatory Authority as part of its education and sensitization programme has educated the civilian staff of Ghana Armed Forces on the Implementation of the 3-Tier Pension Scheme. The staff were taken through a presentation on pension reforms in Ghana, management and payment of benefits under the 3-Tier Pension Scheme.

Mrs. Rosina Akrofi, the Corporate Affairs Officer of NPRA in her presentation explained the factors that led to the pension reforms in Ghana, the various pension benefits and the various institutions responsible for the payment of these benefits.

Capitan Anokye Boakye who heads the civilian establishment expressed the concerns of staff that although they are satisfied with the management of the 2nd Tier scheme with the indication on their 2nd Tier benefits statement, they are worried of the past credit being paid by SSNIT. She indicated that the past credit is very insignificant and that the Authority should do something about it.

They also expressed the concern about interest not showing on their 2nd Tier contribution statement between the period of 2010 and 2017.

In responding to some of the concern of the staff, the Assistant Manager, Corporate Affairs, Mr. Frank Anderson, said the Authority had engaged SSNIT and that SSNIT has accepted to pay 100% Treasury bill rate on the past credit contributions from 2010 in compound interest. He also indicated the Authority is in engagement with SSNIT and other stakeholders to get SSNIT to pay appropriate interest on contributions before 2010.

On the issue of statements without interest, Mr. Anderson indicated that the Authority has not approved the release of any statements on contributions from public sector workers as the contributions on the said period are being worked on. He urged them to write officially to NPRA for an investigation to be conducted on the matter.

Mrs. Akrofi in her closing remarks urged the management staff of the civilian establishment to encourage their staff to consider contributing into the 3rd Tier Voluntary scheme to enhance their pension benefit since the scheme has no age limit.

In all, thirty-eight management staff of the establishment drawn from the various Military Camps in Accra participated in the education programme.

Information Minister Pledges Support To NPRA's Sensitization Effort.

The Minister of Information, Hon. Kojo Nkrumah has pledged his support to the National Pensions Regulatory Authority in its education campaign for the informal sector. He said, "educating the public on pensions is a good initiative and that the ministry will support you".

The Minister said this during a courtesy call on him by the management of the National Pensions Regulatory Authority. He bemoaned the situation where workers begin to think of their pension and their expectations very late in their working life. The Minister indicated that most workers fail to plan and that goes to affect them on their retirement. He was therefore pleased to hear that Authority plans to engage the Information Service Department under his ministry to embark on a nationwide awareness creation campaign to sensitize and educate the public on pensions and retirement planning.

The Chief Executive Officer of the Authority, Mr. Hayford Attah Krufi in his remarks indicated that the Authority embarked on the campaign to sensitize informal sector workers on the relevance of pension as part of efforts to reduce old-age poverty.

He said the Authority has been working with the regional offices of Information Services Department (ISD) in its educational programmes in the regional capitals.

Mr Atta Krufi further indicated that the call is also to seek the Ministry's support for more collaborative effort since the Department has the expertise in communicating policies of government to the local people in a manner that they understand and appreciate.

The Hon. Minister in his closing remarks directed Information Service Department to liaise with the Authority to develop a plan for the campaign. He congratulated the Authority on its 10th anniversary and urged the regulator to do more in educating the public on the relevance of pension.

Present at the meeting were, Director of Information Services Department, Mr. Charles Wereko; Mr. Ebenezer Owusu Ansah, Deputy Director of Operations of ISD; the Dir. of HR & Admin, Mrs Drusilla Frimpong, NPRA; the Dir. of Finance, James Addai, NPRA; the Head of Corporate Affairs, Nana Sia Twum and Mr. Frank Anderson, Assistant Manager, Corporate Affairs, NPRA.

Teachers In Kwehu West Municipal Assembly Educated On Payment Of Pension Benefits Under The 3-Tier Pension Scheme.

Teachers of Kwehu West Municipal Assembly have been educated on how they can access their retirement benefits upon retirement.

Mr. Frank Anderson, Assistant Corporate Affairs Manager of NPRA made a presentation on the 3-Tier Pension Scheme and took the teachers through the management of the 2nd tier scheme. He explained that workers who are retiring from January 2020 will access their pension benefits under the 3-Tier Pension Scheme. He further explained that such workers will receive their monthly pension from SSNIT and their lumpsum from the 2nd -Tier Pension Scheme managed by trustees and not NPRA.

Mr. Anderson indicated that five schemes have been set up for public sector workers including GES Occupational Pension Scheme for workers in the educational sector, Judiciary Service Occupational Pension Scheme for judicial workers, CLOSSAG Occupational Pension Scheme for Civil servants and Health Sector Occupational Pension Scheme for those in the health sector. He went on to say that public sector workers who do not belong to any of the four schemes have also registered Public Sector Workers Occupational Pension Scheme, making a total of five schemes.

He said Controller and Accountant General's remits the tier 2 contributions of these workers directly to their schemes and therefore stressed on the need for everyone to know who their trustees are, their contact details and location so that they will not be frustrated when they retire.

