PENSIONS DIGEST

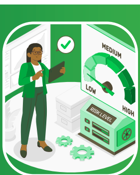
Official Newsletter Of National Pensions Regulatory Authority (NPRA)

Vol. 5 | AUGUST, 2024 | ISSUE 2

IMPROVING INFORMAL SECTOR PENSIONS COVERAGE

NPRA and GIZ Ghana Collaborates to Educate the Informal Sector

NPRA Donates To Accra Psychiatric Hospital



NPRA Promotes Pension Compliance

NPRA Trains Journalists

National Pensions Regulatory Authority

NPRAGhana

NATIONAL PENSIONS REGULATORY AUTHORITY

"ENSURING RETIREMENT INCOME SECURITY"

Editorial

IMPROVING INFORMAL SECTOR COVERAGE IS THE RESPONSIBILITY OF ALL STAKEHOLDERS

One of the key challenges that have confronted the pension industry since 2010 has been the challenge of expanding pension coverage into the informal sector. There is no doubt that the Authority has put in and continues to put in significant effort to expand pension coverage in Ghana.

Even though there has been some improvement in the informal sector moving from 1% in 2019 to 8% in 2023, there is still much to be done considering over 70% of workers are not on any form of pension scheme. This brings to the fore the importance of extending pension coverage to the sector. This is so crucial because the people working in the informal sector may not have any guaranteed income to support them in their old age.

The National Pensions Regulatory Authority (NPRA) has adopted various strategies to promote and extend the coverage of pensions to workers in the informal economy. The key part of the strategy has been education and awareness creation campaigns in various forms including market activations and enrolment drive. In such campaigns, the Authority goes to the market centres with Pension Trustees to engage the traders. This provides an opportunity for the Trustees to engage one-on-one with the traders and sign them onto pension schemes.

The Authority between May and July this year organised over ten market activations and enrolment drives across the country intending to increase the pension coverage in the informal sector. These programmes were organised and led by the Regulator with the Trustee's participation to enrol the workers. These programmes serve as an endorsement for the trustees to "open the doors" for them to enter the markets and engage the traders.

Even though the programme ended successfully, we expect the Trustees to continue engaging the traders as the Authority has helped them gain access. The engagement must not be truncated but rather the enrolment drive must be perpetual.

The Trustees must continue to visit the markets, engage the people and enrol them on pension schemes. The Authority only paved the way with these educational programmes.

The trustees must remain in the market and continue to engage and sign them onto schemes. It should not only be on the days of the programme. Enrolment must go on even after the sensitization so can all. Possibly, the Trustee must plan to have satellite offices or agencies to "till the already saturated grounds for bumper harvest" Anything short of this will not help the agenda of improving the pension coverage,

We all have the mandate and the responsibility to improve pension coverage in Ghana and as such we must all work together to achieve this objective

e: info@npra.gov.gh

NPRA AND GIZ, GHANA COLLABORATE TO EDUCATE THE INFORMAL SECTOR WORKERS ON THE THREE-TIER PENSION SCHEME

Management of NPRA in a group picture with The Gambian Delegation

The National Pensions Regulatory Authority (NPRA) in collaboration with GIZ, Ghana has organized three sensitization programs for 655 informal sector workers in Bekwai, Obuasi and Mampong. The programme which was under the theme My Pension; My Future forms part of the commitment of GIZ to work with the pensions regulator in its efforts to improve pension coverage in the informal sector.

The objective of the program was to increase awareness and understanding of the three (3) tier pension scheme among informal sector workers in the three major towns in the Asante region, enabling them to make informed decisions about retirement planning and savings. The sector constitutes the largest sector employing the majority of the working-age Ghanaian population. It is therefore important to reach out to them with the message of pensions to enable them to save to secure their future income security.

The forum employed an interactive approach, featuring presentations, discussions and question-and-answer sessions to drive home the understanding and relevance of pensions. At Bekwei about 220 informal sector workers were educated while Obuasi and Mampong saw 210 and 220 workers educated respectively. The participants were taken through the three-tier pension scheme, the various benefits and the process of enrolment.

The three programmes saw 350 informal sector workers enrolled on the personal pension scheme secure a better retirement in future.

NPRA DONATES TO ACCRA PSYCHIATRIC HOSPITAL

Management of NPRA in a group picture with The Gambian Delegation

The National Pensions Regulatory Authority (NPRA) has donated essential groceries to the Accra Psychiatric Hospital as part of its Corporate Social Responsibility initiative. The donations form part of the Authority's commitment to support the amazing work of the Hospital, a place that serves as a beacon of hope and healing for many in the society. The items donated include rice, oil, toiletries, water, and soft drinks among others.

The Senior Manager of HR and Admin. Mrs Efua Appiah Gyimah who led the delegation to donate the items praised the hospital and said "This donation is just a small token of our appreciation for the tireless dedication and compassion shown by the healthcare professionals and staff at the Accra Psychiatric Hospital.

She said the Authority believes in the power of community and the importance of giving back as such management of NPRA is proud to be able to contribute groceries to augment what the hospital has.

She commended the staff of the hospital for their inspiration and commitment to providing exceptional care and comfort to the patients and indicated that the NPRA looks forward to continuing the relationship and finding more ways to support the mission in the future.

Jacinta Kufe, a senior nurse officer at the hospital who received the items on behalf of the hospital thanked the Board, Management & Staff of NPRA for their support and indicated that the hospital is proud to be associated with the NPRA. She said the donation has come at the right time to help in taking care of the patients. She promised to ensure that the items presented are put to good use to achieve the purpose of the donation.

The NPRA in 2021 built a 60-seater capacity canteen for the staff of the hospital as part of its 10th Anniversary celebration further demonstrating its commitment to supporting the hospital's valuable work.

Credit:
Nana Sifa Twum
(Corporate Affairs Manager, NPRA)

EMPLOYERS MUST DO MORE IN EDUCATING EMPLOYEES ON PENSIONS

Employers are one of the key stakeholders in pension administration. They are essentially, the source of funds and other vital information for the management of pension schemes. Their active involvement cannot be ignored in ensuring effective management of pension schemes and their employees' well-being on retirement.

