

FIHANKRA NEWSLETTER



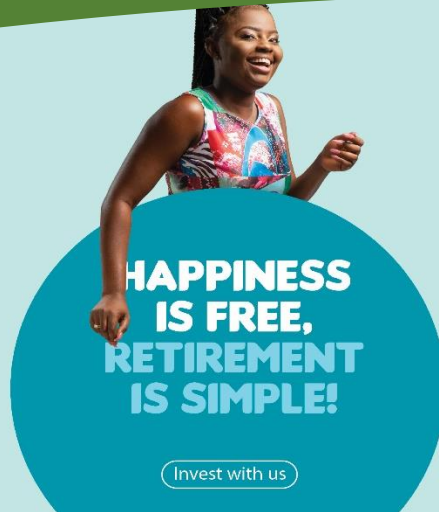
Welcome

The Bi-Annual newsletter to the Stakeholders of Negotiated Benefits Trust Company Limited (NBC Ghana Trust) has been aptly named Fihankra. The name Fihankra is taken from the Adinkra symbol representing “safety and security”.

This Ashanti symbol denotes a compound with only one entrance and an exit demonstrating safety and security – and this is what NBC Ghana offers to the industry.

This mouthpiece for NBC Ghana will feature company news, industry trends, notices from the regulator and forecast. Fihankra will be disseminated electronically via e-mail and will also be made available on the NBC Ghana website: www.nbcghanatrust.com

Your comments and suggestions will be warmly welcomed. You may e-mail the team via info@nbcghanatrust.com.gh



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The Ten (10) Year Journey of NBC Ghana Trust

Our 10th anniversary is a bold step into maturity. It is as much to recognize the journey that we have travelled and also reflect on the next ten (10) years.

Today, perhaps as never before, the focus is clearly on expanding member participation, on finding ways to extend both formal and informal participation to ensure that many more Ghanaians gain the collective economic benefits that result from a planned retirement package.

I am pleased to report that over the last 10 years, we have remained committed to our mission, serviced our members and provided reliable pensions administration for all clients without any discrimination.

At NBC Ghana Trust, we have embraced our standard for pensions administration and believe in our vision, leader in people benefits.

We apply our standards rigorously and do not compromise on our values. Our commitment to member benefits is grounded on ensuring that our trust responsibilities provide confidence and reliability.

NBC Ghana Trust is well placed to lead in the provision of specialized administration services for the pensions industry. We're convinced that significant changes are needed if we hope to reach the Big Goals. For us at NBC Ghana Trust, we are committed for our next decade to ensure that:

- a) All our members have safety and security of their retirement funds
- b) The application of technology to bring pensions to members directly.
- c) We are active in the Personal Pensions delivery.

These Big Goals are a monumental challenge and the future is not far away. In short, we have a decade of good work behind us, but a very challenging ten (10) years ahead of us.

By: William Asiedu Yeboah (C.E.O)



Quick info

Today, NBC has over 30,000 members in different funds in Ghana, and also 500,000 members across eight (8) African Countries registered onto our pension products and a range of retirement services.

This is largely due to the fact that it is not just what we do, but more importantly how we do it. Our focus on Pensions Administration is unique, we provide Reliable Pensions Services.

Security of Funds

Members funds are managed with a segregated structure - the custodians keep the funds and security documents of all investments.

Contributions are paid to the custodians, and the administrator ensures that these are reconciled diligently.

The Fund Manager licensed by SEC provides advise on the Fund investments.

Claims Payment

The Pension Act, 766 requires claims to be paid within 30days upon receipt of claim application. Currently, NBC Ghana Trust pay claims within 15 working days.

Retirement Benefit

This refers to all of your accrued benefit that is paid as lump sum benefits Should you exit the Fund upon retirement.



The Retirement Problem

If you are not financially stable while you are young, strong and working, you can do something about it. You can get a better job, find better employment opportunities, or go back to school. Unfortunately, this is not possible once you retire.