The Municipal Welfare Secretary of Ghana National Association of Teachers (GNAT), Mr. Charles Gyamfi promised to call the administrator of their scheme to give them more information on the performance of the scheme and the procedures for claiming benefits under the scheme.

According to the teachers, until they were educated by the NPRA, they do not know where to access their pension benefits, whether their benefits will be paid under the 3-Tier Pension scheme or the old SSNIT scheme. Most of the teachers were between the aged between 55 to 60 years who are about to retire.

The teachers were also advised to consider contributing to the 3rd Tier Voluntary scheme to enhance their pension benefit since the scheme has no age limit.

Staff Of Wildlife Division Of Forestry Commission At Kumasi Zoo Sensitized On The 3- Teir Pension Scheme

Before the restrictions on social gatherings put in place by the Government of Ghana due to the Covid-19 pandemic, the Kumasi Zonal Office of the National Pensions Regulatory Authority on the 10th March 2020 conducted an education and sensitization programme for the staff of Wildlife Division of Forestry Commission at Kumasi Zoo.

During the programme, the Corporate Affairs Officer advised the staff to regularly request for statements for both Tier 1 and Tier 2 contributions to be able to identify omissions and anomalies to be corrected in due time to prevent delays in payment of pension benefits on retirement.

He again advised staff to update details of beneficiaries stated for both Tier 1 and Tier 2 schemes, as well as any other investment to make it easier for beneficiaries to claim survivor's benefits if the contributor passes on.

The Head of the management of the Zoo, Dr. Ziekah added that he would invite one of the Corporate Trustees to help in the registration of its staff under the 3rd-Tier pension scheme for them to take advantage of it which will help increase their pensions and limit the intake of loans and also relying on their children when they go on retirement.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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 Dippose 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

Pensions Industry Donates To COVID- 19 Trust Fund

The Chief Executive Officer of the National Pensions Regulatory Authority, Mr. Hayford Attah Krufi has led a seven-member delegation to present a cheque of Two Hundred and Fifteen Thousand Ghana Cedis (GHS 215,000.00) to the National COVID- 19 Trust Fund on the 16th June 2020 at the Jubilee House in Accra. The amount was raised from contributions by the Authority and seven Corporate Trustees.

Speaking at the donation, Mr. Hayford Attah Krufi said: "on behalf of the Board, Management of NPRA and the Pensions Industry represented by their Chamber, we present a cheque of GHS 215,000.00 to the COVID- 19 Trust Fund to assist government's effort in fighting against the COVID- 19 pandemic in the country."

Receiving the cheque on behalf of the Trust Fund, the Chairperson, Justice Sophia Akuffo expressed her gratitude to the Board and Management of NPRA and the Trustees of the pensions industry who made contributions for the donation. "The Trustees of the COVID- 19 National Trust Fund, as well as the people of Ghana, are most grateful for the donation. This COVID- 19 pandemics came upon the nation like a thief in the night and it is still busy robbing. Every day we need funds to support the combating of it in the form of PPE's, supplies of various types to the health centres and care centres. We also need inputs to help support the needy and vulnerable who have been afflicted or affected by the virus."

She assured the delegation that the donation will be put to good use and well accounted for. She promised that the Trustees of the COVID- 19 Trust Fund will publish information on the state of account of the funds very soon for the public to know what the monies are being used. "we will be publishing quite a lot of information on what we have received and where that has gone to. We will be doing that reporting to the nation on a very regular basis."

The following institutions contributed the total amount of GHS 215,000.00 which was donated;

1. National Pensions Regulatory Authority
2. Secure Pensions Trust Limited
3. Pensions Alliance Trust Limited
4. United Pensions Trustees Limited
5. Enterprise Trustees Limited
6. General Trust Company Limited
7. Axis Pensions Trust Limited
8. Petra Trust Limited

NPRA Relocates It's Takoradi Office

The National Pensions Regulatory Authority (NPRA) has relocated its Takoradi office to the Vish Tower building as of 30th March 2020.

The relocation is an attempt to move closer to major service providers such as the Social Security and National Insurance Trust (SSNIT) and also to ensure the Authority is easily accessed by all Service Providers and the general public.

The new office building is located close to the Takoradi market circle opposite Société General (SG) Bank and adjacent Garden Mart on the Kofi Annan street.

The office will continue to educate workers and the general public on the 3-Tier Pension Scheme and other related pension matters. It also ensures that employers pay their Mandatory Basic Social Security Scheme and the Mandatory 2nd Tier Occupational Pension Scheme contributions to ensure retirement income security of workers.

Education And Sensitization For Don Bosco Training And Vocational Institute

The Sunyani Zonal Office of the National Pensions Regulatory Authority has advised final year students of Don Bosco Technical and Vocational Institute to pay attention to retirement planning.

Speaking to about 309 participants comprising of final year students, teachers and non-teaching staff during their annual forum, the Zonal Manager Mr William Ohene Adjei highlighted and elaborated on the relevance of pensions, the need to plan retirement early, the history and the management of the 3-Tier Pension Scheme.