Under the National Pensions Act, 2008 (Act 766), employers have been placed with key responsibilities ranging from the registration of pensions schemes to the enrolment and full participation of all their workers. Employers are required to deduct and remit social security contributions of their workers to their respective pension schemes alongside their contribution reports to the trustees or scheme administrators. Even if contributions have not been made, the law requires that the employer sends the contribution data or report to the administrator. This is to help ensure the effective running of the scheme and to determine the contributions in arrears as the case may be.

They are also mandated to keep proper books of accounts and records of contributions made within the company. These vital records will be required for inspection to ascertain whether the right contributions were or are being paid on behalf of workers and trace any missing contributions. These are part of the primary information that needs to be kept for effective and efficient management of pension schemes.

Despite the sanctions that come with the failure to adhere to these responsibilities, most employers still do not comply. Their employees do not have any information on schemes that they are part of. They do not know the trustees administering their 2nd or 3-tier pension schemes, their location, and how they can access their contribution statements. This is basic information that should be provided to the members of the scheme.

The employees who are proactive become victims when they request to know where their contributions are remitted to and some other details of their social security contributions.

Scheme administrators cannot credit the employees on time because their employers may have not submitted the contribution data to the trustees to aid them in allocating the contributions they have received even though it is a punishable offence for not submitting contributions data.

Some employers are also unconcerned about how the scheme is performing. To them, their responsibility ends when the contributions are paid to the schemes. Whatever happens to the contributions with the trustee, or the administrator is outside their domain.

This is not what is expected of employers. Employers are responsible for providing every piece of information on the scheme to their employees, including information on trustees, scheme rules, trust deeds, and even investment options in the scheme funds invested, among others.

Apart from performing their functions required by law, employers have a fiduciary duty to ensure that their employees are well educated and informed on matters relating to the company's pensions scheme as well as helping them plan and prepare adequately for their retirement. The National Pensions Regulatory Authority (NPRA) is always available to collaborate in this direction.

As a fiduciary, the employer stands in a position of trust and must constantly engage the trustees and scheme administrators on behalf of their workers on matters that ordinarily may not be in the purview of the members to ensure that the scheme is well managed in the interest of the workers. Employers must not leave the employees to their fate and only be interested in paying the contributions and not bothered about what goes on in the management of the contributions. They must show interest and provide basic information to keep the employees updated regularly on their pension scheme. For many, the pension benefits may be their only source of regular income on retirement.

After all, employers are in a position to benefit significantly when they show interest in the welfare matters of their employees because they tend to give their best. It could even be a source of competitive advantage in attracting and retaining key personnel. Some employers will be losing critical staff if they continue to ignore their fiduciary role in ensuring that their employees retire comfortably.

The life of a retiree in a society is enough testimony of how an organization treats its employees. Some employers even go to the extent of paying part of the medical bills of their retirees.

Despite the economic difficulties and unemployment issues, every person will be eager to work with an employer whose retirees are living better on retirement.

It is therefore important that employers pay more attention to pension and retirement-related issues of their employees. Payment of pension contributions is just one of the many responsibilities of employers in ensuring retirement income security for their employees

Credit:

Frank Anderson
(Corporate Affairs Assistant Manager, NPRA)

AKROBETO INSPIRED MARKET WOMEN TO JOIN A PENSION SCHEME

The Ghanaian actor and comedian Akwasi Boadi, has advised market women at Agbogbloshie in Accra to join a pension scheme and save for their future.

He said there was an urgent need for Ghanaians in the informal sector to plan for the future by contributing to the pensions scheme to avoid old poverty.

Mr Boadi known in showbiz as Akrobetoe joined the National Pensions Regulatory Authority and Pension Trustee at a 3-day market activation and enrolment drive programme organized to sensitize informal sector workers to pension schemes.

In his advice to the market women, Akrobeto who is also known as “Who Knows Tomorrow” indicated that pension is not only for formal sector workers but for everyone. He noted that “irrespective of what you do for a living, whether you are tomato seller, Onion seller, yam seller, everyone has the opportunity to save for the future”.

He continued that nobody knows what is installed for him or her tomorrow, and “that is why is important to save and plan for a retirement day which is inevitable the day that we are old and cannot come to market to sell.” he added.

Akrobeto encouraged the market women not to think of depending on their children in the future to take care of them because the world economy is becoming difficult every day, adding that children of today have equally big visions and responsibilities and are struggling to make ends meet.

He intimated that it was never too late to join a pension scheme for a comfortable and decent life in the future.

Amidst humour and jokes, he engaged the teeming traders in music and dancing and encouraged them to enroll on pension schemes with some pension trustees available.

The comedian had earlier paraded with the Trustee’s amsit music through the streets of the area to invite the traders to the event.

