

# PLANNING FOR BLISSFUL RETIREMENT





# Highlights

1

## Why?

Why are we discussing retirement topic as active young workers and why it is part of personal development.

2

## What?

Brief history of Pension Schemes in Nigeria and what is in it for us as active workers.

3

## How?

Practical and strategic recommendations towards planning for blissful retirements. 7 Ways to Retire Well

01 - Why?

Why?

# Why are we discussing Retirement?

We are discussing this topic now because we are not getting younger, and we need:

- ▶ To enlighten ourselves on the current pension scheme in Nigeria.
- ▶ To sensitize us to be deliberate about our retirement plans while in active service so that we can cover unplanned and unforeseen expenses after active service
- ▶ To maintain our desired lifestyle after retirement.
- ▶ To provide financial security for us and our loved ones.
- ▶ To be balanced 360° personality using “cradle to grave” approach.

# Dimensions of 360° Personal Development

## Soft/Social

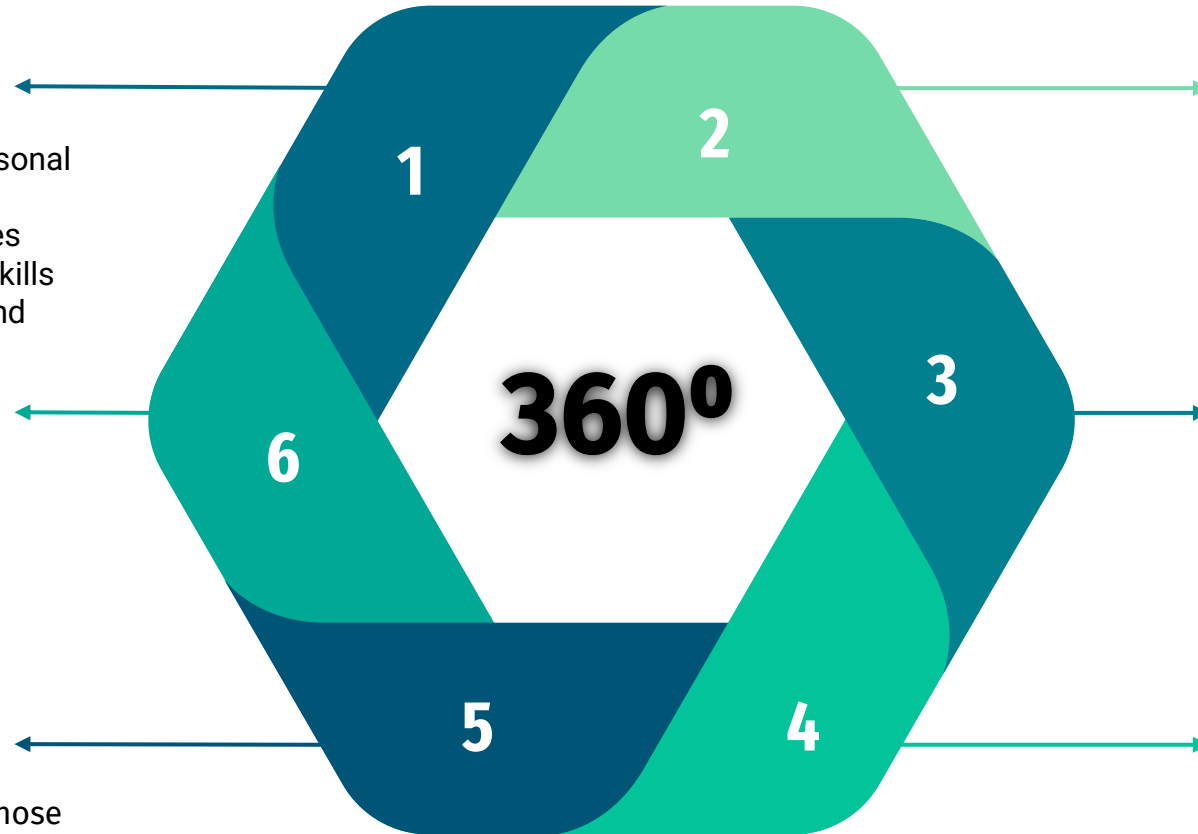
These are character traits and interpersonal skills that characterize a person's relationships with others. It includes emotional intelligence which covers skills like emotion regulation, empathy, and kindness.