The Retirement Solution

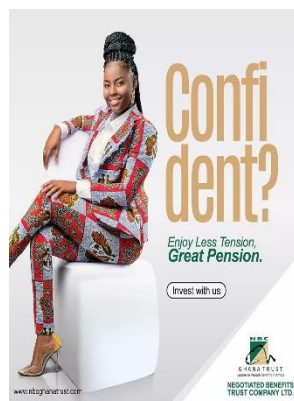
Before old age, there are several ways of ensuring retirement income security such as a pension plan, which provide payments to address your short-term savings need and long-term retirement goals.

About the NBC Gold Plan

The NBC Gold Plan is designed to cater for the savings and retirement needs of the individual contributor either as a formal worker or an informal worker.

This product is geared towards enhancing retirement benefit of contributors outside the mandatory schemes and provident fund scheme.

This allows both the formal and informal worker to make contributions towards their retirement.



The NBC Gold Plan Scheme.

Turbulence in the Financial Market: Can we trust the NBC Gold Plan Scheme?

Who can Join the Scheme?

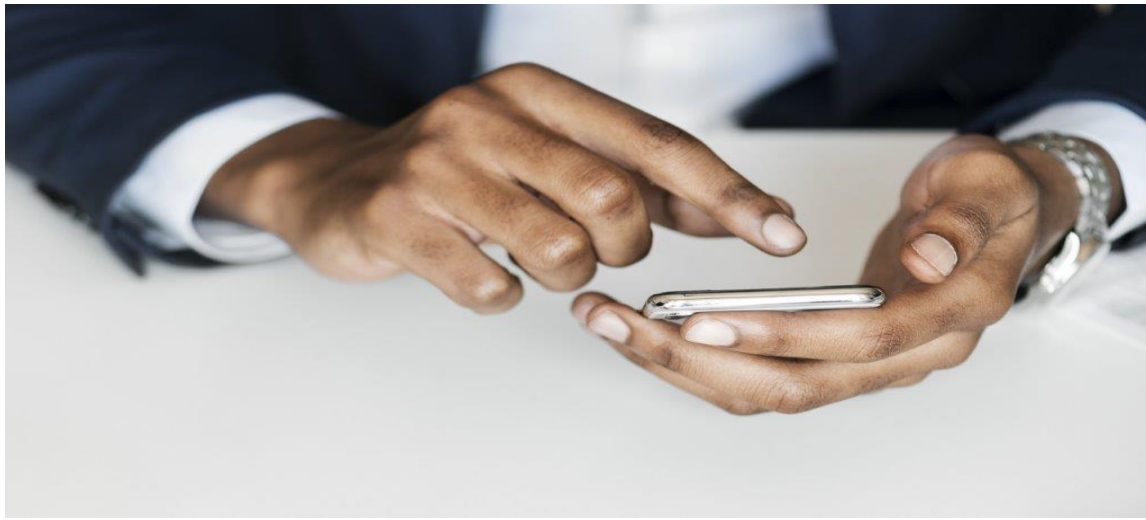
- People in seasonal or contractual employment.
- Self-employed people.
- People working in the Diaspora.
- Members who want to enhance their retirement savings.

Benefits of the NBC Gold Plan

1. The Plan has an optional life insurance cover.
2. The plan offers the opportunity to access mortgage facilities.
3. The fund earns compound interest.
4. The plan caters for both the short term saving needs of members and their long-term retirement goals.
5. The plan is registered under the Pensions Act, 766 and administered by a licensed Corporate Trustee.
6. Tax free withdrawals after five (5) years.

Lets Talk

Let's work together towards the next thirteen years, and the next.



From the Fund Administration Desk

Employers are now liable to prosecution for defaulting with the timely remittance of monthly pension contributions under the Second Tier Scheme.

This will apply after the defaulting employer has been notified of the outstanding pension contributions plus penalties (which is 3% per month of the contributions payable).

Non-Ghanaians, other than those exempt, are required to make pension contributions under both First and Second Tier Mandatory Schemes.



The Beneficiary Nomination Form

All members are required to complete the Beneficiary Nomination Form indicating how they would want their accrued benefit apportioned in the event of their death. It should be emphasized that the "Beneficiary Nomination Form" is a 'guideline' for Trustees.