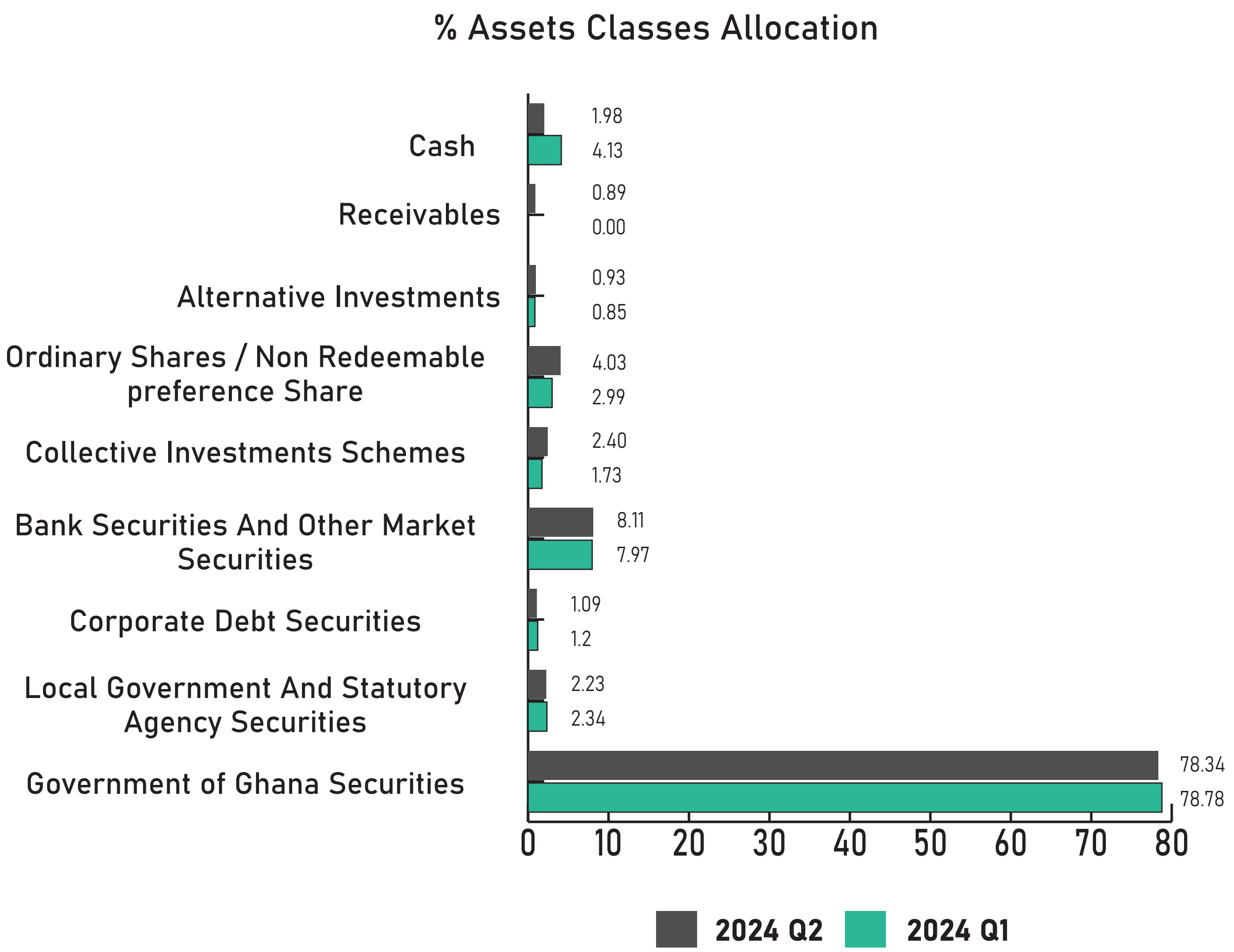
A similar programme was organized at the Abossayokai spare parts enclave a week earlier to sensitize the spare parts dealers on the relevance of pensions and to enable them to join and contribute to pension schemes.

Licensed Pension Trustees were also present and engaged the traders and signed them onto pension schemes. Eleven Pensions Trustee companies operating informal sector schemes enrolled over four hundred and fifty traders and reactivated over five hundred dormant clients during the 6-day enrollment drive.

The Authority during the programme alleys the fears of the traders and other contributors of losing their income through the collapse of the companies, and government intervention programs such as DDEP, amongst others. They were assured of the safety of the pension funds such that no one would lose his or her income.

PRIVATE PENSION FUNDS IN APPROVED ASSET CLASSES ALLOCATION (2024 Q1 - 2024 Q2)

The graph shows that the Government of Ghana Securities (GoG) consistently holds the largest market share of investments. As of Q2 2024, pension funds allocated to GoG Securities decreased by **0.44%**, with an average holding of **78.56%** over the two quarters. In contrast, alternative investments grew by **1.78%**, thus, increasing from a **0.85%** to a **0.93%** share between Q1 2024 and Q2 2024. Overall, corporate debt, bank securities, collective investment schemes, and ordinary shares all saw an increase in market share allocation during the review period, while local government and statutory agency investments decreased by **0.11%**.



Source: Fund Custodians 2024 Q1 & Q2 Quarterly Reports.

Public Sector Tier 2 Schemes Performance as of 2024 Q2

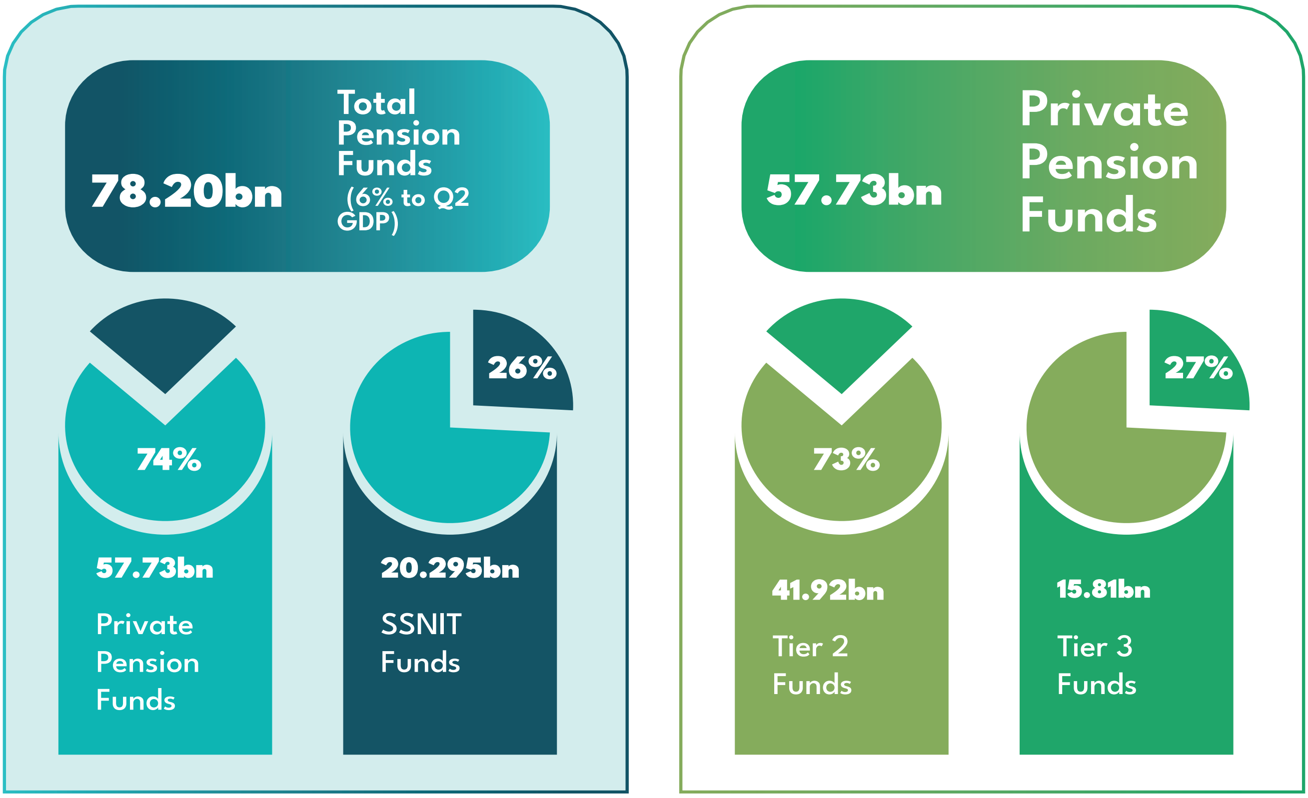
RANK	NAME OF SCHEME	N. A. V GHS	BENEFITS PAID
1	GHANA EDUCATION SERVICE 2ND TIER OCCUP. PENSION SCHEME	11,109,699,655.62	60,793,321
2	HEALTH SECTOR OCCUPATIONAL PENSION SCHEME	3,627,807,912.00	11,235,833
3	HEDGE OCCUPATIONAL PENSIONS SCHEME	1,678,746,432.00	15,299,437
4	PSW EMPLOYEE PENSION SCHEME	1,087,740,055.00	7,261,497
5	JUDICIAL SERVICE STAFF OCCUPATIONAL PENSION SCHEME	143,445,746.89	1,557,254
TOTAL		**17,647,439,802.00**	**96,147,342**