He reiterated that those who will begin their life with private institutions should never connive with their employer to default the payment of the mandatory scheme due to the amount they will be paid for it which will eventually affect them in future. “You cannot eat your cake and have it back” he explained. He further advised the participants who are willing to go directly into skilled trading to voluntarily contribute to the Personal Pension Scheme under the 3rd Tier Scheme.

Finally, the Zonal Head advice participants to update their records with their service providers regularly to reflect their current status.

Participants expressed their delight in the presentation and recommended that officials of NPRA should embark on more of such programmes since the youth of today are the potential contributors to the scheme.

How The Misunderstandings Of Some Ghanaian Formal Sector Workers Are Making Them Frustrated On Retirement

It is the dream of every Ghanaian worker to have financial peace during retirement. While this dream tends to influence the decisions of many workers to save more during their working lives, others, unfortunately, appear to spend their lives under a rather strange assumption that their retirement incomes have already been covered under Tier 1 and 2 of Ghana's 3-Tier pension system, hence there is no real cause to save more.

Although all Ghanaian formal sector workers are mandatorily required to contribute to Tiers 1 and 2, the benefits envisaged under these tiers are expected to provide the basic income (safety net) required during the workers' retirement lives to essentially alleviate poverty in old age. Generally speaking, it is often not the intention of the state to over-burden workers and employers on saving towards retirement. For this reason, workers' contributions to mandatory pension schemes across the world are mostly limited to a very small percentage of their basic salaries to provide the basic income required on retirement.

In Ghana, formal sector workers under the National Pensions Act, 2008 (Act 766) are required to contribute only 5.5% of their basic salary to the two mandatory pension schemes namely; Tier 1 and Tier 2. This is complemented with a mandatory 13% of basic salary contribution from their employers to make up a total contribution of 18.5% payable to the two mandatory pension schemes. Out of the 18.5%, 13.5% is remitted to the Basic National Social Security Scheme (BNSSS) managed by the state through the Social Security and National Insurance Trust (SSNIT) as the Tier 1: to provide monthly pension benefits for up to 15 years of the worker's retirement life (though the worker continues to receive payments if he or she lives beyond age 75). The remaining 5% is remitted to a privately managed registered pension scheme, as the Tier 2, to provide a one-off lump sum benefit at retirement.

As noted from the above, it is apparent that adequacy of retirement income will be of concern to those workers who have strangely misunderstood the benefit envisaged under Tiers 1 and 2. Interestingly, Tier 1 replaces between 37.5% and 60% of the worker's basic salary on retirement depending on the number of years of work. This leaves a shortfall in basic salary that needs to be addressed by the worker to maintain his or her level of earning prior to retirement. Even though the Tier 2 benefit is available on retirement, it partially addresses the shortfall through the payment of a one-off lump sum on retirement. The plight of the worker, on retirement, is worsened by the fact that he or she will not be entitled to the allowances enjoyed during his or her working life and this is of much greater concern during the transition from active working life to a life on retirement. Additionally, most workers do not enjoy medical cover from employers after exiting employment and for this reason, their expected income from Tier 1 and 2 will be appropriated to meet their medical needs during retirement.

To effectively deal with this shortfall and its related consequences during retirement, it is crucially important for workers to additionally set aside part of their earnings to other retirement plans to supplement those mandatorily instituted by the state. To assist workers in this circumstance, Act 766 allows for workers to make an additional contribution of up to 16.5% of their earnings to privately managed voluntary pension schemes, described as Tier 3, to assist workers to save more towards their retirement life. The contributions to Tier 3, together with those made to Tiers 1 and 2, grant a total tax relief of 35% to both workers and their employers. As such it is more beneficial for formal sector workers to contribute to Tier 3 to effectively reduces their tax burden.

Consistent with the misunderstanding as explained above, only a few formal sector workers, as available data suggest, have taken advantage of Tier 3 to save more toward their retirement. For most of those enrolled under Tier 3, its often as a result of deliberate policies of their respective employers to set up those schemes as a way of attracting the best among the labour force, as well as keeping them over longer employment terms. Majority of workers do not on their own volition contribute to Tier 3 schemes. ***continued on Pg.20***

The Three Tier Pension System In Ghana: Role Of Fund Managers

Ghana has run some structured pension systems. Even in pre-independence era, a variety of provident funds were developed as a way of offering retirement income for workers. Pension system in Ghana metamorphosed over the years leading to the establishment of the Social Security and National Insurance Trust (SSNIT) in 1965 to oversee pensions in the country. In the passage of time, it became apparent that retired workers lacked satisfactory financial security leading to the introduction of reforms through the National Pensions Act (Act 766) in 2008, fully implemented in 2010 with a Three Tier pension system. It broke SSNIT's monopoly in the administration of pensions in Ghana and introduced other private service providers such as Trustees, Pension Fund Managers and Pension Fund Custodians with the National Pensions Regulatory Authority (NPRA) as a regulator over the players.

