



**AIICO
PENSION**



3RD QUARTER NEWSLETTER, 2017

Our events during the quarter

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EDITOR'S DESK

We welcome you to the 3rd quarter edition of our quarterly newsletter for 2017.

In this edition, we will highlight common but avoidable errors that can be made when applying for a mortgage loan. A mortgage loan is used primarily to raise funds to buy real estate properties or alternatively by existing property owners to raise funds while putting a lien on the property being mortgage.

Also, we will be revisiting the process of transferring contributions from the defunct National Social Insurance Trust Fund (NSITF) into Retirement Savings Account (RSA). In the same vein, the new Multi Fund structure, which changes the way RSA subscriber's funds will be invested henceforth, has also been a talking point amongst our subscribers. So this is extensively discussed in this edition. More information on the topic is available on our website www.aiicopension.com

Our usual exciting columns have all been included for your reading pleasure.

We say a big thank you for your patronage and we remain committed to providing excellent services as your preferred PFA.

For more information on our activities and industry updates, please visit our website or sign up to any of our social media handles.

Happy Reading.
#LIVE SMART#

PROPOSED MULTI-FUND STRUCTURE

PENCOM actively seeks to continuously update regulations to improve the investment opportunities available to contributors, as the industry evolves. Consequently, regulations are currently being finalized that will provide a multi-fund structure which contributors can choose from based on their aged and risk appetite. Nevertheless, the Retiree Fund will remain the same. Below is a diagram showing the proposed structure.

TODAY

Client Profile-
All ages that are currently employed.

Broad Asset Allocation-
Maximum of 25% in equity and 75% in fixed income.

Default Fund for-
All active clients currently employed.

APML
RSA HOLDER



RSA FUND

Client Profile-
Retiree

Broad Asset Allocation-
Maximum of 10% in equity and 95% in fixed income.

Default Fund for-
All Retired contributors.

APML
RETIREE



RETIREE FUND

COMING SOON

Client Profile- Only accessible to active contributors who are only 49 years and below.

***Variable income exposure limits-** Maximum of 75%, minimum of 20%.

Default Fund for- None

RSA Fund 1
(Aggressive Fund)

Client Profile- All ages that are currently employed.

***Variable income exposure limits-** Maximum of 55%, minimum of 10%.

Default Fund for- Active contributors who are 49 years and below.

RSA Fund 2
(Balanced Fund)

Client Profile- All ages that are currently employed.

***Variable income exposure limits-** Maximum of 20%, minimum of 5%.

Default Fund for- Active contributors who are 50 years and older.

RSA Fund 3
(Conservative Fund)

Client Profile- Only Retiree

Broad Asset Allocation- Maximum of 10%, minimum of 0%.

Default Fund for- All Retired contributors.

RSA Fund 4
(Retiree Fund)

**Variable income instrument such as equities e.t.c, with returns on investment that is not fixed/constant. Hence, the return could be positive or negative in the short to medium term.*

Once the new structure is implemented, all existing RSA clients will be transferred to one of the 3 RSA funds, based on age and risk appetite as represented in the schematic above. Clients whose default is RSA fund 2 can move to either RSA fund 1 or 3, while those whose default is RSA fund 3 can only move to RSA fund 2. Fund 4 (Retiree Fund) is exclusively for retiree while

RSA fund 1 is only accessible by request to active contributors 49 years below. RSA holders will be allowed to switch between funds once in 2 years without any fee/charge, the PFA charge from their default fund to another, subject to a formal request to other PFA. However, any additional switching request within 3 years will be charged a minimum

amount to be determined by the National Pension Commission. The structure captured above is proposed and may vary slightly once finalized by the Regulator. More information will be provided as required.

GUIDELINES FOR THE TRANSFER OF NSITF CONTRIBUTIONS INTO CONTRIBUTORS' RETIREMENT SAVINGS ACCOUNT (RSA).

The Pension Reform Act (PRA) 2014, provides that contributions into the NSITF scheme together with accrued income shall be transferred into contributors' Retirement Savings Account (RSAs).

The guidelines cover the transfer of amounts contributed by bona fide members of the NSITF scheme into their RSAs maintained with their Pension Fund Administrator (PFA). The guidelines does not cover transfer of income earned on the amount contributed by employees. However, the transfer of income will be done after the successful transfer of the principal amounts.

ACCESSING NSITF CLAIMS

To access NSITF/NPF claims, the contributor is to submit the under listed documentation to his/ her Pension Fund Administrator (PFA) for onward approval and transfer of the contributor's NSITF contributions into his/her respective RSA.