Source: Q4 Schemes Quarterly Report

PENSION ASSETS UNDER MANAGEMENT (GHS) AS OF Q2 2024

Total pension fund assets under management have continued to grow, reaching **GHS 78.20 billion** as of June 2024, up from **GHS 71.691 billion**, a **9.08%** increase. This growth reflects a **9.80%** rise from Q2, compared to an **8.62%** increase observed between Q4 2023 and Q1 2024. As of June 2024, total pension assets represent **6%** of Ghana's GDP. During this period, private pension fund assets under management also increased, rising from **GHS 53.79 billion** to **GHS 57.73 billion**.

The following is a summarized breakdown per tier.



Pension Assets showed a 9.08% growth from Q1 to Q2 of 2024, In contrast to the 8.62% growth observed from Q4 2023 to Q1 2024

Number of Pension Contributors/Member Account for the 3-Tier Pensions Schemes as at Q2 2024

2,015,837	5,396,566	4,240,293	395,556	828,498
SSNIT ACTIVE CONTRIBUTORS	PRIVATE PENSION MEMBER ACCOUNTS	TIER 2 MEMBER ACCOUNTS	TIER 3 CONTRIBUTORS (PF)	INFORMAL SECTOR CONTRIBUTORS (SSNIT, GPS & PPS)

THE PERSONAL PENSION SCHEME FOR INFORMAL ECONOMY SECTOR WORKERS

Introduction

The informal economy sector in Ghana is considered to be the largest economy employing about 74% of the Ghanaian workforce according to a 2017 report from Statistical Service. However, their participation in a formal pension scheme arrangement is very limited causing most of them to live below the poverty line in their old age. The introduction of the 3-tier Pension Scheme established by the National Pensions Act, 2008 (Act 766) has s made a provision for a special personal pension scheme for workers in the informal sector to ensure retirement income security in their old age.

The introduction of a Personal Pension Scheme means that all Informal Economy Sector Workers; Farmers, Fishermen, Commercial Drivers, Traders, and all Self-employed Persons who in the past had no access to any pension scheme will have the opportunity to fully participate in a pension scheme. This will provide a regular source of income to the contributors in the informal economy sector in their old age

Types of Informal Sector Schemes

The personal pension Scheme for the informal economy sector workers is in two forms.

- Personal Pension Scheme
- Group Personal Pension Scheme

Participation By Informal Economy Workers

Workers in the informal economy sector/ self-employed persons can join the scheme in two ways:

- As individuals or
- As Groups

Individuals' persons participating in the scheme would have to join a registered Personal scheme administered by licensed Corporate Trustees.

Group participation involves associations or organised groups such as Abbosay Okai Spare Parts Dealers forming a pension scheme known as "Spare Parts Dealers Group Pension Scheme", "Farmers Pension Scheme", or GPRTU Pension Scheme for Commercial Drivers etc., and making consistent contributions into the scheme. The Groups are allowed to select their own members to form the Board of Trustees to administer the scheme or can outsource the administration to a third party that is Corporate Trustee as an administrator.

Informal economy sector workers can join the scheme from the age of 15 years. Retirement age however depends on the rules of the scheme they have joined.

Operational Accounts

According to the National Pensions Act, 2008 (Act 766) Informal Sector Workers/ Self-employed persons participating in a pension scheme whether as individuals or as part of a group will have two accounts namely.

- Personal Savings Accounts.
- Retirement Account.

Contributions from the members are split into two accounts in accordance with the scheme rules. For example, the scheme rules may indicate that 40% of the contribution will be put into the Personal Savings Accounts and 60% into the Retirement Accounts or 50/50. The contribution rate is so flexible that it allows registered members to contribute any amount according to their earnings. Some can pay as little as Ghs 1, Ghs 2, Ghs 5, and as much as Ghs 200, or Ghs 1000, Ghs 2000 and above.

The mode of payment is also flexible permitting members to contribute, daily weekly, monthly, or seasonal for seasonal workers like farmers.

Considering the socio-economic needs of the informal sector workers, the law allows them to withdraw at any time from their personal savings accounts to enhance their businesses and other projects.

WHY SHOULD AN INFORMAL SECTOR WORKER THE PERSONAL PENSION SCHEME

• The scheme provides a secured and regular source of income for contributors/ members on retirement thereby making them financially independent.

• The member will be relieved of the burden of being taken care of by the children or the family.

• The scheme is flexible and allows members to contribute according to their income levels. The provision of guaranteed income will enable members to continue to live a decent life and improve their living standards at retirement/old age.

• Members are assured of the safety of funds as the pension regulator continuously monitors and supervises the activities of the trustees and other service providers on the management of the scheme.

• Survivors Benefit Beneficiaries of a deceased contributor can withdraw the accrued benefits of the deceased member.

• The Scheme also allows for withdrawal before retirement for purposes of business enhancement and education.

