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PENSIONS DIGEST

Official Newsletter Of National Pensions Regulatory Authority (NPRA)

WORKERS & PENSIONS

In This Issue

National Pensions Regulatory Authority

NPRAGhana

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NATIONAL PENSIONS REGULATORY AUTHORITY

"Ensuring Retirement Income Security"

Editorial

Workers must play active role in Pensions Management

Pension schemes are designed to provide retirement benefits to workers or contributors who have retired from active service, beneficiaries of a deceased contributor or members who have become invalid. Workers are required by law to contribute to the mandatory pension schemes managed by trustees to pay these benefits. To many, these benefits are a very important factor in their life, providing them with income for their upkeep in retirement.

However, many Ghanaian workers, though they recognize the importance of pensions, do not pay attention to the management of their pension contributions. They know little if nothing at all about how the funds are managed. Many become alarmed and apprehensive when they are about to retire, when they are shown how much they should expect as their pension. If they had paid more attention and more involved, they would not have been greeted with surprises and accompanying tension.

The introduction of the National Pensions Act, Act 766, has reformed the way pension is managed. Under the 3-Tier Pension Scheme, workers have been given the opportunity to play an active role in the management of pensions.
Under the 2nd and 3rd tier schemes, the Act provides that one-third of the membership of the Board of Trustees managing the scheme should come from the workers. Meaning that if there are six members of the board of trustees managing any of the schemes, at least two must be representatives of the workers. They could even be more if the workers are able to negotiate well since the least is one-third.

Aside, the representation at the top level, the nature of the management of the second-tier occupational pension scheme and third-tier voluntary provident fund scheme is such that these schemes can be managed within the company as an employer-sponsored scheme or a master trust scheme. Any of these options bring the management of the scheme closer to the workers, making them feel a sense of ownership of the scheme.

However, the fact that the management of pension schemes is now closer to us and having a sense of ownership does not mean that we should stand aloof and not be bothered about what we can do as individual contributors to ensure that we receive our benefits without any difficulty.

As individual workers, we should regularly check if the contributions are being deducted and paid to the trustee. We should also periodically request for contribution statements to ensure that the contributions are up to date and that there are no gaps that will affect the quantum of benefits in the future. Workers should also ensure that all records kept by the trustees are accurate to avoid unnecessary delays in processing their benefits.

Workers can also monitor the activities of the trustees and inform the Authority if they notice any mismanagement of the scheme.
Let's get active in the management of our pensions to put the trustees on their toes to ensure that the scheme is well managed in the interest of workers to pay our benefits when due.

NPRA granted powers to prosecute defaulting employers

The National Pensions Regulatory Authority (NPRA) has been granted prosecutorial powers by the Attorney-General to prosecute employers who fail to pay the mandatory 2nd Tier occupational Pension contributions for their employees. The provisions of the National Pensions Act, 2008 (Act 766), mandates employers to register and contribute to the Basic Social Security Scheme (SSNIT) and Tier 2 Schemes. These were not always being complied with by some employers, leading to some employees of such establishments being disadvantaged at the period of their lives when they would be no longer able to fend for themselves and negating the Authority's mandate.

The National Pensions Act, 2008 (Act 766) provides under section 3(3)(b) the rate of contribution for Tier 2 Schemes and Regulation 105 of LI 1990 provides the sanction for the breach for the present actions that have been undertaken. The NPRA, therefore, applied for prosecutorial powers from the Attorney-General in April 2018 and obtained an Executive Instrument (EI 26) to prosecute defaulting employers on the Tier 2 schemes in July 2018.

Between July 2018 and June 2020, the NPRA embarked on series of training and capacity building of its staff to obtain the requisite knowledge and capacity to build cases with required evidence which will lead to the successful prosecution of defaulting employers in accordance with the laws of Ghana. The NPRA also embarked on series of education and sensitization of employers on their roles and responsibilities under the 3- tier pension system in Ghana. This strategy was an attempt to create the necessary awareness and to inform employers on the need to register and contribute to the 2nd tier mandatory scheme for their employees in order to avoid being prosecuted.

Since July 2020, the Authority has issued final demand notices to sixty (60) employers as a final reminder to make good their indebtedness or be prosecuted. The response to the final demand notices has been encouraging since about 70% of the employers who received the demand notices contacted the NPRA and made good either all their indebtedness or made partial contributions to cover their employees. A few of the employers who did not respond are in court with the first batch of six (6) employers arraigned on criminal summons since December 2020. The Authority has decided to deal with the defaulting employers in batches of 20 employers at a time. Out of the first batch of 20 employers, six (6) did not respond at all and have been summoned to court for prosecution.

Currently, a total number of 15 employers are being processed for prosecution. The total amount received by Corporate Trustees at the end of January 2021 as a result of the demand notice was **GHS 3,089,993.38.**

Everyone deserves a better tomorrow and you can help

Remember the time when but for your nanny being at home with the kids you could never have made it to that critical meeting that got you that breakthrough business deal? Or for you, was it the quick thinking of your chef in giving first aid to your daughter, rushing her to the hospital all the while staying on the phone with you and giving your regular updates on her state when she fell off the bike and sprained her ankle? Or maybe, your mum, cancelling her review appointment with the doctor to take care of your 3-month-old baby just so you could attend the interview that got you your current job?

These scenarios and others like it have played out in most of our lives at one time or the other and we can assert today that these people played a crucial role in what we are and where we are today, simply put, they made our tomorrows possible.

But think about this, as your nanny goes about her daily chores, energetically, and diligently, have you thought about how her future may look like when she is old and weak, cannot work and may in fact not be in your employment anymore? How about the cook, the cleaner or the driver, or even that favourite waakye seller in your neighbourhood? All these people form part of a large constituent of Ghanaians in the informal sector-about 85% who although work have no pension cover. Their future is uncertain in terms of income security.

Now, let us bring it even closer home. How about your mum and/or dad, perhaps, they are almost due for retirement; are you confident that they will have enough money from their statutory pension contributions to live on in retirement, that is if they are formally employed and if they are already on retirement- do they have enough to income to live on, do they have any at all, do you and perhaps your siblings have to shoulder that responsibility and if you do, are you able to support them financially like you truly want to?