Under the current pension system, employee and employer contributes 5.5% and 13.0% of worker basic salary respectively of which 13.5% is managed by SSNIT in a mandatory Basic National Social Security Scheme for all workers in Ghana as Tier I. The remaining 5% forms the mandatory contribution under Tier II into a defined Occupational Pension Scheme whilst Tier III is additional voluntary contributions by workers and employers under provident fund scheme. Contributions up to 16.5% of basic salary is tax exempt. The Tier III also includes Personal Pension schemes design to for the informal sector workers. Tier II and III contributions are managed privately by approved Trustees with assistance and advice from Pension Fund Managers and Custodians. So, pension fund managers play key role in pension scheme management in Ghana.

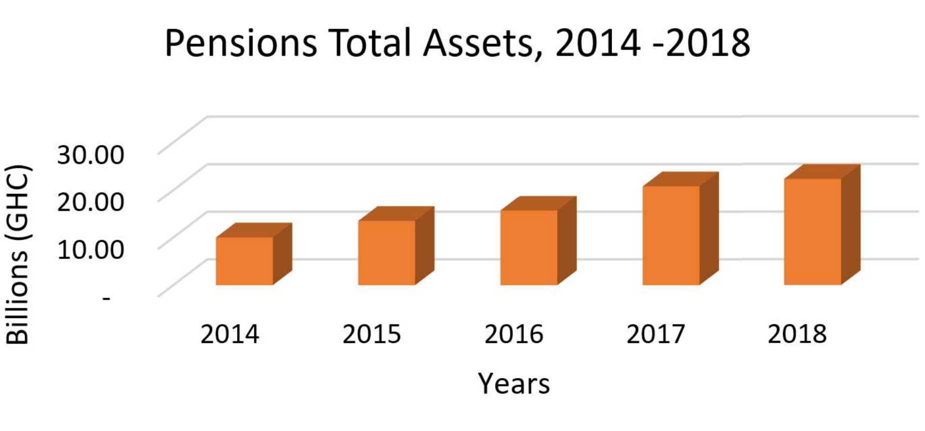
Pension assets under the Three Tier Pension system has experienced upward trend. Data from the NPRA shows that total pension asset increased by 123% between 2014 and 2018, reaching GHC22.2 billion by the end of 2018. A system fund managers are the active economic actors and facilitators.

The regulator has over the past ten years successfully adjusted the pension system to address emerging challenges.

Moving ahead, the efficiency of fund managers of pension funds in their role would be key to the growth and well managed pension schemes. Fund managers are expected to provide advisory on the best financial instruments to invest in for satisfactory returns, mindful of the risks there are. Clear safe guards by way of investment policy guide introduced by the Regulator and the pension scheme's investment strategy approved by the Trustee directs and guides fund managers in investment decisions in order to provide security of the scheme funds for pension contributors. Key players in the system as they are, it is expected that Fund Managers would be guided by current socio-economic impact of the covid-19 pandemic in Ghana and globally.

Credit: Kwame Idrisu

(Pension Analyst Of Delta Capital LTD.)



Profile On Delta Capital Limited

Delta Capital Limited is a fund management firm licensed and regulated by the Securities and Exchange Commission of Ghana. It is also regulated by the National Pensions Regulatory Authority for managing pension funds. The company has operated business the past five years and has a proven record of an experienced fund management team which brings together creativity and skills to deliver cutting-edge fund management services to investors and pension contributors. The company is a key player in the investment banking and pensions industry in Ghana, having helped many investors join the investment ladder to invest for their future use. The asset base and pension funds being managed by the company has grown steadily over the period.

It recommends investment products or securities suitable to the investor's appetite and interests, considering their circumstances and preferences.

It also provides corporate finance and advisory services for corporates including small and medium scale firms (SMEs) and start-ups. This service has become most relevant considering the impact of COVID–19 pandemic on the economy and businesses.

Pension schemes are encouraged to solicit for our services as Pension Fund Manager. SMEs are also entreated to seek our free advisory services on ways to sustain business in the wake of Covid-19 pandemic from our SME Desk.

How COVID-19 Can Affect Your Pension Fund

In various ways, such economically disruptive events would almost always impact the financial ecosystem. As pension funds form part of a nation's or global financial ecosystem, they would be affected when there is an event that ripples the system. COVID-19 or Coronavirus outbreak has been an economically disruptive event and would thus have some impact on pension funds in the country.

COVID-19 & Ghana's Economy

The pandemic would affect pension funds differently in various parts of the world depending on the framework(s) that govern the management of pension funds. These could be in the structure, investment climate, regulation and the entire collective instruments that drive pensions. This article would, however, look at the real and speculative impact of the Coronavirus pandemic on pension funds in Ghana.

As stated earlier, every event that impacts the larger economy or financial system would impact pensions as well, and COVID-19 has shaken the economy. A number of projections have been made about the economy including the fact that we should expect a recession. The World Bank has revised Ghana's Gross Domestic Product (GDP) growth from 6.8 percent to 2.5 percent. People have lost jobs, businesses shut down and contracts are lost, some of whom would never be recovered. The country's credit rating was been downgraded by Moody's. These are some fallouts from COVID-19 on Ghana's economy.