Benefits Paid Under the Personal And Group Personal Pension Scheme

Informal Sector contributors of Personal Pension Schemes or Group Personal Pension Schemes are entitled to the following benefits:

• Lump sum benefit paid from the Personal Saving Account on the retirement of the member.

• Monthly/quarterly pension from the Retirement Account on the retirement of the member.

• Invalidity Benefits due to physical or mental disability

• Survivors Benefits- Beneficiaries of a deceased contributor can withdraw the accrued benefits of the deceased member.

NATIONAL PENSIONS REGULATORY AUTHORITY(NPRA)

BE THE CHAMPION OF YOUR FUTURE!

National Pensions Regulatory Authority (NPRA) regulates both public and private pension schemes in Ghana.

NPRAGHANA

Ensuring Retirement Income Security

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NPRA TRAINS JOURNALISTS IN NORTHERN, UPPER EAST, AND UPPER WEST REGIONS ON PENSIONS

The Tamale Zonal Office of the National Pensions Regulatory Authority (NPRA) has organised a one-day training workshop on Pension Reporting Training for journalists in the Northern, Upper East, and Upper West regions to build their capacity with the needed information for them to appreciate and report accurately on retirement planning and pensions. The training workshop was under the theme: "Increasing Informal Sector Pension Coverage Through Education: The Role of the Ghanaian Media.

The main objective of the training was to improve the understanding and knowledge of journalists in the three regions on the three-tier pension scheme and retirement planning to enable them to inform and educate the general public especially the untapped informal sector on the relevance of pension.

In line with the theme the journalists were taken through what retirement planning entailed, why, when, and how to plan one's retirement, and a dilated explanation of the three-tier pension scheme, especially the Personal or Group Pension Scheme for the informal sector worker.

The journalists were also taken through processes and guidelines involved in the investment of pension funds to help allay the fears about the safety and security of pension funds.

The financial sector which includes pensions is driven by trust and to do away with speculations in the pension sector, there was the need for journalists to be taken through the nuances of pensions, where to seek answers to pertinent pension-related issues. The journalists were also targeted because of the high need for journalists to be well-informed to inform and educate the public on pension matters.

It was also of the view of the NPRA to make the operations of pensions as transparent as possible to citizens, especially in the era of social media, and help journalists to counter fake news and fact-checking,

Touching on why the NPRA was focusing on the informal sector, the Zonal Manager, Mr. Alhassan Yakubu indicated that the informal sector constitutes a greater percentage of the workforce in Ghana and yet just their participation in the pension scheme is very low. In view of that, "the NPRA intends to facilitate the process of enrolling many informal sector people into the informal sector pension scheme". He called on the journalists to use their media platforms to encourage the informal sector people to enrol and contribute to a personal pension.

Participants expressed their delight about the initiative to train journalists on pensions. A reporter for a Tamale-based Zaa Radio, Mr. Alidu Isaiah said, "The training on pension reporting by the NPRA has equipped me with the needed knowledge now to ask the critical questions and report accurately on pensions."

Mr. Baba Kamail, a reporter for Asase Radio in Tamale indicated that the training has given him a better understanding of pensions and would enable him to fact-check pension publications and counter fake news regarding pensions. "Now that I understand the NPRA is focused on the informal sector, I will use the knowledge acquired today to educate our mothers and fathers and market women to enroll and contribute towards their retirement using our media platform," Mr. Kamil added.

Mr. Gilbert Azeem Tiroug, of the Ghana News Agency (GNA) in Bolga emphasized the urgent need for journalists to be trained on pensions because of how sensitive pensions are to the lives of people. According to Mr. Tiroug, pension should be added to the courses undertaken by journalists at the School of Journalism.

About Seventy-Two (72) journalists were targeted and trained on retirement planning and the three-tier pension scheme in the three regions

NPRA and Accra Psychiatric Hospital Staff with some of the donated items


Management of NPRA with Manste of Abossey Okai

NPRA officials and Penal Members at Employers Forum at Tema

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The CEO of NPRA speaking at a sensitization programme at Abossey Okai Spare parts Dealers enclave.


A Representative of a Trustee engaging informal sector workers during enrolment drive Scheme at Abossey Okai


A participant asking a question during the Employers Forum at Tema.

NATIONAL PENSIONS REGULATORY AUTHORITY

PUBLIC NOTICE

Ref. PN7/23-7-2024

RELOCATION OF THE NATIONAL PENSION REGULATORY AUTHORITY'S HEAD OFFICE TO SSNIT EMPORIUM AT THE AIRPORT CITY, ACCRA.

The National Pensions Regulatory Authority (NPRA) wishes to inform workers, organised Labour, and the general public that it is relocating its head office in Accra from the SU Towers at Ridge to **SSNIT Emporium at Airport City, Accra** effective **Monday, 26th August 2024.**

Our new location address is:

SSNIT Emporium
No.4a Airport By-Pass
Airport City-Accra.

All other contact details, including our postal address, phone numbers, and email addresses, will remain the same.
We want to assure all stakeholders and the general public that there will not be any interruptions in the operations of the Authority during the relocation exercise. However, should you experience any issues during this period, please do not hesitate to contact us for resolution.
The Authority wishes to apologize for any inconvenience this exercise may cause you.
Kindly call 0302 968692/3 Toll-Free 0800-766-000 (MTN Only) for further information.

ISSUED BY NPRA
JULY 2024

"BE KEEN ON YOUR SAVINGS, INVESTMENT AND PENSION IN YOUR ACTIVE YEARS," - PROF OPOKU MARFO

The Dean of the School of Art and Social Sciences of the University of Energy and Natural Resources, Fiapre in the Bono Region, Prof Emmanuel Opoku Marfo, has asked Ghanaians to build a strong and sustainable saving culture to help boost their personal finances.

He said this is crucial in national wealth creation. According to him, to build a strong savings culture, one must first set personal goals which he explained as something a person intends to achieve or acquire in the future.

Prof Opoku Marfo was addressing a seminar for selected staff of the Ghana Education Service (GES) in the Bono Region on investment, savings, and pensions organised by the National Pensions Regulatory Authority (NPRA) in collaboration with the Ghana Education Service (GES)

It was aimed at broadening the participants' knowledge of investment strategies, savings management, and a comprehensive understanding of the 3-Tier Pension Scheme.

He indicated that a good savings plan would help a person accumulate a lump sum that could be invested for higher returns.