Old age income security is a problem for millions of Ghanaians and will remain so for quite a bit of time. This is in no way a doomsday prophecy but rather stems from the facts and figures which tells us that majority of Ghana's working population, are in the informal sector. What this means is that the statutory pension payments, that is; Tier 1-which is paid to the Social Security and National Insurance Trust (SSNIT) and Tier 2-paid to private trustees does not cover these people.

However, the pension reform of 2008 which birthed the 3-Tier pension scheme made a provision for the informal worker, the personal pension scheme. This is a voluntary pension scheme that allows people to save any amount at any time of their choosing with a private trustee, so unlike the Tier 1 and 2, payment amounts, and frequency of payments are not fixed, as mandated by law (Pensions Act 2008, Act 766). What it does though is to allow formal workers to have an additional pension fund and informal workers the opportunity to save towards their retirement using that as the sole channel. So indeed, no worker in the country has a reason not to prepare adequately for retirement.

But the reality of the situation begs the question, are informal workers who are the main target for the personal pension scheme financially sound such that they can conveniently put money aside towards retirement or is it rather a daily struggle to even put food on the table, let alone think of the future? The answer is certainly the latter. Again, for others like domestic hires who are in some form of "formalized" employment, are their incomes enough for them to save some and in cases where they are, how financially literate are they to recognize that deliberate planning is the only way to a better tomorrow.

So, the fact is that there are many people out there who do not have any pensions in place and will end up being in difficult situations when there is none to care for them.

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Everyone deserves a better tomorrow and you can help *(Cont'd from page 4)*

But fortunately, it's not all gloom as there are equally many people who care for and are responsible for the well-being of such people and can therefore take deliberate steps to make life in old age very comfortable for them.

And even more exciting is the fact that there is an innovative pension solution that makes doing this kind of good very satisfying and heartwarming to boot!

The Solution?

iCare Pension (A feature of the PPT Personal Pension Scheme)

iCare Pension is an innovative feature of the PPT Personal Pension Scheme that allows anyone- such as a family member, employer of a domestic worker, referred to as the Donor, to easily set up and contribute to the pension of someone they care about, i.e., the Recipient. More importantly, it serves as a sort of wake-up call to the recipient on the dire consequences they could suffer in future, thereby encouraging them to make additional contributions towards their own pension.

It was developed based on the Personal Pension Scheme module which is a voluntary pension scheme that allows anyone to save any amount at any time of their convenience towards their own retirement. This means that iCare Pension follows the same principles and gives the same benefits only in this case it allows someone (Donor) to do it on behalf of another (Recipient) thereby bridging that critical gap of old age poverty that some people are likely to suffer in retirement. So, now let us delve a bit more into the features of the product.

Recipient Age Category and Examples.

This will include anyone who falls within the legal pension age bracket that is between ages, 15 to 55. What this means is that a parent can set this up for their child and vice versa. Another example can be a friend for a friend, a sibling for a sibling, an informal employer for an informal employee such as a nanny, a cook, cleaner, chef, gardener, etc. An acquaintance can as well do it for an acquaintance, e.g., someone setting it up for a hawker they occasionally buy from or from the petty trader at the corner store or even as a gift of seed money for a contract worker so they can continue it themselves. Essentially anyone can do it for anyone.

Features/Benefits

Contributions towards iCare are voluntary and dependent on either the recipient's retirement goals based on a discussion with them of how much they expect to live on for say a month or based on how much the donor can conveniently pay for them. This can also serve as the basis for a savings goal.

Each contribution made is split into 2 equal parts and credited to 2 separate accounts. They are:

1. A Savings Account -A withdrawal can be made by the recipient from this account 6 months after the initial contribution. This feature has been enabled on the product to allow members to have funds to attend to urgent financial needs.

2. A Retirement Account- The recipient can make withdrawals from the retirement account only when they attain the retirement age or when specific contingencies occur (i.e. Old Age, Invalidity or Death)

The benefits of setting up an iCare pension for someone is not only limited to the contribution made and the withdrawal window, the recipient also earns

- Interest on contribution
- Lump-sum payout upon retirement
- Life Insurance Cover

Now, let me expand on the Life Insurance Cover a bit more as this is exclusive to People's Pension. It is the first of its kind on the Ghanaian pension landscape and entitles the nominated beneficiaries of a deceased member (in this case, the recipient) to a sum equivalent to four times the total contributions made by the deceased during the preceding calendar year.

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Everyone deserves a better tomorrow and you can help *(Cont'd from page 5)*

This is primarily to ensure that if there are any children of school-going age left behind by the deceased, their education will not be cut short because of lack of funds, I must add that this money is given in addition to the total funds contributed by the deceased for the entire period they were on the scheme as well the interest accrued.

How to register

Registration for iCare has been enabled on firstly, a USSD platform and all one needs to do is to simply dial ***789*111#*** on their phone and then follow the prompts to give essential information such as the recipient's phone number as well as details on contribution such as amount, frequency etc and even make an initial contribution at the point of registration. Payment here is via mobile money platforms.

The other registration option is by using a google form on our website to share the same details on the recipient and the contribution. A credit or debit card can be used for payment here. A complete onboarding will then be done for the recipient by our Customer Engagement team to enable us to create a pension account into which subsequent payments can be made.

How to contribute/Pay

Contributions can be made via mobile money or through a credit or debit card. Here the frequency of payment would have been indicated at the registration stage; so, for recurring or repeat payments, it will be deducted automatically whereas one-off payment will be just that until a new one is initiated by the donor.

Scheme Access

For a third party enabled product like this, questions may linger about who (donor or recipient) can access scheme information and make claims on funds. The simple answer to it is that it is the recipient. The donor's involvement is only at the initial set-up and then contribution stage, he/she cannot at any time access or request any information on data or on funds that have been paid into the recipient's account. The recipient has sole access to the scheme. In the case of the death of the recipient, their nominated beneficiary(ies) will have access to the funds.