COVID-19 & Pension Funds

Pension funds would feel the impact of COVID-19 in terms of contributions, withdrawals and investments which all have an impact on pension funds through variable yield. This is true for defined-contribution pension funds, 2nd and 3rd tier schemes in Ghana. Funds under these schemes earn value through contributions and investment returns less the cost of running the scheme. Therefore, if investment returns slump, the growth of the fund and therefore its value within the period would be negatively affected. The impact would be felt at both the overall fund level and also the individual (contributor) level. Equities and equity-based mutual funds that offer variable returns are most likely to be hit. It is expected that they would recover over time when situations normalize. It would however affect the contributor who is taking out their funds now. They would take home a lower value due to the position of equity-based investments within the fund. One factor that offers respite, is that fact that most schemes may not have more than 10 percent of their portfolio in equity-related investments.

Global Market vs Local Market

As a further illustration, the movements in the global oil market is expected to reflect in the local oil market. Oil stocks on the Ghana Stock Exchange (GSE) would be affected at some point. They could however pick up if situations normalize. However, there could be other companies on the stock markets who would also have gained as a result of the Coronavirus outbreak. Health and technology companies are notably gaining grounds.

As Ghana's markets are not too sensitive to global patterns, the equities on the GSE may not be affected now or may do much later. If there are any local shake-ups the loss (or gain) to your pension fund would, therefore, depend on which companies' stock trustees have invested in. Again most (privately-managed) pension funds in the country do not have large exposures to the stock or equity market as earlier mentioned. Therefore, if COVID-19 brings down the value of equities, pension funds may not be badly affected. ***continued on Pg. 19***

How COVID-19 Can Affect Your Pension Fund. *(Continued From Pg. 18)*

Fixed Income in COVID-19

With fixed income asset class grouping (government bills, bonds and bank's fixed deposit), where rates promised are usually not altered, there may not be losses in already running investments. However, there could be future losses. The Bank of Ghana has reduced the policy rate from 16% to 14.50% as a way of mitigating the impact of COVID-19. Banks in the following suit have reduced the interest rate at which they borrow from the market.

Banks may not be able to give good rates for new investments as they would have adjusted their revenue expectations by giving interest-free loans and allowing delayed loan repayments among others. As reflected in the recent auction for Government bills and bonds, Government has done same by lowering their rates for new investments by as much as 175 basis points for the 3-year fixed-rate bond, all of which is as a result of the Coronavirus outbreak.

Employment & Cash Flow Factors in COVID-19

Ability to contribute recedes when people lose jobs. There is also the tendency for contributors to partially or fully redeem their pension funds, especially in the case of 3rd tier funds.

Early retirement would make persons take their benefits earlier than expected, causing them to lose future earnings into the fund. Individuals may take early retirement because they lost their jobs in the COVID-19 era and couldn't see themselves into another employment.

Withdrawals from the voluntary 3rd tier funds (which also has a penalty of 15%, if the fund is less than 10 years) would reduce the value of an individual's final value. Coronavirus could cause cash flow problems that can lead to early withdrawals of pension funds.

Continuous contribution, non-withdrawals (retention), good investment returns are all the factors that push pension funds to grow. Consequently, their slacking would impact on the overall fund level, as well as at the individual level. Of course, if a contributor partially withdraws from their 3rd tier in these times, they should know that it would affect the final value of their benefit when they are ready to completely draw down on the benefit.

SSNIT 1st Tier

The case is different with the SSNIT 1st tier pension. The loss to an individual is where a contributor loses their job therefore their employer's contribution. As the number of months of contributions is considered in arriving at a person's pension benefit (rights), cessation of monthly contributions would likely lead to a loss on a contributor's account.

On the corporate scale, SSNIT would also bear the brunt of the COVID-19 economic impact. The expected returns on investments would not be fully realized thus creating a shortfall. This Coronavirus situation could adversely affect the rate of annual adjustments SSNIT gives to retirees. The aggregate contribution from the working class is also reduced when unemployment goes high as has been predicted with the pandemic. SSNIT could also be stretched on paying pension to retirees but they have the support of government if it comes to that.

The Coronavirus's negative impact on the economy would, therefore, affect pension funds at both the corporate and individual levels. However, the effect of coronavirus on pension funds in Ghana should not be one that makes the cattle herd run down the hill.

Credit: Yaw Korankye Antwi

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

Government Justifies It's Action For Amending The Tax Law

The Government has justified its action for amending the Tax law to enable pension contributors to make some withdrawals from their saved pensions contributions

As part of measure to help mitigate hardship on workers in the country due to the emergence of the COVID-19, Parliament has amended the Income Tax (Amendment) Act 2015 to exempt withdrawals from third-tier provident funds and personal pension schemes from tax.

This was to cushion individuals who have lost their jobs or capital due to the Coronavirus pandemic. This amendment in fiscal terms will amount to 639 million Ghana Cedis if all funds are withdrawn under the given circumstances.

The Minister for Employment and Labour Relations, Mr. Ignatius Baffour Awuah, in an exclusive interview with the Pensions Digest, intimated that there was the urgent need for government to do all within its power to find means of alleviating the hardship some workers were encountering chiefly due to the spread of the Coronavirus.

