

Retire Right.

FIHANKRA NEWSLETTER

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Invest with us!

 NBC Ghana Trust



Welcome



The Quarterly 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

From the CEOs Desk

“I urge workers especially those in the informal sector to retire right by investing in pension schemes to enable them enjoy retirement life.”

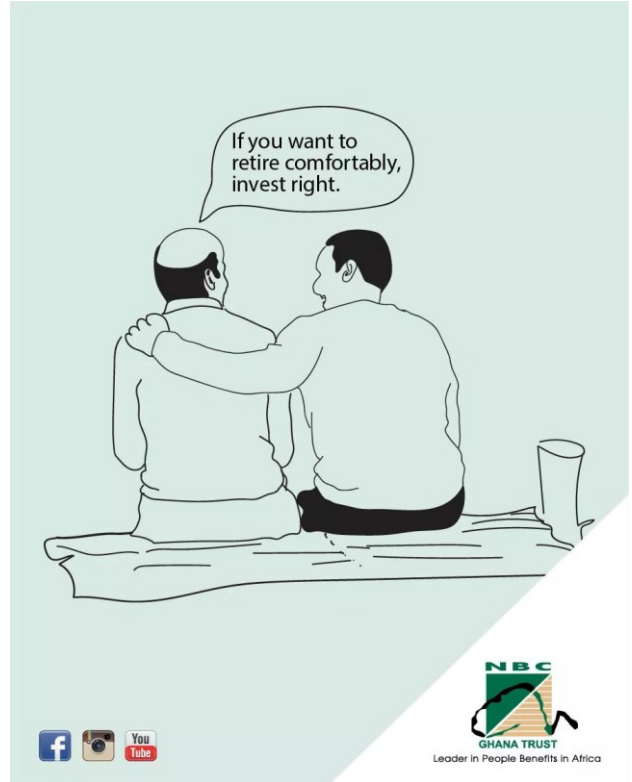
The National Pensions Act, 2008, was passed into law in December 2008. It has received mixed responses from different sectors.

Private sector service providers have been active in bringing their expertise to the industry. Public sector has gone through significant soul-searching on how to take advantage of the reform, whilst the dominant Pensions provider, SSNIT has done a lot to refresh their services, the members and citizens have responded in a very passive manner.

It has become increasingly important to save for retirement, because every working individual will retire one day. Workers will need to plan towards retirement to enjoy their old age and minimize the burden on their children and family members.

“Retirement is something we all need to consider and start planning as soon as we start our working life. The little we invest today towards our retirement can change our lifestyle, therefore everyone must take pension seriously”.

The pension’s reform makes room for all working citizens and it is time to bring into focus our citizens in the informal sector.



Touching on our operations as pension fund administrators, NBC Ghana Trust boast of the most robust system in the pension industry.

All pension fund administrators currently operating within the country have similar products and services, however, “what distinguishes us is our system capabilities, our pro-active culture that has successfully pioneered new products and services, and have set the benchmark by which our competitors measure themselves. The company will keep investing in its systems with trending technology to ensure that clients are satisfied.

About NBC Ghana Trust

Negotiated Benefits Trust Company Limited (NBC GHANA TRUST) was established in 2009 and is incorporated under the Companies Code of Ghana and licensed by the National Pensions Regulatory Authority (NPRA) as a Corporate Trustee in the Pensions and Employee Retirement Benefits market in Ghana. Our primary goal is to participate in Ghana's employee benefits market by providing administration and consulting services and related products for the Tier 2 and Tier 3 Schemes.

The shareholders of NBC GHANA TRUST are MAY International Holdings Limited a Ghanaian company and Samber Holdings (Pty), a South African registered financial services company.

The parent company of Samber, NBC pioneered the establishment of defined contribution funds, a trend that accelerated during the late 1980's and early 1990's as trade unions gained more influence and companies took advantage of the commercial certainty offered by defined contribution funds.

Today NBC is a leading force in the South African employee benefits arena. NBC provides a comprehensive range of employee benefit products and services to more than 140 registered pension funds. NBC represents the retirement fund savings of more than 600,000 members

NBC GHANA TRUST has the skills, professional experience and expertise required to service the most demanding client in the industry.

Our staff complement includes Actuaries, Fund Valuers, Fund Administrators, Attorneys, Chartered Accountants, Employee Benefits Consultants and IT professionals.

Our Product and Services

NBC Ghana Trust brings to the market a choice of employee benefits services and related products for the Tier 2 and Tier 3 pension schemes. These include administration and consulting services for stand-alone pension schemes and master trust schemes.

NBC Ghana Branch Network

We have established infrastructure in each of our regional offices that allow us to service fund members on a national basis via our head office, as well as on a regional basis through our branch networks in Kumasi and Takoradi.

Our Presence on the African Continent



Market Update

Global Economy

According to the IMF, global growth has lost momentum since the start of the year, leaving the world economy in a “precarious” position. The World Trade Organization has also slashed its global trade growth projection for 2019 to the lowest level in three years, citing the impact of rising commercial tensions and tariffs.