Conclusion

The fact remains that saving money towards retirement will never be easy for low-income earners and people in less formalized employment. It is also a fact that there needs to be a lot more awareness creation and an aggressive collaborative effort towards pension literacy and education if coverage is to be expanded.

That said, it is also an undisputed fact that People's Pension has already developed iCare Pension as a relevant and innovative response to this problem. An innovation that will ensure that most Ghanaians in a few years to come can look forward to a better tomorrow. An innovation that proves that saving money for retirement is possible when planned well and most importantly, can be done for those who cannot by those who can.

So dear reader, who do you care for/about? Get them a gift of a lifetime. Sign them up on iCare Pension on ***789*111#*** or on our website at www.peoplespensiontrust.com.

The article was written by Yaa Asamoah Boateng-Head of Communications at People's Pension Trust.

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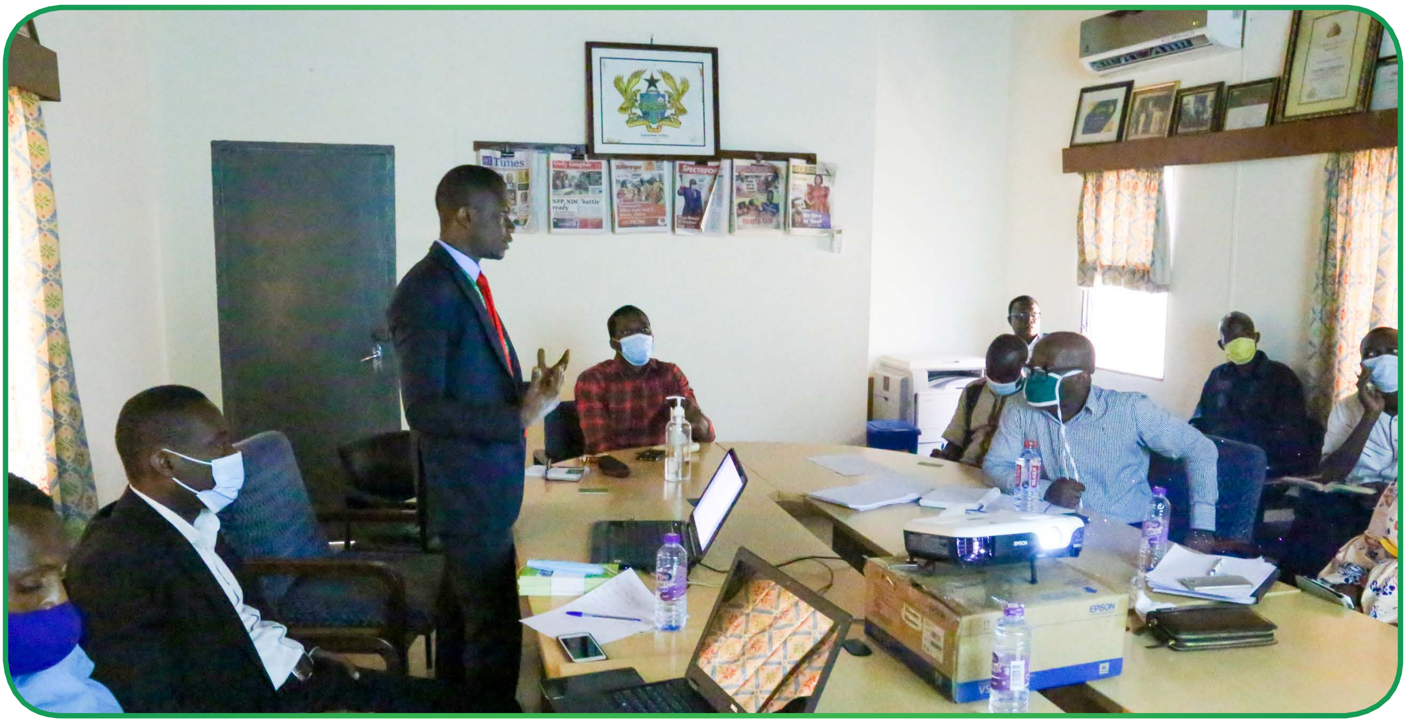
About People's Pension

People's Pension Trust was incorporated in 2016 and is a duly licensed corporate trustee with the National Pension's Regulatory Authority. It offers innovative, flexible, and digitally driven pension products to ensure retirement income security for the formal and informal Ghanaian worker. However, there is a specific focus on the informal sector which employs over 85% of the labour force in Ghana, but who until the 2008 pension reform had no access to retirement services.

*Read more about People's Pension on **www.peoplespensiontrust.com** or send us a mail; **info@peoplespensiontrust.com***

Staff of New Times Corporation Educated on Management of provident fund Scheme.



The National Pensions Regulatory Authority, as part of its regulatory function, has educated management of Provident Fund Scheme of News Times Corporation, one of the leading public institution producing one of the most read newspapers, in the Country, on how provident funds schemes operate under the National Pensions Act, 2008 (Act 766).

According to the scheme's management, News Times Corporation is operating a staff provident scheme that they plan to register with the Authority and therefore will need to know the operations of the National Pensions Act, registration process involved, and how such schemes are managed under the pensions Act among others.

Mr. Frank Anderson, Assistant Manager with the Corporate Affairs Unit of the Authority, took the Management of the Scheme through Ghana's Pension reforms, the 3-Tier Pension Scheme, and the benefits of registering provident funds schemes under the National Pensions Act, 2008 (Act 766).

He said the staff of the corporation would benefit from regulatory oversight by the Authority, tax exemption, portability, professional management of the scheme by registered pension fund managers and custodians, among others.