He expressed the view that nobody anticipated the emergence of the disease and its accompanying devastating socio-economic effects. "As of December, last year in Ghana when we were doing our planning, nobody foresaw that within two months or three months the entire economy could change. it came all of a sudden and we needed to adjust to it." He stated.

Mr. Baffour Awuah noted that the decision factored in the welfare of the Ghanaian worker as well as the sustainability of pension funds. He said one of the reliefs or privileges the Government could give to pension contributors was the withdrawal from their contributions at zero interest.

"We came out with this policy to enable workers to mitigate the effects of COVID-19 on us especially when our children are living with us at home, we are not going to work and what have you."

He described the policy as a kind of social intervention programme because due to the pandemic, some people were losing their jobs. He said the cost of living was also going high and if care was not taken, the situation "will equally worsen the plight of people so we thought it will be of the essence to the general population." He observed.

Because if we are not diligent enough and anything should happen within the pension industry that would rather make would be pensioners worse off than we would rather be adding salt to their injuries because they are already suffering from COVID and therefore there should not be any other suffering coming from pensions to add on to their problems.

How The Misunderstandings Of Some Ghanaian Formal Sector Workers Are Making Them Frustrated On Retirement *(Continued From Pg. 15)*

On retirement, when a worker is confronted with the reality of the pension benefit accrued under the Tiers 1 and 2, he or she becomes highly apprehensive and frustrated. At this crucial stage of the worker's life, he or she begins to point accusing fingers at the state and other relevant agencies entrusted to protect the basic pension benefit. Often time you hear the expression; "I worked over forty years but I only received a meagre sum as pension benefit to start a life that is expected to be workfree". Now the question I ask here is: "na who cause am"? The worker, at this point of no return, then begins to resist the undeniable fact that his or her pension benefits have been determined on the basis of what he or she had contributed over his or her working life. As the saying goes, "we reap what we sow".

Admittedly, the state and the agencies entrusted to manage and protect workers' pension benefits have a greater responsibility to ensure that contributions are prudently invested to create a higher value for workers during their retirement live. But the truth is that a pension scheme's regulator, trustee, fund manager or administrator cannot perform "magic" to turn contributions into values that far exceed what a prudent investment will offer within the ordinary course of time. To be honest, the replacement income offered by Tier 1 and the one-off lump payment from Tier 2 may not provide adequate income for many workers on retirement unless they save more. It is extremely important for every worker to take their retirement seriously and save more towards their future because it is the only surest way to wealth in retirement.

It is instructive to note that the 5.5% mandatory contribution from a formal sector worker applies only to his or her basic salary and not earnings such as allowances and bonuses. As such, a formal sector worker, earning allowances and bonuses, has the financial capacity to save more. Setting aside part of earned allowances and bonuses to Tier 3 will not only improve retirement income in the future but will also provide tax relief for current consumption.

Beware! Retirement is real and it is only a few years away. Take advantage of Tier 3 now and have a better retirement life.

Credit: Hayford Amankwah

(Staff Of NPRA.)

The Facts About Retirement

If we speak about retirement Africans think about the period in our 60's and 70's where no company acknowledges our services. Retirement is no longer an era of inactivity but a system of rest from active service so one can focus on building one's dream. A young man of age 20 can decide to retire at age 40 to focus on other things than the 8 am to 5 pm rigour of work and monthly targets. That means he has 20 years to plan his financial independence.

Statistics show that in Ghana out of every 100 retirees only 2% retire comfortably: these group of people can buy a 4 bedroom apartment for their daughter after her wedding ceremony with the man of her dream without frowning on the effect of the figures in their bank account after such transaction. 23% of these retirees must continue to work after retirement to increase their financials and sustain their livelihood. They make statements like "I like to work for a hobby". It's not true, nobody works for a hobby rather everybody works for returns. The remaining 75% will have to rely on their family and friends to survive because of their financial unpreparedness during their youthful years or working lives. Most of our parents in Africa fall in this category of folks who have to rely on family and friends for a living. They now make their children their retirement plan and use them as an escape route out of the present gloom of financial decadence.

Statistically proven, you need not less than GHC 180,000(USD 36000) to take care of a child from age 4 to 18 years. In Africa, it is at the age of 35 years that the average worker in Africa starts making a meaningful income. We call it take-home-pay meanwhile that figure cannot take you home because of myriads of expenses awaiting you. And less than 50% of the working class earn more than GHC 4,999 irrespective of their qualification. The load on Africa alone can prevent you from planning your retirement because the current financial meltdown has enough facts to convince you not to put your money in any financial sector, however, you can't toil with your retirement.