The form must be regularly updated to ensure that benefits are paid out to your named beneficiaries in the event of your death.

Eye On It Current Industry Trends

Help us to reduce our carbon footprint and opt-in to receive your communication electronically!

You can receive your updates on your Fund faster by

opting to receive



your information electronically.

Update Member Records

Up-to-date information is critical when the Fund has to distribute communication via our online portal, email or sms.

If the information is not updated, we cannot ensure that correspondence will reach the intended person.

For those who have not yet completed or returned these forms, please do so through our Client Services section on +233 307 022 257(8)

This Most Frequently Asked Questions

Q: Can I make additional contributions beyond the mandatory rates?

A: A member can make additional contributions under a Tier 3 Provident fund scheme or a Personal Pension Scheme.

Q: Can I port my tier 2 and 3 into my personal pension plan?

If you exit a Provident Fund or an Occupational Pension Scheme (Tier 2) you can opt to continue under a Personal Pension Plan.

Q: How do I access my contribution statement as an employee?

The NBC Ghana Trust portal provides a member login account to enable members view and download statements and other Scheme reports at any given time.



E-Offers

1. Online web Access
2. SMS Alerts
3. 24/7 Online Support
4. Social Media Engagement

Distinction Between a Registered Provident Fund Scheme and Unregistered Provident Fund Scheme

No	Registered Provident Fund Scheme	Unregistered Provident Schemes
1	Members enjoy a 16.5% tax incentive. The Authority (NPRA) regulates Investment portfolios through the issuance of investment guidelines to minimize risk exposure. No additional costs associated with member elections or trustee training.	Members do not enjoy any tax incentive Welfare Executives decide where to invest the funds usually without much safeguarding mechanism. Increased costs due to member trustee elections and trustee training.
2	Provident Fund Schemes are managed by Licensed Trustees who have fiduciary obligations to members.	Welfare Funds are managed by persons who have no fiduciary obligations to members.
3	Auditors, Bankers and the Principal Officer appointed by professional trustees (included in the administration fee).	Auditors, Bankers and the Executive Officer appointed by the trustees (in addition to the administration fee)
4	Scheme rules cannot be revised to the disadvantage of members.	On resignation, some employers may decide to withhold their contributions or that of workers to the disadvantage of members or change scheme rules.
5	Members are regularly educated about their schemes by NPRA and Licensed Trustees.	Members are usually not given sufficient information on investment returns, fees or expenses of executives and service providers.
6	Aggrieved members can seek redress from the National Pensions Regulatory Authority (NPRA).	No avenue to seek redress when aggrieved except the law courts and this may lead to incurring the displeasure of Employer, Staff and even colleagues

Glossary

Provident Fund as Defined by Act 766

106. For the purpose of this Act (a) "Provident fund scheme" means a scheme governed by a trust to which a contributor or the contributor's employer or both contribute to a pension scheme which provides benefits based on a defined contribution formula

Tier 3 Update

Reference to NPRA public notice number "REF: PN-09/12-15", the authority wishes to advise all employers against managing provident fund schemes outside the ambit of the regulator. According to the authority, the practice is detrimental to the long-term benefits of workers.

The 3-Tier Pension Scheme offers adequate protection and benefits to Employers and Workers, who register their provident Fund Schemes. However, NPRA cannot guarantee the security of funds in unregistered schemes unless it is duly registered under the 3-Tier Scheme.



"There are people who try to look as if they are doing a good and thorough job, and then there are the people who actually damn well do it, for its own sake."

John D. MacDonald



My Commitment:



I will not compare myself with anyone else but will always strive for excellence.

Can We Trust the Pension Market

“With the growing turbulence over the last couple of years, which is still unfolding, it is time to look at the impact on the young pensions industry. Within the last year, we have witnessed the transition and collapse of seven (7) commercial banks for a variety of reasons. More recently, a number of savings and loans companies were also pronounced insolvent and lost their operating licenses.

All these send very worrying signs to investors about the stability of Ghana's financial market and credibility of players within the industry. Concerns with the safety of retirement funds have also been push forward by contributors since some of these affected banks were active in the pensions market as investors or custodians.