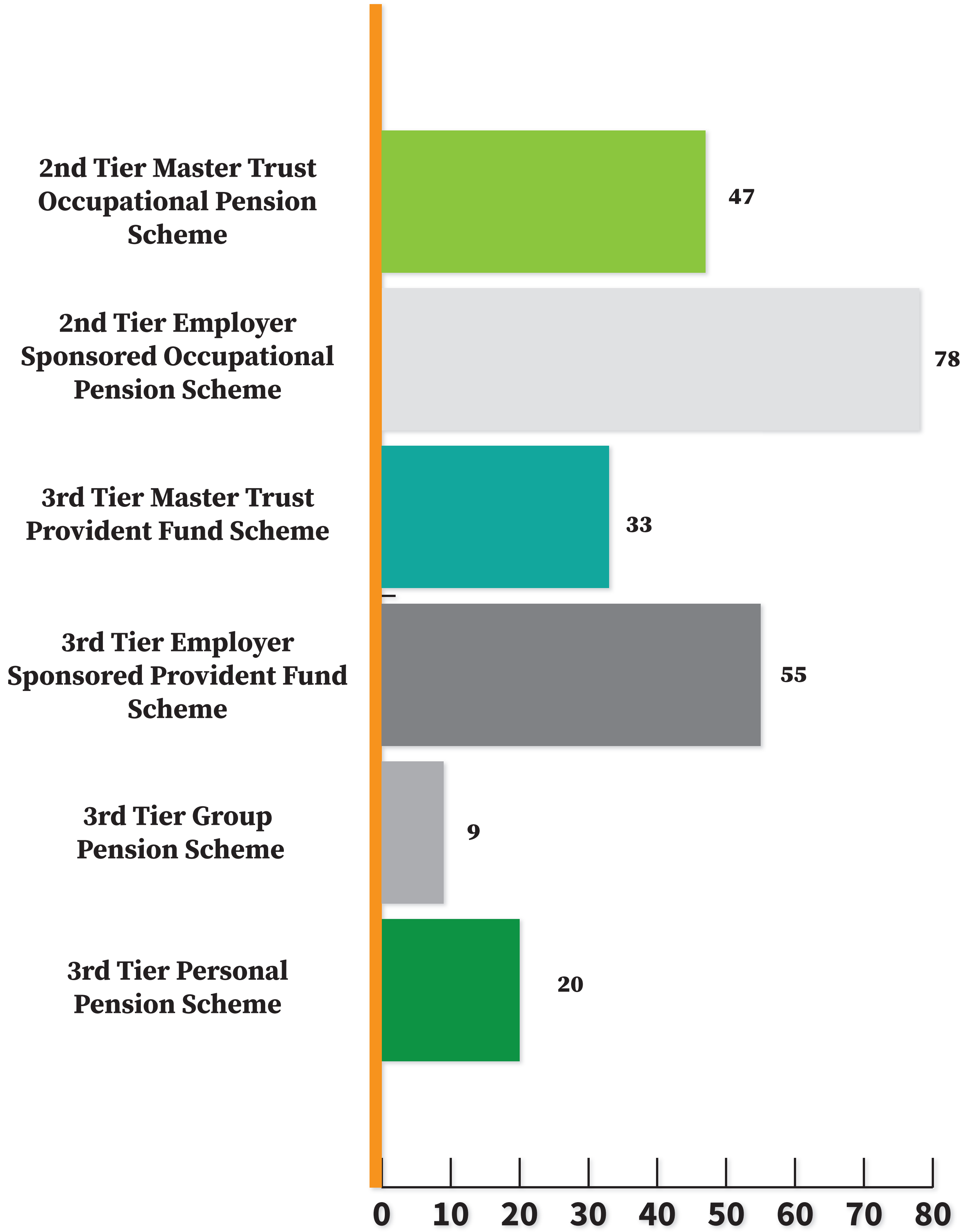
He emphasized the need to quickly register the scheme with the Authority to ensure prudent management of the scheme as the scheme will have to go by the dictates of the law and not under the direction of anyone.

Mr. Edward Binney, Assistant Manager with Standard and Compliance Directorate of the Authority, also took the board trustees, through detailed management of the provident fund scheme including the selection of Board of Trustees, responsibilities of the boards of trustees, investment of the scheme funds, implications of mismanagement, and safety and protection mechanisms under the Act to protect the scheme.

He advised the management to act swiftly to save the scheme in the interest of its members.

Information on private pension schemes

Ghana operates a contributory 3-Tier (3-Pillar) Pension Scheme. The private pension schemes (defined contribution plans) consist of a mandatory 2nd Tier Occupational Pension Scheme and a Voluntary 3rd Tier Provident Fund and Personal Pension Schemes. This section provides market information on the status of private pension schemes in Ghana.



Trend Analysis of registered Private Pension Schemes (2016-2020 Q2)

Tier	Type Of Pension Scheme					
		2016	**2017**	**2018**	**2019**	**2020 Q2**
2nd TierM	TOPS	45	50	50	47	47
2nd Tier	ESOPS	81	87	86	80	78
	Sub-total	**126**	**137**	**136**	**127**	**125**
3rd Tier	MTPFS	32	36	35	33	33
3rd Tier	ESPFS	56	57	55	52	55
3rd Tier	GPPFS	91	08		89	
3rd Tier	PPS	12	21	22	21	20
	Sub-total	**109**	**124**	**120**	**114**	**115**
	Grand Total	**235**	**261**	**256**	**241**	**240**

Source: L&R Q1 Report

NB: the reason for the decline is that various schemes are merging into Master Trust schemes.

MTOPS: Master Trust Occupational Pension Scheme

ESOPS: Employer Sponsored Occupational Pension Scheme

MTPFS: Master Trust Provident Fund Scheme

ESPFS: Employer Sponsored Provident Fund Scheme

GPPS: Group Personal Pension Scheme

PPS: Personal Pension Scheme

NPRA engages the media

The National Pensions Regulatory Authority (NPRA) held a press briefing for selected media personnel in Accra on the 30th of March, 2021. The briefing was a move by the Authority to establish fruitful rapport with the media and to share an experience as the Authority seeks the support of the media in sending timely, factual, and relevant information on pension matters to citizens.

In his remarks, the CEO of NPRA, Mr. Hayford Attah Krufi noted that the NPRA as the sole regulator of the pensions industry in the country has chalked some successes to push the industry forward. Some of which included the Introduction of a Risk-Based Supervision system (RBS), Prosecutorial Powers as an Authority to help deal with defaulting employers and the Introduction of a Pensions College in Ghana.