- ◆ Original copy of NSITF/NPF membership certificate
- ◆ Indemnity letter and sworn affidavit (for contributors that have lost their certificate)
- ◆ Completed NSITF transfer application form where contributors to NSITF Fund would be required to provide their biodata, information on contributions made to NSITF fund and current PFA/PIN details.
- ◆ Evidence of contributions (NSITF statement), Means of identification which are driver's license, National ID card, International Passport, Voters card and Office ID card.

ROLE OF THE PFA

The PFA collates all completed Applications for Transfer with the supporting documents and a schedule of amount to be claimed from Trustfund Pensions Limited on behalf of their contributors.

- ◆ The PFA will forward the schedule with supporting documents to Trustfund Pensions Limited.
- ◆ A copy of the schedule will be forwarded to PenCom.

ROLE OF TRUSTFUND PENSIONS LIMITED

Trustfund Pensions Limited will check completed Application for Transfer Forms together with supporting schedules and verify with the database of NSITF contributors.

- ◆ Trustfund Pensions Limited will return all rejected Application of Transfer Forms to contributors through their PFAs stating reasons for rejection and the reasons will be communicated to the contributor by the PFA.

TRANSFER OF VERIFIED CONTRIBUTIONS TO PFAS

Upon verification of each batch of claims, Trustfund Pensions Limited will write to PenCom for approval to transfer verified amounts to the Pension Fund Custodian (PFC) to the respective PFAs.

- ◆ On receipt of approval from PenCom, Trustfund Pensions Limited will instruct its PFC to effect the transfer of the equivalent value of verified contributions to the PFAs of the NSITF members through their respective PFCs.
- ◆ The PFAs will credit the amount transferred on behalf of each contributor to his/her RSA. Trustfund Pensions Limited will render returns on transfer of members' contributions to PenCom on a monthly basis.

Culled from the Pension Guidelines

AVOIDABLE ERRORS WHEN APPLYING FOR A MORTGAGE LOAN

Potential homeowners easily get caught up in the elation of purchasing a new house. The excitement of a lifestyle upgrade and change in living arrangement all comes with having a home of your own.

With this it is important that potential homeowners avoid common errors associated with mortgage loans.



Error 1. Making yourself house poor.

Investing too much of your monthly income on housing related cost can make you have little or no money left for other necessities and responsibilities. These are Voluntary Contributions replacement of your car, payment of children school fees and replacement of furniture & home fittings. Where you live, how much you make and other unique circumstances can make a big difference in how much of your income you can commit to housing.



Error 2. Ignoring the true cost of home ownership.

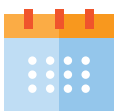
Owning a home comes with extra expenses, especially for first time homeowners/buyers. As a home owner it is advisable to have a budget of about one percent to two percent of your home purchase price for routine maintenance every year.



Error 3. Not shopping around for the best loan.

Devoting more time to finding the best mortgage deals can save a lot more in fees and interest repayment over the life of the mortgage loan.

Having an extensive research of the current mortgage rates is a good point to start the search, and it also allows for prompt comparative analysis to ensure you have the lowest available pricing fees from varied lenders.



Error 4. Ignoring Annual Percentage Rates

Some mortgage vendors offer low interest rates but charge high fees. For an informed decision you need to compare the annual percentage rates from various mortgage vendors, especially from the disclosure forms to evaluate/map out cost saving items.



Error 5. Failing to negotiate junk fees.

When applying for a mortgage loan, there are a variety of junk fees. Many of the fees can be reduced via negotiation.

However, the key thing is to note what to expect and actions to apply. Highlighted below are some examples of "junk fees"; application fees, sign-up fees, broker fees, document preparation fee, messenger fee, they are as loan origination fee and under writing fee.

(Punch Newspaper page. 8 2017)

#LIVE SMART#

PDO/PRE-RETIREMENT FORUM

Our enlightenment train stopped at the commercial city of Kano for the quarterly Pension Desk Officers (PDO) and Pre-Retirement forum. The forum was held at The Avenue Event Services, 18B Murtala Mohammed Way Kano State on the 17th of August 2017.

In attendance at the forum were Mr. Abdullahi Yahaya Makama and Mr. Nafiu Sani Ibrahim both from National Pension Commission North West Zonal office, PDOs from both the public and private sectors, Union members and Retirement Savings Accounts (RSA) holders in Kano state.

The attendees at the forum were sensitized on current trends in the industry and presented with educative materials to enhance the Pension Desk Officers duties and promote the awareness of the Contributory Pension Scheme to the RSA holders. Also, various topical issues relating to preparing for life in retirement, measures to take when preparing for retirement, processes involved and documentation to submit when applying for various classes of benefits.

