

NIGERIA



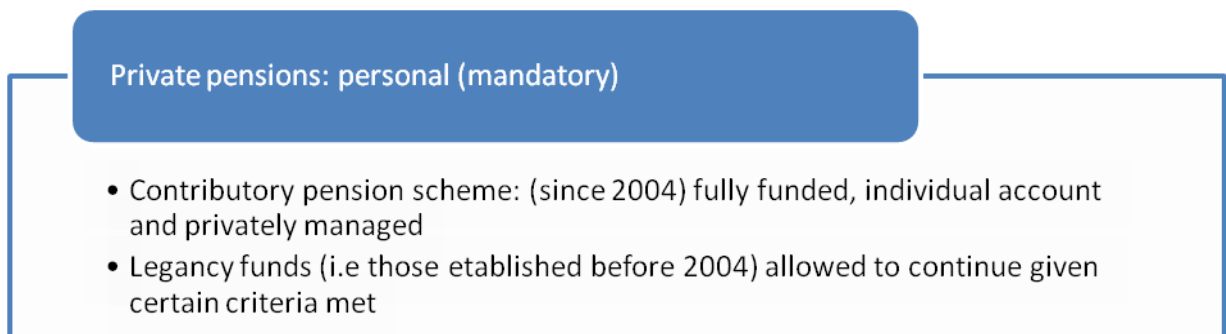
DEMOGRAPHICS AND MACROECONOMICS

| | |
|-------------------------------|---------|
| Nominal GDP (EUR bn) | 25 510 |
| GDP per capita (USD) | 1 450 |
| Population (000s) | 151 212 |
| Labour force (000s) | |
| Employment rate | |
| Population over 65 (%) | |
| Dependency ratio ¹ | |

Data from 2008 or latest available year.
 1. Ratio of over 65-year-olds the labour force.
 Source: OECD, various sources.

COUNTRY PENSION DESIGN

STRUCTURE OF THE PENSION SYSTEM



Source: OECD Global Pension Statistic.

PENSION FUNDS DATA OVERVIEW

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|------|------|------|------|------|------|---------|-----------|
| Assets | | | | | | | | |
| Total investments (National currency millions) | ND | ND | ND | ND | ND | ND | 858,580 | 1,098,980 |
| Total investments, as a % of GDP | ND | ND | ND | ND | ND | ND | 4.11 | 4.31 |
| Of which Assets overseas, as a % of Total investment: | | | | | | | | |
| • Issued by entities located abroad | ND | ND | ND | ND | ND | ND | ND | 1.77 |
| • Issued in foreign currencies | ND | ND | ND | ND | ND | ND | 3.40 | ND |
| By financing vehicle (as a % of Total investments) | | | | | | | | |
| • Pension funds | ND | ND | ND | ND | ND | ND | 100.00 | 100.00 |
| • Book reserves | ND | ND | ND | ND | ND | ND | NA | NA |
| • Pension insurance contracts | ND | ND | ND | ND | ND | ND | NA | NA |
| • Other financing vehicle | ND | ND | ND | ND | ND | ND | NA | NA |
| By pension plan type | | | | | | | | |
| • Occupational assets | ND | ND | ND | ND | ND | ND | 536,890 | 1,098,980 |
| • % of DB assets | ND | ND | ND | ND | ND | ND | 100.00 | 57.07 |
| • % of DC (protected and unprotected) assets | ND | ND | ND | ND | ND | ND | 0.00 | 42.93 |
| • Personal assets | ND | ND | ND | ND | ND | ND | 321,690 | 0 |
| Structure of Assets (as a % of Total investments) | | | | | | | | |
| Cash and Deposits | ND | ND | ND | ND | ND | ND | 18.63 | 31.83 |
| Fixed Income | ND | ND | ND | ND | ND | ND | 37.66 | 34.87 |
| Of which: | | | | | | | | |
| • Bills and Bonds issued by the public and private sector | ND | ND | ND | ND | ND | ND | 32.61 | 34.87 |
| • Loans | ND | ND | ND | ND | ND | ND | 5.05 | 0.00 |
| Shares | ND | ND | ND | ND | ND | ND | 28.07 | 20.27 |
| Land and Buildings | ND | ND | ND | ND | ND | ND | 9.21 | 11.42 |
| Other Investments | ND | ND | ND | ND | ND | ND | 6.43 | 1.61 |
| Contributions and Benefits | | | | | | | | |
| Total Contributions, as a % of GDP | ND | ND | ND | ND | ND | ND | 0.95 | 1.22 |
| • Employer Contributions, as a % of Total contributions | ND | ND | ND | ND | ND | ND | 69.04 | 67.43 |
| • Employee Contributions, as a % of Total contributions | ND | ND | ND | ND | ND | ND | 30.96 | 32.57 |
| Total Benefits, as a % of GDP | ND | ND | ND | ND | ND | ND | 0.05 | 0.16 |
| • % of benefits paid as a Lump sum | ND | ND | ND | ND | ND | ND | 74.71 | 77.76 |
| • % of benefits paid as a Pension | ND | ND | ND | ND | ND | ND | 25.29 | 22.24 |
| Membership (in thousands of persons)¹ | | | | | | | | |
| Total membership | ND | ND | ND | ND | ND | ND | 2,857 | 3,524 |
| • % of Active membership | ND | ND | ND | ND | ND | ND | 99.50 | 99.67 |
| Of which: % of Deferred membership | ND | ND | ND | ND | ND | ND | 0.08 | 0.01 |
| • % of Passive membership | ND | ND | ND | ND | ND | ND | 0.50 | 0.33 |
| Other beneficiaries | ND | ND | ND | ND | ND | ND | 2 | ND |
| Number of Pension Funds/Plans | | | | | | | | |
| Total number of funds | ND | ND | ND | ND | ND | ND | 3 | 22 |
| Total number of plans | ND | ND | ND | ND | ND | ND | ND | 2 |