He explained that the RBS will help in the implementation of real-time online monitoring and supervision of the industry, especially in this era of COVID-19, as well as ensuring automatic identification of risk to determine the health of Schemes. He also added that the RBS will streamline the supervisory and regulatory functions of the Authority and ensure a healthy pension system and Information, Communication Technology (ICT) systems.

Mr. Attah Krufi announced that all was set to establish a Pensions College to address the knowledge gap identified in the industry. He said Act 766 (sections 143-144) and its accompanying regulation LI 1990 (Regulation 7) placed the responsibility on the NPRA to ensure that Trustees and industry players have the requisite knowledge to administer private pensions or provide related services in the administration of private pension schemes.

He touted, “After ten (10) years of the reform, we want to fully equip the industry players with knowledge in pensions to be conversant with the law relating to pensions and investment principles of the schemes’ assets.”

He added that the training of participant was set to commence in the 2nd quarter of 2021 and the modules shall be rolled out in a session, with a maximum of 25 participants and a session will be 3 days intensive. All COVID 19 protocols shall be strictly observed.

Furthermore, Mr. Attah Krufi spoke about the prosecutorial powers given to the Authority from the Attorney-General in April 2018 and obtained an Executive Instrument (EI 26) to prosecute defaulting employers on the Tier 2 schemes. He noted, Since July 2020, the Authority had issued final demand notices to sixty (60) employers as a final reminder to make good their indebtedness or be prosecuted.

The response to the notice was encouraging as about 70% of the employers who received the demand notices contacted the Authority and made good either all their indebtedness or made partial contributions to cover their employees. The total amount received by Corporate Trustees at the end of January 2021 was **GHS 3,089,993.38.**

PUBLIC SECTOR TIER 2 SCHEMES

Public sector schemes are Tier 2 Mandatory occupational pension schemes which have been registered for all Government of Ghana workers (Public Servants) who draw their salaries from the Controller and Accountant General's Department.

Five (5) 2nd Tier/Tier 2 Mandatory occupational pension schemes have been registered for these workers namely;

•Hedge Pension Occupational Pension Scheme

•Health Sector Occupational Pension Scheme

•Judicial Service Staff Occupational Pension scheme

•Ghana Educational Service Occupational Pension Scheme

•PSW Employees Occupational Pension Scheme

Membership

•Members of Civil and Local Government Staff Association of Ghana (CLOGSAG) are under Hedge Pension Occupational Pension Scheme with Hedge Pensions Trust as Scheme Administrator

•Members / Staff of Ghana Health Service are under Health Sector Occupational Pension Scheme with Enterprise Trustees Company Limited as Scheme Administrator

•Members / Staff of Judicial Service are under Judicial Service Staff Occupational Pension Scheme with United Pension Trustees Limited as Scheme Administrator

•Members / Staff of Ghana Education Service are under Ghana Education Service Occupational Pension Scheme with Glico Trustees Limited as Scheme Administrator

•Other Public Service Staff who are not members of any of the groups mentioned above but draw their salary from Controller and Accountant General are under PSW Employees Occupational Pension Scheme with General Trust Company Limited as Scheme Administrator

Below is a tabular representation of the various public sector schemes;

No.	Name Of Sector	Name Of Scheme	Scheme Administrator	Contact Person	Contact
1	Civil and Local Government Staff Association of Ghana (CLOGSAG)	Hedge Pension Occupational Pension Scheme	Hedge Pension Trust Company Limited	Christabel Yalley	0202019457
2	Ghana Health Service	Health Sector Occupational Pension Scheme	Enterprise Trustees Company Limited	Dr. Derek Amoateng	0243148659
3	Judicial Service	Judicial Service Staff Occupational Pension scheme	United Pension Trustees Limited	Bossman Agyako	0244314480
4	Ghana Education Service	Ghana Educational Service Occupational Pension Scheme	Glico Pension Trust Limited	Nathaniel Nii Kwei Kuma Otoo	0202012425
5	Public Service	PSW Employees Occupational Pension Scheme	General Trust Company Limited	Cynthia Arthur	0506445203

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

Taxi Drivers in Sunyani Municipality schooled on Pensions

Taxi Drivers in Sunyani Municipality have been educated on pensions to clear the misconception that pension is for only salaried workers or government workers.

This was fulfilled at a forum organized by GPRTU in collaboration with National Pensions Regulatory Authority (NPRA) to educate taxi drivers in Sunyani main lorry station, Nana Bosoma market lorry station, DKM lorry station, Chiraa lorry station and Atronie lorry station on pensions

Speaking at the forum, the Corporate Affairs Officer of NPRA, Mr. Samuel Baffour Awuah explained the pension arrangements in the country and stressed on the need for their participation in the 3rd Tier voluntary Schemes in order to enjoy a decent retirement income. He reiterated that retirement is inevitable and a reality of life and so no one can escape retirement whether in the formal sector or informal sector or whether planned or unplanned. It is therefore advisable to start saving for the rainy day by contributing through the Corporate Trustees licensed by the NPRA.

In his submission, he emphasized that the 3rd Tier is voluntary and an individual who joins can contribute any amount on a daily, weekly or monthly basis depending on their financial strength or level of income. He used the occasion to correct the misconception that children are their retirement benefit.

Mr. Baffour Awuah assured the taxi drivers of the safety of their funds as NPRA has instituted measures to protect their contributions to enhance safe and fair returns of their contributions. In responding to some of the concerns raised by the participants, the facilitator explained that NPRA is a government institution established by law and there is no way that the Authority can run away with their money as other Ponzi microfinance institutions did to inhabitants of Sunyani.

A total of seventy-four (74) taxi drivers signed on to join the 3rd Tier voluntary pension scheme and they were registered by officials of People Pension Trust and NHTC. Mr. Offeh who is the Regional Secretary of the GPRTU Sunyani branch was very excited that some of his members decided to participate in the pension scheme. In his concluding remarks, he encouraged NPRA officials to intensify the education campaign to bring more informal sector workers on board. He also suggested that going forward, NPRA should assist his leadership to develop a Group Pension Scheme for all members where contributions would be paid through their monthly dues.