Pension funds are long term funds and rely on stability in markets as well as in the economy to yield results. In addition, the members of the funds also need assurance and confidence that upon the critical age of retirement, their funds are safe and can be available for the long-awaited glory of retirement.

The framework for the management. . .”

Read Full Article in Our Next Edition



RETIRE-PHOBIA?

Is being bankrupt your fear?

Invest with the best.

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GHANA TRUST
Leader in People Benefits in Africa

Retirement and Pensions

“ . . .over the last decade, changes in population has had an impact on the number of Ghanaian citizens who are considered old in our society. The trend in the 2010 population census shows that Ghanaians are living longer.

It is estimated that about two million of Ghana's population were classified as old in 2018 and social network has reduced. It is imperative that the old begin to plan for retirement. Starting a pension plan early is a prudent way to plan right for your Retirement . . .” **Read Full Article in Our Next Edition**

Ghana is Africa's second biggest producer of gold, the world's second-largest producer of cocoa and a significant exporter of crude petroleum.

The strategic approach of the government is centered on a fiscal adjustment that protects social and priority spending, a rebuilding of external buffers and a strengthening of the financial sector.

The 2019 budget, released in November 2018, is firmly focused on investment in productive infrastructure and expects GDP to grow at a rate of 7.6% for the year.

GDP at current prices at the end of the first quarter of 2018 stood at **\$11.8bn**

The 2019 budget places significant emphasis on building productive infrastructure, which is supported by incentives such as tax holidays, and exemptions from duties and taxes on imported machinery, equipment and raw materials.

Infrastructure projects currently in the pipeline could attract foreign direct investment worth **\$6bn-15bn.**

\$10m is needed annually to upgrade Ghana's infrastructure.

Inflation edged down throughout 2018, with the consumer price index standing at 9.3% year-on-year in November, some way below the 11.8% year end rate of 2017

ECONOMIC INDICATORS, 2019 – 22F

	2019F	2020F	2021F	2022F
GDP, Current Prices (GHS bn)	284.1	323.7	361.0	399.4
GDP per capita, current prices (GHS)	9551.9	10612.7	11541.2	12450.4
Inflation, avg. consumer prices (% change)	8	8	7	6
Vol. of imports of goods & services (% change)	6.1	5.6	6.4	6.4
Vol. of exports of goods & services (% change)	7.5	4.7	2.1	-6.9
Population (m)	29.7	30.5	31.3	32.1
General gov't revenue (GHS bn)	50.6	57.1	62.9	68.6
General gov't revenue (% of GDP)	17.8	17.6	17.4	17.2
Total gov't expenditure (GHS bn)	61.5	69.9	78.1	85.9
Total gov't expenditure (% of GDP)	21.7	21.6	21.6	21.5
Gov't net lending/borrowing (GHS bn)	-10.9	-12.8	-15.2	-17.4
Gov't net lending /borrowing (% of GDP)	-3.9	-4.0	-4.2	-4.3
Gov't gross debt (GHS bn)	190.7	210.0	229.7	250.2
Gov't gross debt (% of GDP)	67.1	64.9	63.6	62.6
Current account balance (% of GDP)	-4.0	-3.9	-3.8	-3.7

Source: IMF World Economic Outlook, October 2018 as cited in the The Report Ghana 2019

PRIVATE EQUITY

The revision of investment guidelines for private pension funds in 2017 has rekindled local interest in private equity (PE), giving some local PE fund managers a reason to focus their fundraising lens on private pension funds. This push, as advocated for by industry stakeholders, will enable pension funds to invest directly and make an impact on the real economy. The subsequent release of private equity guidelines by the Securities and Exchange Commission (SEC) highlighted the increased importance of this asset class. However, there is still further works to be done before the benefits of this asset class can be fully leveraged.

PRIVATE PENSION FUNDS: The private pension industry has grown robustly, with assets of GHS1.1bn (\$237.7m) in 2014 to GHS10bn (\$2.2bn) in 2018, representing an average growth rate of 63% over those years. Private pension funds are expected to exceed publicly managed pension in 2019 at current growth rates. With these developments, it is crucial that private pension funds take centre stage in economic development to mirror the role played in other developed economies.