1. Membership figures reflect 'membership' rather than 'people'. Therefore a person may be a member of more than one types of plan at any one time, particularly if the person has a number of employments in the year.

ND = data not available

NA = data not applicable

Source: OECD, Global Pension Statistics

NIGERIA: THE PENSION SYSTEM'S KEY CHARACTERISTICS

PUBLIC PENSION

No information available.

PERSONAL MANDATORY

Coverage

Membership in the CPS is compulsory for all public sector employers (except diplomats) and for those private sector employers with 5 or more employees. Retirement Saving Accounts are set up for all covered employees under the CPS. Some groups of employees are exempted from the contributory pension scheme, for example those who, at the coming into force of the Pension Reform Act 2004 are covered by a different pension scheme, which existed before the commencement of the Pension Reform Act 2004 and who have 3 years or less to retire.

Contributions

Public services employees and private sector employees pay a minimum of 7.5% of their gross monthly earnings. Employers also pay a minimum contribution of 7.5% and may pay the full 15% themselves. Military personnel pay a minimum of 2.5% of their gross monthly earnings and their employers pay 12.5%. The gross monthly earnings comprise basic salary, housing allowances and transportation allowances. Voluntary contributions are allowed. Contributions may be revised upwards by agreement between the employer and the employee. The National Pension Commission must be notified of this revision.

Benefits

Upon retirement the member has a choice as to how to receive his retirement benefits:

- programmed monthly or quarterly withdrawals, based on life expectancy;
- annuity for life purchased from a life insurance company (with monthly or quarterly payments);
- a lump sum, provided that the amount left after that lump sum withdrawal is sufficient to permit an annuity or programmed withdrawals of at least 50 per cent of the employee's annual pre-retirement salary.

In the case of the employee retiring before the age of 50 according to the terms and conditions of his employment contract, the level of the lump sum that he can withdraw is no more than 25% of his retirement savings. The lump sum can only be withdrawn six months after the employee's retirement and the retired employee cannot in the meantime take up employment again.

All retirement savings account holders who have contributed for 20 years shall be guaranteed a minimum pension as specified by the Government on recommendation from the Pension Commission.

Where an employee makes additional or voluntary lump sum contributions into the RSA, he can withdraw such money before retirement or attainment of the age of 50 years.

Taxation

Contributions to the new pension scheme are tax free. Investment income is taxed. Benefits are exempted from tax. Early withdrawals (withdrawn from voluntary additional contributions) are taxed.

MARKET INFORMATIONPersonal mandatory

Pension funds can only be managed by pension fund administrators who have obtained a licence from the National Pension Commission. The employee is free to choose an administrator. Custodians hold the employees assets and execute transactions for the employee.

POTENTIAL REFORM

No information available.

REFERENCE INFORMATION**KEY LEGISLATION**

The Pension Reform Act 2004 (2004 Act no. 2) introduced the Contributory Pension Scheme

KEY REGULATORY AND SUPERVISORY AUTHORITIES

National Pension Commission

www.pencom.gov.ng