NPRA to establish Pensions College

The National Pensions Regulatory Authority (NPRA) is set to established a National Pensions College to address the knowledge gap identified in the Pensions industry. Act 766 (sections 143-144) and its accompanying regulation LI 1990 (Regulation 7) placed the responsibility on the NPRA to ensure that Trustees and players mandated to operate in the pensions industry have the requisite knowledge to administer private pensions or provide related services in the administration of private pension schemes.

The aim of establishing a pensions college is to fully equip the industry players with knowledge in pensions to be conversant with the law relating to pensions and investment principles of the schemes' assets. The establishment of the Pensions College has become necessary primarily because during the initial stages of the pension reform, the Authority was burdened with transitional issues and had to resort to the partnership with already established training institutions, including the African University College of Communication and National Insurance College to deliver on the mandate of training the industry.

The Objectives of the Pensions College are three folded:

• To provide basic and professional training in pensions and offer continuous professional development to service providers and other industry players.

• To help train other professionals and graduates who wish to join the pensions industry.

• To deepen financial literacy, especially in pension products among citizens.

With the establishment of the College and course venues, the expected outcomes include.

• Trustees acquire in-depth knowledge and understanding in pensions management and trusteeship, which will ensure compliance.

• Boards of Trustees are made aware of the expectations of the Regulator.

• Critical issues emerging from monitoring discussed and resolved.

• The Board of Trustees appreciates the level of tasks and expertise needed to meet pension management and administration challenges.

• Other Service Providers acquire in-depth knowledge and understanding in pensions management and administration to ensure compliance.

The training is set to commence in the 2nd quarter of 2021. The course shall be rolled out in sessions, and each session will be a 3-day intensive session which shall comprise a maximum of 25 participants. All COVID 19 protocols shall be strictly observed.

Courses will be facilitated by NPRA personnel, and other industry experts may be engaged if necessary. Special collaborations with similar institutions, namely Ghana Insurance College, Ghana Investment and Securities Institute, and the National Banking College, have been secured for some modules.

Tier 3 pensions scheme: A panacea to a retirement of wailing and gnashing of teeth

Retirement in Africa comes with a lot of struggles and expression of anger especially for corporate workers and the entire citizenry who didn't take the chance to invest towards their retirement and only depended on the mandatory pension schemes which are the Tier 1 Pension Scheme managed SSNIT and the Tier 2 Pensions Scheme managed by Trustees. SSNIT only receives 13.5% and the Tier 2 constitutes 5% of the employees' basic salary. These two tranches of mandatory deductions are statutory in nature, meaning it was a decision taken by the government for citizens.

Question: what decision have you made for yourself as an employee?

The Tier 3 which constitutes Personal Pensions (Self-employed) and provident fund (Corporate employees) becomes an avenue by which individuals now decide what percentage of their income should be invested and for how long. The corporate person is already enjoying tax exemption on the mandatory contributions (Tier 1 and 2) and therefore has an extra 16.5% to exhaust the tax bracket in the Tier 3 Voluntary scheme. The Self-employed person can contribute from his personal coffers according to his or her own volition.

Unfortunately, in Africa before the Salaries come, there are outstanding bills that will need your undivided attention; the PASTOR will call for His TITHES, your LANDLORD will remind you of your RENT, your PARENT will call for HOUSE-KEEPING MONEY and your FRIENDS will remind you of your Friday sittings for boys-boys discussion; until what we call "a TAKE-HOME PAY" refuses to finally TAKE US HOME. Most "TAKE HOME PAY" doesn't take most people home, so we must start where we are now and now.

So few decades down the retirement lane we are wailing and gnashing our teeth and blaming our ancestors for coming to Accra to just marry and give birth and didn't have the sense to make some properties for us. This is how the average Ghanaian worker thinks. He knows retirement is coming prepared but he won't prepare for the retirement.

The CEO of NPRA and other TRUSTEE forerunners keep trumpeting the unsatisfactory participation of both formal and informal sector in the Tier 3 Pensions Scheme. Statistically proven, out of 85% of the informal untapped market, only 3% is prepared for their retirement. And those of us who claim we are educated and formal thinks "SALARY will always come but tomorrow is not certain, so let's live our lives now while tomorrow takes care of itself". This is the mindset behind the about 98% of unprepared financially dependent retirees who gnash and wail their teeth with the regrettable saying "had I known?".

There is a bail-out system out of this squalor of financial hardship, and that is the TIER 3.

Do you know If you are 25 years old and you have 35 years to retire, GHC 50 a month for 35 years at 15% will earn you GHC 733,859.01 at the time of your retirement? If you are 30 years and you decide to set aside GHC 200 which constitute a percentage of your salary, the next 30 years at your retirement earns you GHC 1,384,655.92. This is good money and the list continues. The only problem has to do with consistency and the discipline of conformity to the laws of savings and investment especially to pensions which is the safest.

When you juxtapose your birth certificate with your investment simulation and do the analysis yourself, you will realize that you don't have much time to start this journey with your pension's trustee. The NPRA and SSNIT in cooperation with the TRUSTEES are always ready to educate you on these needful investment avenues. Employers, Employees, Petty traders and staff of various corporations can Start a Tier 3 Today and put a perpetual stop to a future with tears, wailing and gnashing of teeth.

Credit:

TIER 3 PENSIONS SCHEME: THE WAY OUT.

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Kumasi Zonal Office engages Corporate Trustees in the region

The participation of informal sector workers in the 3-tier pension scheme, specifically the personal pension, group pension and macro pension schemes, have been very low and unsatisfactory over the years. This has resulted in poverty and a low standard of living during the old age of informal sector workers. Since Ashanti Region, Kumasi metro precisely holds the largest number of the informal sector market in Ghana, it became necessary that a meeting of all the Corporate Trustees in the region be organized to help strategize and adopt measures to bring on board more people from the informal sector on pensions.