A few years ago, I had the privilege of meeting 2,000 pastors of one of the outstanding ecclesia in this nation on the caption "RETIREMENT PLANNING SEMINAR BEFORE, DURING AND AFTER". These were my closing remarks: "every living being have the responsibility of having 4 astute financial independent products which are RETIREMENT ACCOUNT, SAVINGS ACCOUNT, INSURANCE ACCOUNT and INVESTMENT ACCOUNT". If any of these four is not captured in your living on earth then your existence is questionable. I know many of the pastors took offence but I know the truth always hurts. If you have these things in place then you are at the position of fulfilling the scripture that says "A good man leaves an inheritance for the children's children". Plan your retirement, as you eat for a living plan your retirement, as you jog and exercise for longevity, plan your retirement, as you seek a partner's hand in marriage and making babies, plan their future. Take time out and plan because retirement comes with challenges, it takes serious financial planning to avert the consequences.

Take the RETIREMENT PLANNING BAROMETER to assess the surety of your financial preparedness. You can start little and end with a mega amount in your account. As we all journey towards preparing for eternity, let us plan for our retirement. Drop a CEDI today, earn a MILLION tomorrow.

Credit: Richmond Duah

(Financial Wellness Advisor)

Netherlands Government Considers Unlocking Pensions For Covid-19 Relief

Member of pensioners association says the move would trap some people in a 'poverty pandemic'

People with locked-in pension accounts may soon be able to access their retirement income early for COVID-19 financial relief if the provincial government amends the Pensions Benefits Act.

Finance Minister Tom Osborne told CBC News that while MHAs have heard from constituents looking to unlock their pensions for years, the calls have been more frequent since the pandemic hit N.L.

"So the government has looked at doing consultations, it's a very complex issue," he said.

"If you've got a rush on cashing out pensions, it could affect the liquidity of a pension plan. If you cash out your pension, the money that was supposed to be there for your golden years, you're using today. We're looking at a balance."

Osborne said the provincial government must protect people's retirement funds but also understands those who have already retired may need some additional cash while going through a hardship.

The government is looking for input from anybody from financial advisors, planned administrators and unions to get feedback on any changes that could be made. Consultations will run until September.

"People need a quality of life in retirement. They also need a quality of life today," he said.

Premier Dwight Ball said during the government's COVID-19 briefing Wednesday the province would never make a decision that would disrupt the integrity of those plans.

"What's important here now is to start an engagement process to take a look at this and see what the impact would be," he said.

Ralph Morris, a board member of the Newfoundland and Labrador Public Sector Pensioners' Association, told CBC News Wednesday's announcement might seem like a good idea to some but will put people in a "poverty pandemic" that will extend well after the COVID-19 outbreak has disappeared.

"I can see people, who today … they have diminished income, or they're laid off, or their jobs are lost or whatever the case may be, who may think this is quick access and it's the answer," he said. "Well, it's not."

Morris also worries about those with spousal benefits.

"If you take this out now, in one or the other, in many cases there's just one pension earner, then the spouse that they leave behind is going to have a diminished pension," he said.

"When those people retire on their own they're going to drop even further below the poverty line with the diminished pension they will receive."

Available in other provinces

Larry Short, CPA and senior financial advisor with Short Financial, said the provincial government's idea is good, and some other provinces allow it.

"It removes people, in some cases, from social services, from welfare, and it allows them to access the savings that they've had built up over the years," Short said.

"If you have a federal plan there is a provision for this. If you are in Ontario, or Alberta or Manitoba there's also a provision for it, but in the province of Newfoundland and Labrador it's very restricted."

However, Short said some people could find themselves in a worse financial situation later by drawing from their pension now. Source: cbc.ca

"Small is Beautiful"— NPRA Advises Informal Sector Workers to Start Small.

The Tamale Zonal Head of the National Pensions Regulatory Authority (NPRA), Mr. Alhassan Yakubu Fuseini has advised members of the Northern Regional branch of the Ghana National Tailors and Dressmakers Association to adopt and promote the concept of contributing smaller and manageable amounts of money towards their retirement through the Third-Tier Pension Scheme which is one of the surest way to secure their old age against poverty.

Making a presentation dubbed "Small is Beautiful" during a sensitization programme with Ghana National Tailors and Dressmakers Association in Tamale, Mr. Fuseini said it was better for members of the association to manage smaller pension contributions and gradually increase their contributions overtime instead of starting with bigger contributions which cannot be sustained overtime.

According to him, members of the association who enroll with any personal pension scheme or group personal pension scheme under the third-tier pension scheme of their choice should not be looking at starting with a higher contribution, but rather start with small and manageable daily, weekly or monthly contributions which would not affect their businesses and can be sustain overtime. "*We can get good and quality returns from the little contributions we make over a time until we retire, the Tamale Zonal Head stressed.*

Mr. Fuseini indicated that pension is about putting aside some small amount of money towards one's retirement in future and that should not be too big a burden and hence must be done with small and manageable amounts and gradually increased based on an increased income.

Explaining the types of informal sector schemes to the participants, Mr. Fuseini said workers within the informal sector could join and contribute to a scheme of their choice as individuals or group. He added that, once a member (individual or group) joins a scheme two operational accounts (personal savings accounts and retirement accounts) would be created for the member. The contributions in the savings account can be withdrawn at any time but that of the retirement account can be withdrawn upon retirement of the member.