The current investment landscape seems to support the need for alternative assets. With the banking system in difficult times, equities still volatile and the corporate bond market sluggish, the introduction of alternative asset classes could not come at a better time. Indeed, government paper – until now a stable asset – has provided uncertain returns in recent times.

Source: The Report Ghana 2019

NBC Digital Platform

The NBC Digital Platform is a unified technology suite allowing NBC clients access to aggregated, cross-product information. Clients can access a single view of relevant NBC products and services using any smart device, at any time.

As a leading player in the employee benefits and financial services industries, NBC employs technology to deal with the many demands of the “connected client”.

ASK: The Extended Enterprise

ASK, the Administration Services Kiosk is one of the applications accessible to our clients and provides a good example of ‘Extended Enterprise’. Through ASK access is provided to retirement fund information and data for employers (seeking access to all members in their employ) and for members (seeking access to their own retirement fund information).

ASK allows members full access to their values, investments, benefit statements, membership certificates, contribution history, contribution breakdowns, home-loan values and fund information.



Retirement Planning is a Life Long Commitment

At different stages of your life, you will be taking different financial responsibilities and setting new goals. Regardless of how old you are, it is important to always view your finances through a long-term lens. Budgeting for a big purchase, or a family holiday is necessary, but do not let the short-term expenses cause you to forget the bigger picture. For many people, retirement is a long time away, but starting a Savings Plan will provide you with greater financial security in the future.

Investing at an early age will allow you to retire comfortably. Starting as soon as you have graduated or started your first job, think seriously about how you can budget or pay off any debt you might have such as student loans etc. Structure your pay cheque to free income that you can put away towards your retirement. Each amount you save has a chance to grow larger over time.

Investing in your 30's

By now, your career is starting to take shape and you may have purchased your first house or started a family. Being more established means having additional resources and greater financial responsibilities. Now is the time to think seriously about your long term financial plan. With a growing family, consider how to keep contributing and increasing, your retirement savings account as well as setting up a savings product for your children's future education. Doing these things now can keep you from dipping into your retirement savings further down the road.

Saving for Retirement: Tips for all ages.

Compiled by Manuela Nogueira Divisional Head - Personal Finance Advisors

Investing in your 40's and 50's

When you enter this time of your life, retirement suddenly feels closer. Although it is still some way off, the horizon is looming. At this point of your life you should have a strong hold of your day-to-day finances and expenses. With this in mind it is time for you to strengthen your retirement savings. Rather than focusing on a BIG nest egg, start to think of how much retirement income you will need.

You know how much money you currently need to cover your day-to-day costs, so think about how you should be saving so as to continue covering these costs when you NO LONGER have a pay cheque. You need to get rid of debt!

Investing in your 60's

Now, after years of planning and saving, you are hopefully able to reap the rewards of an enjoyable retirement.

However, just because you are leaving your job does not mean you can give up your retirement plan. In fact, it is more important than ever to keep on top of things as statistics show that you will be living longer so your money needs to last for a long time.



Governing Board

Section 8 of the National Pensions Act, 2008 (Act 766), specifies a Governing Board of the Authority to consist of representatives of relevant institutions and stakeholders in the Ghanaian Pensions Industry.

Institutions represented are the Bank of Ghana, Securities and Exchange Commission, Ministry of Finance and the Ministry of Justice and Attorney-General's Department.

Associations represented are the Trades Union Congress (Organized Labour), Ghana Employers Association and the National Pensioners Association.

Objective Of The Authority

The object of the Authority is to regulate and monitor the operation of the 3-Tier Pension Scheme and ensure the effective administration of pensions in the country.

Approved Entities

In 2018, a total of 124 corporate entities and 1,112 Individual Trustees were operating in the pensions industry. Changes were recorded in the number of Pension Fund Managers and Pension Fund Custodians operating in the industry with the number of Corporate Trustees remaining unchanged throughout the year.