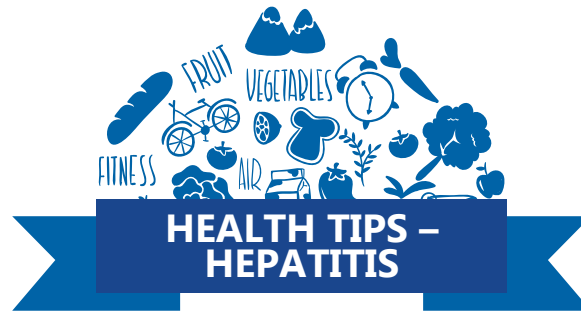
The medical team also delivered a paper on Health Tips, which educated the attendees on measures to take in preventing chronic ailments. The attendees also had the opportunity to participate in free medical checks organized by the medical team.

The next forum is scheduled to take place in November at Lagos State, Nigeria.



L-R Mr. Abdullahi Yahaya Makama-National Pension Commission representative and an attendee at the forum.





WHAT IS HEPATITIS?

Hepatitis refers to an inflammatory condition of the liver. It's commonly caused by a viral infection, but there are other possible causes of hepatitis. These include autoimmune hepatitis and hepatitis that occurs as a secondary result of medications, drugs, toxins, and alcohol. Autoimmune hepatitis is a disease that occurs when your body makes antibodies against your liver tissue.

THE FIVE (5) TYPES OF VIRAL HEPATITIS

Viral infections of the liver that are classified as hepatitis include hepatitis A, B, C, D, and E. A different virus is responsible for each type of virally transmitted hepatitis.

Hepatitis A is always an acute short-term disease, while hepatitis B, C, and D are most likely to become ongoing and chronic. Hepatitis E is usually acute but can be particularly dangerous in pregnant women.

HEPATITIS A

Hepatitis A is caused by an infection with the hepatitis A virus (HAV). This type of hepatitis is most commonly transmitted by consuming food or water contaminated by feces from a person infected with hepatitis A.

HEPATITIS B

Hepatitis B is transmitted through contact with infectious body fluids, such as blood, vaginal secretions, or semen, containing the hepatitis B virus (HBV). Injection drug use, having sex with an infected partner, or sharing razors with an infected person increase your risk of getting hepatitis B.

HEPATITIS C

Hepatitis C comes from the hepatitis C virus (HCV). Hepatitis C is transmitted through direct contact with infected body fluids, typically through injection drug use and sexual contact. HCV is among the most common bloodborne viral infections in the United States.

HEPATITIS D

Also called delta hepatitis, hepatitis D is a serious liver disease caused by the hepatitis D virus (HDV). HDV is contracted through direct contact with infected blood. Hepatitis D is a rare form of hepatitis that only occurs in conjunction with hepatitis B infection. The hepatitis D virus can't multiply without the presence of hepatitis B.

HEPATITIS E

Hepatitis E is a waterborne disease caused by the hepatitis E virus (HEV). Hepatitis E is mainly found in areas with poor sanitation and typically results from ingesting fecal matter that contaminates the water supply. This disease is uncommon in the United States. However, cases of hepatitis E have been reported in the Middle East, Asia, Central America, and Africa.

COMMON SYMPTOMS OF HEPATITIS

If you have infectious forms of hepatitis that are chronic, like hepatitis B and C, you may not have symptoms in the beginning. Symptoms may not occur until the damage affects liver function.

Signs and symptoms of acute hepatitis appear quickly. They include:



Fatigue



Flu-like symptoms



Dark Urine



Pale Stool



Unexplained Weight Loss



Abdominal Pain



Yellow Skin and Eyes, which
may be signs of Jaundice



Loss of Appetite

Chronic hepatitis develops slowly, so these signs and symptoms may be too subtle to notice.