Against this background, the Kumasi zonal office of the National Pensions Regulatory Authority (NPRA) held a meeting on the 11th March, 2021, with fourteen (14) Cooperate Trustees in the region. The main focus of the meeting was to bring up strategize and effective means of collaborating with each other in order to enrol more informal sector workers on the pension scheme to secure retirement income security for them.

At the meeting, the office and the cooperate trustees drew up strategies to embark on education and sensitization of the informal sector to understand the importance and the urgent need to join a pension scheme to secure their retirement income. Mr. Alex Owusu-Boakye, the zonal head of the NPRA encouraged all Corporate Trustees to call on the Authority for support in their education and sensitization for the informal sector. He also advised Corporate Trustees to have a good relationship with their clients, both the young and the aged.

Corporate Trustees were elated to hear that the authority is willing to provide support for their education and sensitization programs and also suggested that periodic meeting with the authority should be organized.

Retirement planning: 6 'retirement killers' to avoid at all costs

Financial planners see people making these six money mistakes all the time, and they can endanger your retirement. Here are six surefire ways to kill your retirement – and how to get back on track from them.

1. Not having a written income plan for life

Soon-to-be-retirees and retirees often say their No. 1 worry is outliving their money. Yet, many are just winging it, moving to and through retirement without a plan that tells them how much they will need from year to year, or where to find the money that will replace their paycheck, or even worse, how long their money will last.

The remedy: A written income plan is like a compass: If you use it correctly, you'll always know where you are and where you're going. You may have to make some adjustments each year, as priorities and costs are bound to change as you move through retirement. But if you understand and stick with your income plan, it should help keep you on course.

2. Using the wrong investment return assumptions in your income plan prior to and in retirement

If you're counting on a 9% return to make your plan work, for example, and the market doesn't cooperate, you will most assuredly run into trouble!

The remedy: Be a bit conservative when making assumptions about market performance. As a rule of thumb, your income plan should use a withdrawal rate of no more than 4% from your investments to provide income and be sure that your investment portfolio is positioned in a way that avoids wild swings in the market. Keep at least 18 months to two years in cash available in that portfolio so you are not forced to sell investment positions to pay income when the market value is down. Cash and more stable investments in your portfolio help you get through a bear market. It's better to get a pleasant surprise when the market is stronger than expected than to have to deal with a devastating disappointment.

3. Taking too much risk with investments

Some people get so caught up in accumulating money they forget to protect what they have in or near retirement. Others mistakenly think they have a moderate or conservative portfolio when what they actually have is quite aggressive.

The remedy: A financial adviser can do an exhaustive review of your investments, simulate how they would react to historic market crises (the 2000 and 2008 corrections, for example) and assess how vulnerable your current portfolio might be to future corrections. Once you have an idea of your true risk exposure, you can reconstruct your investment strategy to suit your needs and goals. This is huge when you're counting on a stress-free and enjoyable retirement.

4. Not enjoying the people and activities you care about

Some retirees are so uncomfortable with seeing the balance of their retirement account go down that they spend less than they can afford – not taking the trips they once dreamed of or visiting their grandkids as often as they could. Then, 20 years into retirement, they turn 85 and realize as time has ticked away, they haven't done a thing.

The remedy: The goal here is to find a happy middle ground, and a "bucket" strategy for your assets can give cautious retirees the confidence they need to enjoy their money throughout their lifetime. In this approach, each bucket provides for a different need. For example, you might have a "safety" bucket for the money you can get your hands on at any time (cash and cash equivalents) to use for vacations and big purchases. An "income" bucket would include assets that are protected from the market and reliable income streams (Social Security, a pension) you can use to pay your bills. And a "growth" bucket would hold riskier assets that are chosen to build wealth for future needs and to counter inflation.

5. Giving too much money to the kids

I have seen this retirement killer in many forms: Parents with grown children who still depend on them for everyday living expenses and others who are paying off their children's student loans. Some parents loan their kids money at low or no interest or agree to co-sign on a car loan or mortgage. Parents may gift money to their children too soon and then come up short on what they need for themselves early or later in retirement. I've seen way too many examples of couples giving everything they have to their kids, and it's not helping anybody. It doesn't help the children, and it's certainly not helping the parents.

The remedy: When you fly, they always tell you to put your oxygen mask on first, before you help the person next to you. That should be a rule for parents when it comes to gifting or lending money to their children. Always make sure you are OK first – whether you're still saving for retirement or you're already there. And if that makes you feel stingy, think of it this way: You're giving your kids a different kind of gift – the gift of financial independence, for them and yourselves, too.

6. Blindly believing when your financial professional says, 'You are going to be OK'

If you don't have a plan, or you don't understand your plan, you aren't OK, no matter what your adviser says.

The remedy: If you're paying for advice, you should be getting it. If your financial professional can't make time to build a plan for you or doesn't have the ability to do so, you should be concerned. Or, if he or she is focused primarily on growth vs. conservation and income it may be time to move on.

Don't let these and other mistakes cause you to come up short in retirement. A good plan can help you overcome bad choices – and the sooner you can get back on track, the better you'll feel about your financial future.

Credit: Edward Grosko, IAR and ChFC®

April 1, 2021

Source: https://www.kiplinger.com

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Facebook fuel for India 2020: WhatsApp to launch insurance and pension products in India by year-end

WhatsApp is aiming to launch health insurance and micro-pension products on its messaging platform in India through tie-ups with licensed financial services players. This was announced at the Day 2 of Facebook's first edition of Fuel for India event. The two-day event kicked off on 15 December and was concluded on 16 December. The move for insurance and pension products comes as the Facebook-owned messaging platform is set to expand its services to finance, commerce, education and social welfare in 2021.

In the first phase of the launch, the instant messaging platform is set to partner with SBI General to launch a sachet-health insurance cover and HDFC Pension to make available National Pension Scheme (NPS) products on its app.