Size and Growth of Pension Funds

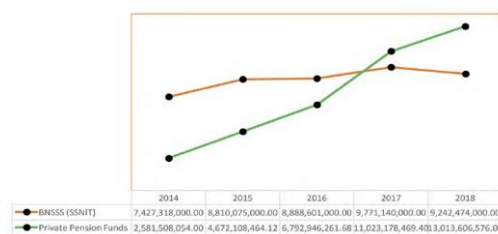
Overall growth of pension assets (aggregate of funds under the Three Tier Pension Scheme) slowed, in 2018 recording about 7% growth compared to the 32% posted in 2017. Available data showed that total assets in the Ghanaian Pensions Industry reached GHS 22.2 billion (USD 4.6 billion) by the end of 2018 from the GHS 20.7 billion recorded in 2017.

Data shows that the assets available for benefits under the Basic National Social Security Scheme (BNSSS) recorded negative growth of 5% in 2018 compared to the 10% recorded from 2016 to 2017.

Growth of private pension assets available for benefits on the other hand slowed from 2017 to 2018, recording about 18% positive growth compared to the 60% posted from 2016 to 2017.

Trend Analysis of SSNIT & Tier 2 (2014 – 2018)

The negative growth recorded by the BNSSS is attributable to a number of key factors among them is the indebtedness of some employers (both public and private) to the scheme as well as the poor real rate of return on BNSSS investments in 2018 (0.16%) as compared to the 5.26% recorded in 2017. This impacted greatly on the overall performance of pension assets in 2018.



REGULATORY UPDATE: INDUSTRY REPORT

Source: Npra Annual Report 2018

Status of Private Pension Schemes

Total private pension schemes on the regulators roll was 255 by the end of 2018. The figure comprised 133 mandatory Occupational Pension Schemes and 122 voluntary Provident Fund and Group/Personal Pension Schemes.

Players in the Pension Industry

Private Pension Schemes (2nd and 3rd Tiers) under Ghana's 3-Tier system are administered by Trustees who are licensed by the Authority as individuals or as corporate entities. The Trustees are required to appoint an approved Pension Fund Manager and Pension Fund Custodian to provide investment advisory services and custodial services respectively.

The Public Scheme (1st Tier) Basic National Social Security Scheme is administered by the Social Security and National Insurance Trust (SSNIT).

Pensions Coverage

Employees actively contributing to the BNSSS increased from 1,315,499 in 2017 to 1,533,942 in 2018 representing 16.6% growth. Available data also put the number of employees contributing to the mandatory private pension scheme (2nd Tier) at 1,674,000.

Transitional Activities

During the year under review, the Authority supervised the implementation of a number of transitional activities that were essential to the health of the pension reform. Some of the transitional issues actioned include the Unification of Pensions, TPFA related activities, Past Credit and Enrolment of employers onto the mandatory 2nd Tier Occupational pension Scheme.

Disclaimer

NBC Ghana Trust have made reasonable effort to ensure that the information contained in this publication is accurate. Clients should note that the publication serves the purpose of disseminating information and is meant for their guidance only. The publication should not be interpreted as a legal opinion or work of final reference. Clients intending to make a decision based on the information in the publication should do so after obtaining professional advice. NBC Ghana disclaim liability for any kind of loss or damage that may arise as a consequence of relying solely on this information.

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Board of Trustees

Keeping beneficiary nomination forms up to date is so important – in the unfortunate event of the death of a member, the entire claim process is speeded up which means your family and dependents need not to experience unnecessary delays waiting for your claim to be paid.

Our Regional Reach Points:

Accra

Tel: 0307 022257/8

Takoradi

Tel: 0312 002 156

Kumasi

Tel: 0322 087927

Who Do I Speak To If I Have A Query?

If you have any questions regarding your Fund, please contact your HR department, any of the representatives elected and/or appointed to assist you with any Fund related Queries.

Your Fund Accountant is:

Francisca Sackey (233) 26 608 5923

Your Fund Administrators are:

Mary Donkor (233) 26 608 6103

Your Investment Advisor is:

Terence Kweku Quayson (233) 50 422 9436



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NBC Ghana Trust since 2009 and still standing tall.

Licensed and regulated by National Pension Regulatory Authority