Prof Opoku Marfo, who is also an investment expert, further took the participants through setting personal goals and how to stick to them. He went further to educate the teachers on investments and how they could take advantage of numerous investment options available on the market. He asserted that a person is deemed financially independent when he/she can meet his/her personal needs without having to work for money. This state of comfort can only be attained when one has invested in assets that can generate enough cash flow to meet the person's needs, he stressed.

The Zonal Manager, Mr. William Ohene-Adjei stated that it was important for teachers and non-teaching staff of Ghana Education Service (GES) to cultivate the habit of saving and investing. He said that it is the best way to achieve future financial freedom. He advised that, for a person to be able to save, he/she must prioritize saving and place it at the top of his/her scale of preferences. He emphasized that "it is not how much a person earns that makes him/her rich, but how well he uses what he earns, building a consistent saving culture can help you achieve your desired retirement lifestyle".

The seminar provided invaluable insights and tools for participants to secure their financial futures. Through expert guidance and interactive sessions, participants gained a deeper understanding of effective strategies for managing their finances and maximizing their retirement benefits. This initiative underscores the importance of financial literacy and planning, empowering educators to make informed decisions to achieve long-term financial stability.

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
- Public Service Staff who are not members of any of the groups mentioned above but draw their salary from Controller and Accountant General are either under PSW Employees Occupational Pension Scheme with General Trust Company Limited as Scheme Administrator or have set up EMPLOYER SPONSORED SCHEMES within the institution or have joined other Master Trust Schemes.

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

Rank	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

NATIONAL PENSIONS REGULATORY AUTHORITY
PUBLIC NOTICE

(REF: PN6/28-03-24)

FOR IMMEDIATE IMPLEMENTATION

The National Pensions Regulatory Authority (NPRA) wishes to inform all Employers, Workers and Service Providers of the pensions industry namely, Licensed Trustees, Pension Fund Managers and Pension Fund Custodians that, the fees and charges set by the NPRA have been reviewed.

The review follows the passing of the **FEES AND CHARGES (AMENDMENT) INSTRUMENT, 2022 (Act 1080) by Parliament in September 2022.**

APPLICATION FEES FOR SERVICE PROVIDERS

No.	SERVICE PROVIDER	NEWLY APPROVED FEE/CHARGE (GH¢)
1.	Corporate Trustees	2,220.00
2.	Pension Fund Custodians	5,550.00
3.	Pension Fund Managers	5,550.00
4.	Individual Trustees (Master Trust/ Employer Sponsored)	3,330.00
5.	Individual Trustees (Group Personal/Personal Pension)	Free

LICENSING / REGISTRATION FEES FOR SERVICE PROVIDERS

No.	SERVICE PROVIDER	NEWLY APPROVED FEE/CHARGE (GH¢)
1.	Corporate Trustees	5,000.00
2.	Pension Fund Custodians	5,000.00
3.	Pension Fund Managers	5,000.00
4.	Individual Trustees (Master Trust/ Employer Sponsored)	2,000.00
5.	Individual Trustees (Group Personal/Personal Pension)	Free

REGISTRATION FEES FOR PENSION SCHEMES

No.	PENSION SCHEME	NEWLY APPROVED FEE/CHARGE (GH¢)
1.	Master Trust Scheme	11,100.00
2.	Employer Sponsored Scheme	5,550.00
3.	Personal / Group Personal Scheme	5,550.00

SOUTH AFRICA IS CHANGING ITS RETIREMENT RULES TO HELP BOOST COUNTRY SAVINGS: HOW IT WILL WORK

A study of 160 countries, spanning 60 years of economic history, establishes that no country has been able to transition from "poor to prosperous" without a high savings rate. And that households - in other words you and me - are one of the most important contributors to a country's overall level of savings rate.

Yet, South Africa's household savings rate is among the lowest in the world at only 0.5%. This is far below that of many emerging market peers like Brazil, Chile, or India where households save between 5% and 9% of gross domestic product.

Around the world, household savings don't stay "under the mattress" but generally are channelled via banks and other financial institutions to serve as one of the main domestic sources of funding for capital investment. This means that ultimately your and my savings become the funder of harbours, highways, and hospitals which, in turn, are the major drivers of long-term economic growth, job creation, and rising incomes.

The two-component retirement system which is being put in place in South Africa – or colloquially the "two pot system" – aims to contribute to repairing the country's weak state of saving. The changes have important implications for people planning for retirement.

The new system, set to be implemented in South Africa on 1 September 2024, will apply to both private and state pensions, including the country's largest fund, the Government Employees Pension Fund (GEPF).

The new system introduces two components to an individual's retirement savings:

- the retirement or preservation "pot"
- the savings "pot".

This makes a dramatic change to the current system, which allows individuals to withdraw all their compulsory pension savings when they leave a job. The temptation to withdraw all the savings when changing employment will be removed by the new regulations, guaranteeing better retirement outcomes in the long run.

How it will work

The retirement or preservation component makes up two-thirds of contributions. Here, two-thirds of what individuals save towards retirement, via a fund (not their own private savings) must go into this first pot.

This component is designed to preserve a portion of the retirement fund for retirement purposes. Under the new regulations, this portion of a person's retirement savings must be retained in this "pot". Withdrawals are not allowed until retirement age. This is intended to ensure that individuals will have sufficient funds to support themselves in retirement and, in turn, will give the South African economy a more stable and growing pool of savings to fund economic growth and employment.

The savings component, comprising one-third of contributions, allows the early withdrawal of some of a person's retirement fund before retirement age. This gives flexibility in meeting unexpected financial needs. A minimum of R2,000 (US$110) can be withdrawn, and there is no maximum limit (subject to the size of this pot), although only one withdrawal may be made per year. Withdrawals from this second pot will be taxed at the member's marginal tax rate (the rate applied to your last rand of income) and will likely incur additional administration fees.

There is no doubt that South Africa is a country of immense disparity between those who are financially stable and those who are financially fragile. For those facing financial hardship the need to access funds set aside for retirement can be very real.

With a Gini coefficient of 63.0, South Africa's income distribution ranks as the most unequal in the world. In part, this is a reason why the proposals have been made to give individuals the opportunity to access a portion of their retirement funds in case of dire need.

This makes some sense given the financial fragility of households, but it comes at a potential cost of compromising the household's long-term savings, and it also will be of no impact to the employed who do not belong to retirement schemes or the unemployed.