According Mr. Fuseini, the contribution of the member would be split into the two accounts in line with the scheme rules, adding that *the law allows a contributor to contribute any amount that he or she can afford. He further entreated members of the association to take advantage of the tax exemptions that comes with pensions contributions under the third-tier informal sector scheme to save towards their old age.*

Mr. Alhaji Dauda, The Northern Regional Secretary of the Ghana National Tailors and Dressmakers Association reiterated the importance of pensions and encouraged members of the association to take steps to register with the trustees operating in Tamale.

Guide On Covid-19 Induced Withdrawals

Ghana has not been spared of the negative impacts of the Coronavirus pandemic which has almost brought the economies of the world to their knees. In Ghana, just as across the globe, the pandemic has led to collapse of businesses, loss of employment and individual disposable income, amongst other impacts.

In response to the adverse effects of the COVID 19 pandemic, the government of Ghana has introduced some reliefs targeted at supporting Ghanaians as we fight our way through the pandemic.

One of the key reliefs was the amendments of the Income Tax (Amendment) Act 2015 to exempt persons or contributors of the third-tier provident funds and personal pension schemes from paying tax when making withdrawal under these schemes due to the pandemic.

According to the National Pensions Act, 2008 (Act 766), withdrawals from the Provident Fund scheme before ten years and before five years in the case of Personal Pension Scheme by contributors in the formal and informal sectors and before retirement, shall be subjected to appropriate income tax rate which has been specified in the Income Tax Regulations, 2016 (L.I 2244) at 15%.

The amendment is to cushion workers and contributors who may have lost their job as a result of the pandemic.

Following the amendment of the Income Tax. The National Pensions Regulatory Authority (NPRA) has issued guidelines to guide trustees, employers and affected employees on how to access their benefits under this relief.

Guidelines

Pursuant to Section 94, subsection (4) of the Income Tax (Amendment) Act, 2020 which states that:

"A withdrawal from a provident fund or personal pension scheme before the retirement age by reason of COVID-19 Pandemic by,

a) An employee due to loss of permanent employment; or

b) Self-employed person from the personal savings account provided for under paragraph (a) of subsection (2) of the section 109 of the National Pensions Act, 2008(766), is exempt from Income tax."

The Authority directs as follows:

1) Members of Personal Pension Scheme may withdraw the total accrued benefits in their savings account;

2) The procedure for applying for benefits from Provident Fund Scheme under these circumstances is as follows:

a) The Employer shall submit a letter to the Trustee stating its inability to pay its workers due to the Covid-19 Pandemic thereby laying-off its workers permanently;

b) A member who wishes to make withdrawal, should do so at the Trustee's outfit by completing the appropriate forms and attaching the relevant documents;

c) The Trustee honours the withdrawal application after verifying all documents submitted;

d) The Trustee shall submit a monthly schedule (on the 30th of every month) of these withdrawals to the Authority through tfc-reports@npra.gov.gh ;

e) The last payment date for any Employer who is laying- off workers due to the Covid-19 pandemic should be at least February, 2020 for January, 2020 contributions.

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
10	Pensions Alliance Trust Limited	CT12003	Hse. No. 3, 55A Kakramadu Link East Cantonments, Accra	Ras Boateng	0556-590401 0509-044013
11	Broadview Trust Limited	CT13006	Akuaba Estate, Spinteex Road, No. 1 Efua Crenstil House	Eugenia Otweaemma	0245-122785
12	People's Pension Trust Limited	CT16001	No. 5 Sam Nujoma Road, North Ridge, Accra	Alphonse Abosti	0508-704636
13	Prestige Pension Trust	CT15002	No. C707/3 Asylum Down, Accra	Nii Okai Adams	0244-211282
14	Old Mutual Pensions Trust Ghana Limited	CT12004	No. 4 Dr. Paul Acquah Street, Airport Accra	Sena Nyame	0501-609146 0303-968667
15	Best Pensions Trust limited	CT15003	E. Plaza, 2 Osubadu Street, Dzorwulu, Accra	Isaac Azoska	0560-027403
16	United Pension Trustees Limited	CT12008	Vanguard House, Independence Avenue, Accra.	Shamira Nasiru	0506-405173
17	Qlac Financial Trust Limited	CT14001	1st Floor of Centenary House, Tetteh Quarshie Circle	Damian Yelbonkang Zaato	0244-339210
18	General Trust Company Limited	CT12010	141/21 Saflo Link, Abelemkpe Accra	Bernard Acquaye	0543-445524
19	First Merit Trust Limited	CT17001	House No. 18 Dzworwulu Crescent, Accra	Evans Narh Nyakotey	0303-972082 0501-619879
20	Glico Pensions Trustee Company Limited	CT12011	47 Kwame Nkrumah Avenue, Accra	Leticia Mavis Amoah	0501-260873
21	Stallion Trust and Administration Ltd	CT12013	3rd Floor Gulf House, Tetteh - Quarshie Interchange, Accra	Charles Osei- Akoto	0244-611002
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.

NATIONAL PENSIONS REGULATORY AUTHORITY (NPRA)

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