"WhatsApp has proactively been working on several pilots to help ensure that every adult has access to the most basic critical financial and livelihood services through their mobile device. By the end of this year, we expect that people will be able to buy affordable sachet sized health insurance through WhatsApp," said Abhijit Bose, WhatsApp India Head at the Facebook Fuel for India 2020 event.

"The ability for people to get insurance covers life and health can protect the financial security of households from unforeseen expenses especially during the pandemic," he added.

WhatsApp has over 400 million MAU or monthly active users in India. Last month, WhatsApp rolled out its payments services in India after receiving approval from the National Payments Corporation of India (NPCI). In India, it competes with players like Paytm, Google Pay, Walmart-owned PhonePe and Amazon Pay.

Source: https://www.firstpost.com

Licensed Corporate Trustees As At Dec 2020
(Licenses Are Valid Until 31st July, 2021).

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 the total contribution from the Employer and the employee into the 1st and 2nd Tier Mandatory Schemes of the 3-Tier Pension Scheme, and how is it different from what existed under the old SSNIT scheme?

Ans. The total contribution from the employer and the employee under the 1st & 2nd Tier Scheme is 18.5% and is distributed as follows:

New Scheme (Act 766)

Employer	-	*13%*
Employee	-	*5.5%*

		18.5%
		=====

Old SSNIT Scheme (PNDCL247)

Employer	-	*12.5%*
Employee	-	*5%*

		17.5%
		=====

1. What is the contribution rate into the 1st Tier Basic Scheme?

Ans. The contribution rate into the 1st-Tier scheme is 13.5%. However, 2.5% is remitted to National Health Insurance Scheme (NHIS), leaving 11% in the Basic Scheme to invest for contributors, which would be paid as a monthly pension on retirement.

2. How many years should a contributor contribute to qualify for full pension benefits under the 1st Tier scheme?

Ans. To qualify for full/monthly pension benefits, one must contribute to the 1st Tier for a minimum period of fifteen (15) years or 180 months in aggregate, whether the contributor retires at the compulsory age of sixty (60) years or the voluntary age of fifty-five (55) years and above.

3. What is the contribution rate of the 2nd Tier occupational pension scheme?

Ans. 5% of the total contribution of 18.5% goes into the occupational pension scheme.

4. How can a first-time contributor who is more than 45 years and less than 50 years join the 3-Tier Pension Scheme?

Ans. Such workers can participate in the 3-tier pension scheme by joining the 2nd tier occupational pension scheme – all their contributions of 18.5% would be paid into the 2nd tier occupational pension scheme.

5. What kind of benefits will those who contribute 18.5% to the occupational pension scheme receive?

Ans. Such people will receive a 25% lump sum of their total accrued benefits, and the remaining 75% will be used to buy an Annuity from an approved Insurance Company.

6. Under what condition is emigration benefit paid to a member/contributor?

Ans. Emigration benefit is paid to a foreigner who has made less than 180 months (15 years) contributions under the 1st –Tier Scheme and has not reach retirement age but intends to leave Ghana permanently.

7. What kind of benefits will those who contribute the total 18.5% into the occupational pension scheme receive?

Ans. Such people will receive 25% lump sum of their total accrued benefits and the remaining

8. What would happen to the contribution of a worker who under the Occupational Pension Scheme or Provident Fund Scheme has changed employment?

Ans. The National Pension Act, 2008 (Act 766) has made a provision for workers to transfer their accrued contributions to the scheme of their new employer. This allows the worker to carry along his/her accrued benefits as he/she continues to change employment.

9. Can employees keep their 2nd Tier contributions with their previous employers' trustees while contributing under a new employer?

Ans. Yes, but it is subject to the regulations/rules of the scheme in question.

10. How do I join a pension scheme as a Self-Employed Person?

Ans. You can join the Mandatory 1st & 2nd Tier Schemes as a Voluntary contributor. Equally, you can join the Voluntary 3rd Tier as a member of a group or as an individual. As a group, you have to register your pension scheme with the NPRA and choose your own trustees, and as an individual, you can join any personal pension scheme registered by any corporate trustee licensed by NPRA.

11. At what rate should the informal sector worker/Self-employed person s also contribute to the Group and Personal Pension Schemes?

Ans. Since the source of income of informal sector workers is irregular, the individual contributor determines the amount he or she wants to contribute to the scheme in accordance with the rules and regulations of the scheme. It is not fixed like that of the formal sector workers.

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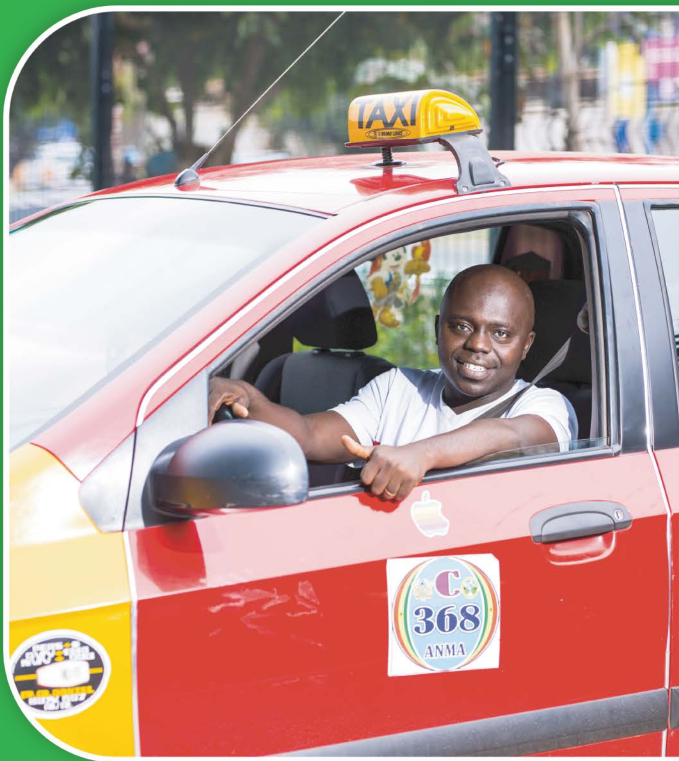

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