However, the tragedy is that those who need to get hold of their funds ahead of time are exactly the people who should not. They will need every cent of their retirement savings to provide for themselves in their retirement years. It is estimated that fewer than one in ten South Africans have sufficient funds to maintain their standard of living when they retire. So, what does the two-component system mean for retirees and investors ahead of retirement?

Continued on page 22

PROMOTING PENSION COMPLIANCE: TEMA REGIONAL OFFICE HOSTS EMPLOYERS'

Participants Employers Forum held at Tema

The Tema Regional Office has held an Employers' Engagement Forum for a cross-section of Employers in the Industrial city of Tema.

This initiative was part of the office's 2024 education and compliance programme, emphasising the importance of compliance with pension contribution payments and the consequences of non-compliance. It was also to address some critical issues related to pension obligations for employers within the municipality.

The highlight of the forum was a panel discussion, moderated by Mr. Dela Zumanu, a facilitator from the National Pensions College and a seasoned Pension Practitioner. Other panellists included Mr. Leo Quarcoopome, Human Resource Consultant, Mrs. Bervelyn Irene Owusu-Nti (Community Two Branch Manager of the Social Security and National Insurance Trust (SSNIT), Prof. Akwasi Ampofo Twumasi, Certified International Tax Accountant, and Ms. Cynthia Tettey, Lawyer/Prosecutor at National Pensions Regulatory Authority (NPRA)

The event emphasised the necessity for employers to adhere to pension regulations to ensure the financial security of workers and retirees. Key discussions focused on the roles and responsibilities of various stakeholders in the pension industry, including regulators, employers, employees, trustees, fund managers, and custodians. Emphasis was placed on the importance of collaboration as well as transparent communication among these parties to safeguard pension funds effectively.

Participants at the forum stressed the need for ongoing education and transparent communication and dissemination of information to workers, employers, and the general public. The event highlighted the government's critical role in raising public awareness about pensions as a social necessity, like its efforts with health campaigns such as those for malaria and AIDS. Employers were urged to educate their employees about the relevance of pension planning and retirement compliance. Legal issues stemming from non-compliance were also discussed, with speakers advising employers to adhere strictly to regulations to avoid legal repercussions.

A significant aspect of the discussion also focused on the challenges casual workers faced regarding pension contributions. Due to their irregular work patterns and unstable incomes, casual workers often struggle to meet the minimum monthly contribution requirements. Participants called for clearer guidelines from the regulator to ensure fair treatment and avoid potential liabilities for employers.

Participants suggested the implementation of a unique identification system, such as using the National Identification Card for pension contributions, to streamline processes and improve compliance. The forum also highlighted the need for legal clarity on issues such as penalties, loan repayments against tier 3 benefits, and contribution obligations during redundancy.

The forum revealed that legal action against some employers who had defaulted on paying the mandatory tier 2 contributions for their employees resulted in the recovery of over GHS18 million. This served as a stark reminder of the legal and financial repercussions of non-compliance.

Participants emphasized the importance of providing appointment letters to employees and complying with labour laws concerning terms and conditions. The disconnect between the basic salary for mandatory pension contributions and the consolidated basic salary as stipulated by the tax laws as a basis for PAYE income tax was also highlighted. Ensuring clarity of the pension regulatory framework and aligning it with tax laws were identified as critical steps toward achieving regulatory compliance and protecting workers' rights.

SOUTH AFRICA IS CHANGING ITS RETIREMENT RULES TO HELP BOOST COUNTRY SAVINGS: HOW IT WILL WORK (CONT'D FROM PAGE 20)

Pros and cons

Under the new system, the retirement component can never be touched or spent until you retire. This is a huge advantage over the current system in which, if a person leaves his or her employment, they can take the full amount in cash and spend it. This has resulted in less than 10% of people being financially able to retire.

n future, more and more people will have at least two-thirds of their retirement assets preserved. This will benefit individuals by ensuring a permanent savings pool, and it will also be good for the country as, over time, this growing pool will place less reliance on the state.

About 3.9 million people in South Africa receive the monthly Older Persons Grant, also known as the Old Age Grant, currently at R2,080 per person per month. Researchers have found that, in most cases, this amount is not sufficient to meet the needs of elderly people in South Africa.

National Treasury could also see the benefit of higher tax revenue: whatever is withdrawn from the savings component will be taxed at the member's marginal rate.

Despite these positives, I would like to sound two notes of caution:

- the impact on an individual's future wealth by removing the power of compounding (the accumulative effect of earning interest on investments over time); and
- the propensity of South Africans to favour consumption over investment.

The purpose of a retirement system is to look after your future self. By giving people access to retirement assets early or along the way, you are permanently removing their capacity to look after their future selves.

Then there's the impact on South Africa, which is a savings-starved country. Most people retire with insufficient assets – in effect, they face "bankruptcy in retirement". There will be a huge temptation to dip into this pool of capital. Worse, a key reason South Africans find themselves in this situation is that they have a bias towards consumption.

I fear that a disproportionate amount of the money that comes out of the retirement savings system will be pointed towards consumption rather than looking after the balance sheet.

Alternatives

The new system could have been better structured. Several other models show how.

In Singapore, it is compulsory for all Singaporean and permanent resident workers earning a monthly wage of at least SG$50 (equivalent to roughly R650, or about US$40) to contribute to the Central Provident Fund, which is a defined contribution scheme. Under this scheme, the employee and the employer contribute a set amount of money regularly into the employee's individual account, and the amount the employee receives at retirement depends on the investment performance of those contributions over time - but, importantly, the full amount accrues to the employee.

Under the Singaporean scheme, employers are required to approximately match employees' contributions to the fund.

This discipline ensures that individuals build up a substantial retirement fund. While the Central Provident Fund encourages long-term savings for retirement, it also offers flexibility in withdrawals for certain purposes only, such as housing, healthcare and education. It provides a safety net for unexpected expenses, but not for wanton consumption.

The Chilean pension system, introduced in 1981, has been widely regarded as a successful model that involved shifting from a pay-as-you-go system to individual retirement accounts. It has significantly increased national savings and provided better financial stability for retirees.

Under this system, workers have to contribute a percentage of their income to individual retirement accounts managed by private pension funds known as Administradoras de Fondos de Pensiones.