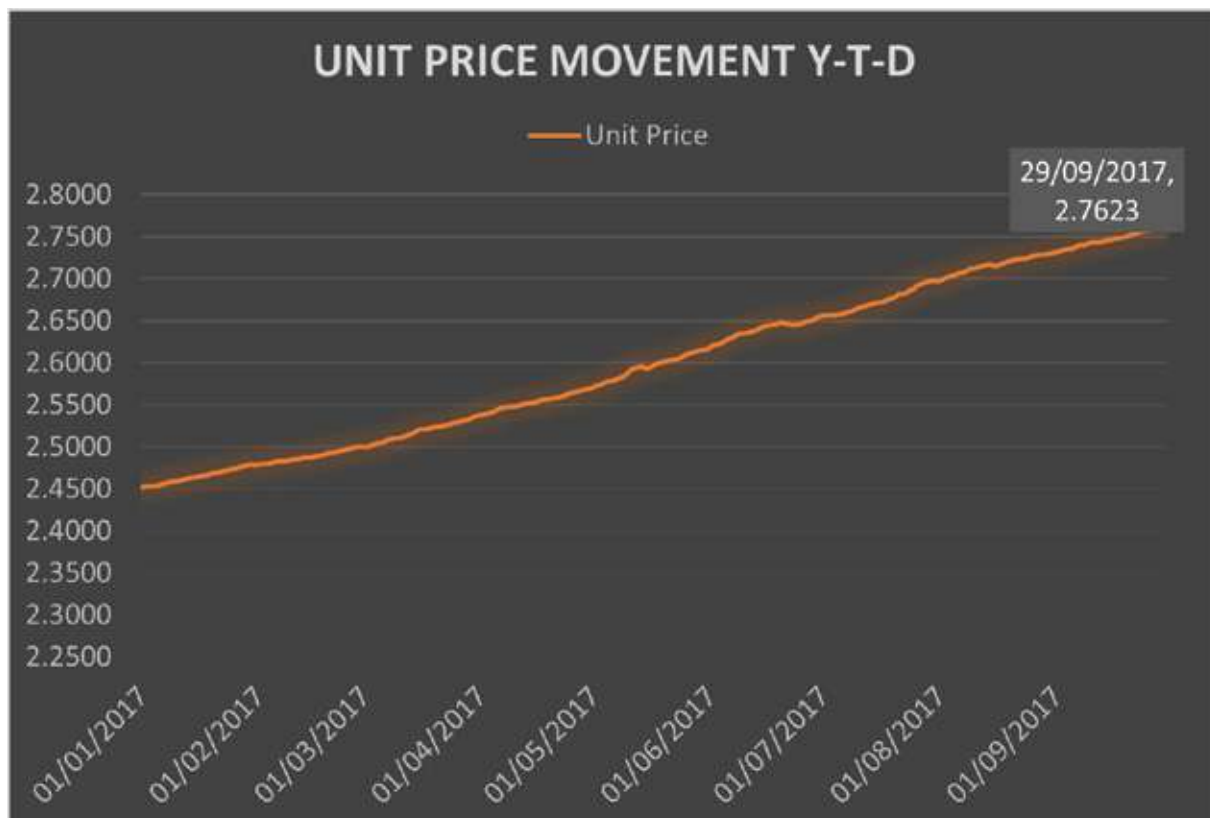
Culled from the Centre for Disease Control (CDC).

AIICO PENSION MANAGERS LIMITED'S RSA FUND PERFORMANCE AS AT 30TH SEPTEMBER 2017

RSA FUND PERFORMANCE

- The RSA Fund's Performance has been attributed to the Fund Manager's strategic asset allocation strategy, which is in line with the National Pension Commission's guidelines on Investment.
- As at 30th September 2017 the Fund had a year to date return of 12.75%.
- We maintained our decision to switch to high yielding short term risk free fixed income securities, in a bid to get better returns.

| 31/12/2016 | 30/09/2017 | Absolute Return |
|------------|------------|-----------------|
| 2.4510 | 2.7634 | 12.75% |



Crossword Puzzle

E M Y L B A P T I B A S R T A
 S L J T D E N E N I N L E N P
 G E B X I U N R N O Z C C E P
 N I J A O U E E I C O V O M R
 I W B C N T N S F N O G N T O
 V C C O U O S N T I R M C S V
 A A H R P I I R A K T G I E A
 S V N P M U I S C J X S L V L
 I S K M Z B R R N Y Z D I N F
 Z Z O Z U Y M U X E L G A I O
 W C R T I J Y U L B P V T E R
 C P I V O L U N T A R Y I V U
 R O L U M P S U M K U E O D M
 N O I T A C I L P P A V N H S
 E E R I T E R M C W D J M W Z

ACCOUNT
 ANNUITY
 APPLICATION
 APPROVAL
 BENEFITS
 COMMISSION
 CONTRIBUTION
 FORUM
 INVESTMENT
 LUMP SUM
 PENCOM
 PENSIONABLE
 RECONCILIATION
 RETIREE
 RETURNS
 SAVINGS
 VOLUNTARY

#JUST FOR GIGGLE#

Reaching the end of a job interview, the Human Resources Officer asks a young engineer fresh out of the University, "And what starting salary are you looking for?" The engineer replies, "In the region of N12,500,000 a year, depending on the benefits package." The interviewer inquires, "Well, what would you say to a package of five weeks' vacation, 14 paid holidays, full medical and dental, company matching retirement fund to 50% of salary, and a company car say, a red 2017 Ford Explorer?" The engineer sits up straight and says, "Wow! Are you kidding?" The interviewer replies, "Yeah, but you started it."

