



20th November 2017

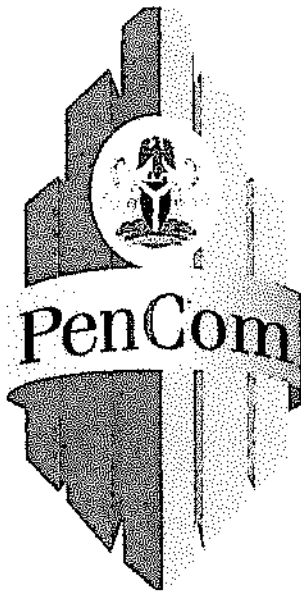
**NOTICE TO ALL SIGMA CLIENTS ON THE REVISED
GUIDELINE FROM THE NATIONAL PENSION COMMISSION
(PenCom) ON WITHDRAWAL OF VOLUNTARY
CONTRIBUTIONS**

1. The Guideline is effective 1st December 2017
2. RSA Holders can only withdraw voluntary contributions (VC) once every 2 years from the last withdrawal date
3. Contributors who are mandatorily on the CPS can only access 50% of their VC within the 2-year withdrawal timeframe
4. The 50% balance shall be used to augment the Contributor's retirement benefit
5. Subsequent withdrawals shall be limited to only the incremental contributions from the last withdrawal date
6. Exempted, Voluntary and Foreign Contributors can withdraw ALL VC contributions within the 2-year time frame

7. Tax shall be deducted for withdrawals of any contribution that is less than 5 years old
8. For Contributors who are mandatorily on the CPS, the tax deduction shall be only on income earned
9. For Exempted, Voluntary and Foreign Contributors, the tax deduction shall be on both the principal sum being withdrawn and the on the income earned
10. Tax deductions shall be remitted to the relevant tax authorities within 21 days of the end the month in which the deduction is made
11. PenCom will also be notified of the tax remittances
12. Any single remittance of Five Million Naira (N 5,000,000) and above shall be reported to the EFCC by Sigma and UBA Custodian

NB:

Please be reminded that retirement is a reality and the more an individual has in his/her RSA at retirement, the better.



**NATIONAL PENSION COMMISSION
174 ADETOKUNBO ADEMOLA CRESCENT
WUSE II
ABUJA**

CIRCULAR

REF: PENCOM/INSP/CIR/SURV/17/22

DATE: 16 November, 2017

TO: All Licensed Pension Fund Administrators/Pension Fund Custodians

SUBJECT: WITHDRAWALS FROM VOLUNTARY CONTRIBUTIONS

- 1.0 Section 4 (3) of the Pension Reform Act, 2014 allows active employees under the Contributory Pension Scheme (CPS) to contribute voluntarily in addition to the mandatory contributions into their respective Retirement Savings Account (RSA) in order to augment their pension at retirement. Similarly, Section 4 (7) allows exempted employees from CPS to participate in voluntarily in the CPS subject to a Guideline issued by the Commission.
- 2.0 Section 10 of the Money Laundering Act 2011 provided for obligation on all the Financial Institutions to report any single transaction of ₦5 million and above to the Economic and Financial Crime Commission (EFCC).
- 3.0 The Commission has observed the current high trend of requests for Voluntary Contributions (VC) withdrawals by PFAs especially the significant VC amount withdrawn, usually within short duration of lodgement in the RSA both for mandatory and exempted contributors thereby defeating the purpose of VC which is meant to enhance pension at retirement. Also the short intervals between the date of contributions

and withdrawals, results in insignificant tax payable to the relevant tax authorities.

4.0 Consequently, this Circular is to provide measures that would curb high VC withdrawal, ensure appropriate tax payments and strengthen the process of VC administration in line with the draft Guidelines on Voluntary Contribution to be issued by the Commission.

5.0 The following rules and activities must be adopted by all PFAs /PFCs to foster compliance of clause 4.0 above:

a) Timeframe for withdrawal from VC account shall be once every 2 years from the last approved withdrawal date. Subsequent withdrawals shall only be on the incremental contributions from the date of last withdrawal.

b) For mandatory contributors, the amount remitted as VC shall be separated as follow:

i) 50% shall be treated as contingent, available for withdrawal within the stipulated timeframe of every 2 years. Taxes would be deducted on income earned in line with Section 10 (4) of the PRA 2014.

ii) The balance of 50% shall be fixed for pension and utilized at date of retirement to augment the contributor's retirement benefit

c) For exempted/foreign contributors, the following shall apply:

i) The timeframe of withdrawal of once every two years in clause 5 (a) above shall be adopted.

ii) The contributor is allowed to withdraw all the funds in his/her VC account after two years of contribution, subject to deduction of taxes on both income earned and principal amount when withdrawal is less than five years of the contribution.



d) PFAs shall forward request for approval to the Commission using the revised schedule for VC withdrawals hereby attached as **Appendix A**.

e) Both PFAs and PFCs are required to inform the Economic and Financial Crime Commission of any single lodgement of **N5 Million** and above.

6.0 Henceforth, all tax deductions shall be remitted to the relevant Tax Authorities within 21 days after the end of the month of deduction and render returns to the Commission twice yearly of such remittance.

7.0 Failure by any PFA to adhere to this Circular will result in the imposition of appropriate sanctions.

8.0 This Circular will be effective on 1 December, 2017.

All enquiries regarding this Circular should be directed to the under signed.



M. Y. Datti
Head, Surveillance Department

SCHEDULE OF VOLUNTARY CONTRIBUTIONS FOR HARD COPY REQUEST

APPENDIX A

PFA NAME:
DATE OF REQUEST:

PENSION FUND ADMINISTRATORS SUBMISSION																
(A)	(B)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)
S/N	NAME	PIN @	ORGANISATION	SECTOR	UNIT PRICE AT ENTRY	DATE OF UNIT PRICE AT ENTRY	DATE OF DEPOSITS	DATE OF LAST WITHDRAWAL	TOTAL UNITS CREATED	TOTAL AVC BALANCE AT ENTRY	AVERAGE UNIT VALUE AT EXIT	TAXABLE AMOUNT PAYABLE AT EXIT	NON TAXABLE AMOUNT	INTEREST	TAX	NET AMOUNT PAYABLE