Despite its success in many areas, the system has faced criticism for not adequately addressing income inequality and for the low pensions received by some contributors. Also, there have been concerns about high administrative fees charged by the pension funds, and disparities in retirement outcomes. Still, Chile's pensioners are materially better off today than they were at the beginning of the 1980s.

What next?

Countries as diverse as India (10.8%) and Chile (9.7%) have achieved savings rates that challenge the supposition that households in low-income countries cannot save. In fact, experiences across some countries make nonsense of this belief.

Auto-enrolment (compulsory savings) is expected to be the "next big thing" to happen in the retirement industry, which would have enormous benefits for individuals, the retirement sector, and the country.

By: **Adrian Saville**

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Source: https://theconversation.com

NATIONAL PENSIONS REGULATORY AUTHORITY

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NPRAGHANA

FORUM FOR GES 2024 PROSPECTIVE RETIREES IN THE BONO REGION.

The National Pensions Regulatory Authority (NPRA) in collaboration with the Social Security and National Insurance Trust (SSNIT), Glico Pension Trust, NAGRAT, TEWU, and GNAT to organise a forum for 2024 prospective retirees' and staff of Ghana Education Service (GES) in Bono Region.

The forum was aimed at building a concerted effort to bolster financial literacy and retirement preparedness among GES staff approaching retirement. Through comprehensive presentations and interactive sessions, representatives from NPRA, SSNIT, Glico Pensions Trust, NAGRAT, TEWU, and GNAT explained the various pension schemes, entitlements, and other investment strategies that can support retirement planning processes.

Participants were also taken through pension calculations, eligibility criteria, and the importance of proactive retirement planning. This is expected to empower prospective retirees to make informed decisions regarding their financial future, laying the groundwork for a secure and fulfilling retirement journey.

Retirement period often presents a myriad of challenges, ranging from financial considerations to emotional and social adjustment. Recognizing this reality, the forum provided a supportive platform for educators to address their concerns and glean insights from seasoned experts on preparation for retirement. The collaboration emphasized not only the financial aspects of retirement but also the broader concept of well-being. Participants were also guided in budgeting, investment planning, and wealth preservation.

Beyond the individual focus, the forum fostered a sense of community support among the educators. Participants had the opportunity to share experiences, concerns, and aspirations to promote a holistic approach to well-being, ensuring that retirees can enjoy a fulfilling and prosperous life beyond their professional careers.

The representatives from **NPRA, SSNIT, Glico Pensions Trust, NAGRAT, TEWU and GNAT** offered guidance and reassurance to ease the transition. Retirement is envisioned during the forum as not merely a conclusion to one's professional journey but a new chapter ripe with possibilities. Participants were encouraged to explore hobbies, volunteer work and community engagement initiatives, fostering a sense of fulfilment and meaning beyond the confines of the classroom.

The success of this collaborative effort underlines the importance of partnerships between regulatory bodies, pension providers, and professional organizations. By pooling expertise and resources, NPRA, SSNIT, Glico Pensions Trust and other stakeholders showcased a commitment to the long-term welfare of Ghana's educators.

As the GES 2024 cohort prepares to embark on their retirement journey, the forum is a beacon of empowerment and support. The knowledge gained and connections forged during this event will undoubtedly contribute to a more secure and fulfilling retirement for educators in the Bono Region and beyond. This collaborative spirit displayed here sets a positive precedent for future initiatives aimed at ensuring the well-being of those who have dedicated their lives to educating the nation's youth.

LICENSED CORPORATE TRUSTEES THAT HAVE FULFILLED THE PRESCRIBED REQUIREMENTS OF THE AUTHORITY FOR THE 2024 AUTHORISATION PROCESS. THE LICENSES ARE VALID UNTIL 31ST JULY, 2025.

NAME OF SERVICE PROVIDER	PHYSICAL ADDRESS	CONTACT PERSON	TELEPHONE NUMBERS
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Frontline Pensions Trust Limited	5th Floor, GNAT Heights, 28th Independence Ave.	Senam Kilitse	0242482966

QUESTIONS AND ANSWERS

1. What is a Provident Fund Scheme?

Ans. *Provident Fund Scheme is a scheme, governed by a trust to which a contributor or contributor's employer or both contribute to a pension scheme which provides benefits based on a defined contribution formula to provide for the payment of*

a) Lump sum benefits to the members of the scheme when they reach the retirement age, or any other prescribed event occurs in relations to them or

b) In the case of members who die before reaching that age or before the occurrence of such an event, provides for the payment of those benefits to the personal representatives or beneficiaries of the estates of those members.

2. Is there any benefit for registering a Provident Fund Scheme under the National Pensions Act, 2008 (Act 766)?

Ans. *Yes.*

a. The contributor gets 16.5% tax exemption on his/her income from which the contributions are made.

b. The interest of members will be protected by the Pensions Authority, supervising the administration and management of the schemes.

c. The rules and regulations of the scheme will conform to the Act which ensures that the sponsor has no undue influence in the management of the scheme and also ensure that the scheme funds/assets are separated from that of the trustees and the employer/sponsor.

d. The law also provides one-third representation of members on the Board of Trustees managing the scheme. This provides an opportunity for the members of the scheme to have a say in the management of their contributions.

e. The fees charged by the services providers are also regulated to avoid arbitrary charges that may affect the scheme.

3. 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.*

4.Can employees keep their 2nd Tier contributions with the trustees of their pervious employers' whiles contributing under a new employer?

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

5. Who are the beneficiaries of penalties slapped on defaulting employers on payment of pensions contributions?

Ans. *The penalties are for the employees whose contributions are in default. This is to compensate the employer for the loss of the investment due to the non-payment of the contributions by the employer.*

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 intend to leave Ghana permanently.*

7. When a contributor ceases to be employed in the formal sector, can the person continue to contribute into the 1st–Tier scheme as a self-employed?

Ans. *Yes. The person can continue to contribute 13.5% of his/her total declared income/salary into the 1st –tier scheme and 5% to the 2nd-tier scheme.*

8. What happens to the contributions of a worker who dies before his/her retirement?

Ans. *A survivor's benefit (lump sum) will be paid to the deceased person's validly nominated beneficiaries; and where no validly nominated persons are found, the lump sum shall be distributed to the dependents in accordance with the interstate succession Act, 1985 (PNDC Law 111).*