## Technical

Technical skills are the abilities and knowledge needed to perform specific tasks. They are practical, and often related to specific career path.

## Digital

Digital skills are broadly defined as those needed to “use digital devices, communication applications, and networks to access and manage information,” in UNESCO's terms. This covers a huge range and variety of skills,



## Spirituality

As Muslims, these are domain areas related to building spiritual connection with Allah in line with the Qur'an, hadith and related Islamic principles.

## Physical

Physical personal development is not restricted to exercise, it is around general healthier habits to maintain good well being. It involves quality sleep and periodic medical checkup.

## Financial

These are skills and knowledge that allows an individual to make informed and effective decisions with on financial resources. It involves savings, retirement plan, investment and building sustainable wealth.

02 - What?

what.

## What is the meaning of Retirement and Pension?

- **Retirement** is the withdrawal from one's position or from one's active working life. It can be voluntary or mandatory.
- **Pension** is a fixed amount of money paid regularly to somebody during retirement by the government, former employer or Pension Fund Administrator.









## Pension Industry

The challenges with DBS gave birth to what we now call “**Pension Industry**” today.

President Olusegun Obasanjo initiated a pension reform in order to address the problems and Pension Reform Act 2004 was enacted into law.

The following operators were created from the PRA:

- \* National Pension Commission (PENCOM)
- \* Pension Fund Custodian (PFC)
- \* Pension Fund Administrator (PFA)



# PENSION REFORM ACT (PRA) 2014

In 2014, President Goodluck Ebele Jonathan administration released PRA 2014 (as amended) to address the deficiencies in the 2004 Act. The following are noteworthy:

- It increased employees' contributions to a minimum of 8% and employers to 10%
- Reduced minimum number of staff by any employer to join the scheme from 5 to 3
- Reviewed penalties and sanctions for PFAs and employers not deducting and/or remitting contributions within 7 days of payment of salaries.
- Opening of temporary RSAs for employees who failed to do so
- Required PFAs to maintain Statutory Reserve Fund to service their claims
- Reviewed the tax on VC

## The current state of the industry

The current Contributory Pension scheme was officially launched in June 2004 to replace the Defined Benefit scheme.

The AUM in the Nigerian Pension Industry has grown to about N 14.27 trillion with about 9.8 million active RSA (Retirement Savings Account) contributors as at June



NATIONAL PENSION COMMISSION

The industry has 20 PFAs, 6 Closed Pension Fund Administrators (CPFA) & 4 Pension Fund Custodians.

Stanbic IBTC Pensions is the biggest PFA in terms of client-base and AUM.

#ITCANBE 😊





## WIIFM - What is in for me?

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It is **extremely difficult to commit fraud**. There are 3 operators that **MUST** agree to commit fraud.

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**Life insurance** – All employees registered under the CPS scheme is entitled to times 3 of the annual emolument.

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Competitive industry operation to **boost value and customer experience** to contributors.

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Easy access to retirement benefit...😊

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**Creation of employment** for professionals working with the operators.

## CHALLENGES WITH THE CONTRIBUTORY PENSION SCHEME (CPS)

- ❑ The Return on Investment (RoI) has some element of haram. There is now Shari'ah-compliant fund which can now migrate to.
- ❑ The income determines the lump sum and pension to be paid after retirement. The more you save, the better your retirement benefit.
- ❑ Identification and cumbersome documentation during benefit application.
- ❑ Delay in remittance by employers and government.
- ❑ Strict regulation preventing innovative and flexible products and services in the industry.



# 03 - How?

How?



# 7 Ways to RETIRE WELL

01

## Visualize your future

Plan your retirement while in active service.

02

## Be financially intelligent

SAVE, Build portfolio and carry out capital projects to reduce your running costs during retirement.

03

## Be prudent

Live below your means and avoid debt as much as possible.

04

## Stay healthy

Maintain a good lifestyle to reduce health-related issues after retirement as this can erode all your life savings.

05

## Maintain good relationship with family and friends

You will need them when you retire from active service.

06

## Maximize your Retirement Saving Account

Register with **Stanbic IBTC Pension Managers** ☺ and ensure your employer contributes to your RSA if you are an employee. Self-employed can also register for Micro Pension scheme. You **MUST** be deliberate.

07

## Constantly make effort to establish profitable alternative sources of income

Take calculated risk when still active and invest responsibly

**Jazakumullahu khayran for  
listening**