Global manufacturing activity and trade showed signs of weakness at the start of 2019; in contrast, activity in the services sector has been resilient so far. Emerging market and developing economies currently face headwinds from decelerating global trade but some benefiting from a recent easing of external financing conditions.

Global growth moderated amid weak growth in the Eurozone, continued trade policy uncertainty, concerns about China’s Growth outlook, and lingering Brexit negotiations. Global inflation appears subdued and interest rates, which were expected to rise faster in earlier projections, are now expected to rise more slowly.

Expectations of a resolution to trade tensions involving major economies have supported market sentiment but policy uncertainty and concerns about slowing growth rates remain elevated.



Ghana Economic Growth

In the case of Ghana, while the slower growth could adversely affect commodity prices with implications on the trade account, the improved financing conditions could support the balance of payments and help build strong buffers in the near-term.

On the domestic front, growth remains relatively strong and the negative output gap seems to be closing, although at a relatively modest pace.

The pace of economic activity, captured by the Central Bank’s updated Composite Index of Economic Activity (CIEA) remained strong, recording an annual growth of 3.2% in January 2019, up from 2.4% in December 2018. The increase in January was mainly driven by growth in Domestic Vat, Industrial Consumption of Electricity, Port Activity and Imports.

Investment Update

2019 Outlook of the Stock Market

Analysts have predicted as much as a 30% rise in the benchmark of Ghana Stock Exchange Composite Index over the course of the year. This has been largely attributed to the natural cycle in the Ghanaian Stock Market and the positive macro-economic targets set by government in general. The local economy is expected to expand 7.6% this year, compared with a projected 5.6% in 2018. This is expected to lead to an increase in profitability in all sectors of the economy as banks lend more to support.

The cleanup in the bank sector is expected to shore up the position of the Ghana Stock Exchange due to the renewed confidence in the system. Additionally, the recent drops in Monetary Policy Rate by the Bank of Ghana is expected to drive down rates on the financial market and cause investors to shift to the capital markets as they seek greater returns.

Investors seeking a bargain will find a desirable entry point from the beaten down valuation of financial stocks. Increased demand is bound to push price up in that sector.

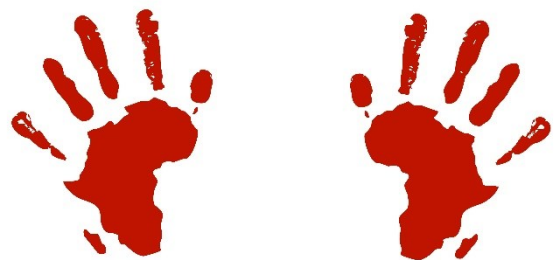
Private investors should seek positions in stocks at the earliest possible date to maximize the gain from price movement.

Interest Rates

Developments in the money market generally indicated upward trends in interest rates on the Government instruments, reflecting a heavy reliance on domestic sources of financing prior to the issuance of the Eurobond.

The 91-day Treasury bill rate moved up to end the 1st quarter at 14.72%, from 13.36% a year ago.

Similarly, the 182-day instrument increased to 15.1% from 13.9%. Rates on the secondary bond market ended Q1 – 19 with yields on the 6-year, 8-year, 9-year and 13-year bonds trading at 19.45%, 19.50%, 19.50% and 19.70% respectively.



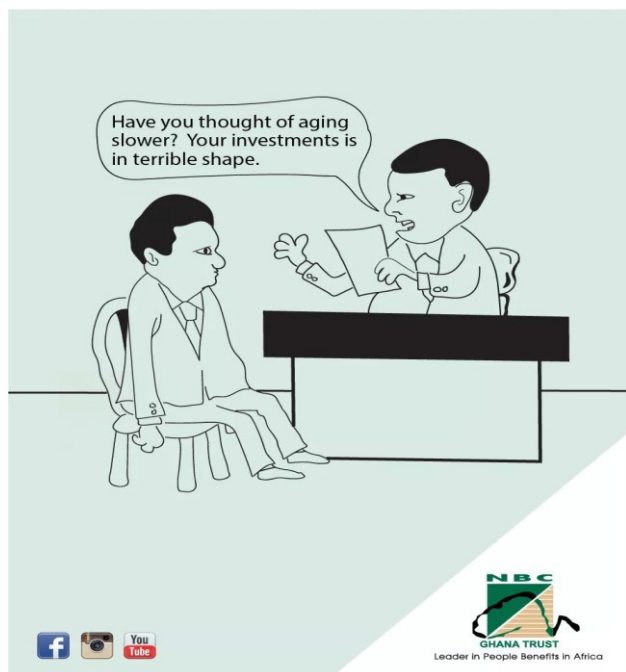
From the Benefits Advisory Desk – Product Offering

In a rapidly changing environment, our continued success as Benefit Advisors results from the clear objectives we set in advising clients, namely:

- To control costs;
- To act as problem solvers;
- To be innovators;
- To meet our client's needs within a framework of quality and service.

We believe in pro-active rather than re-active consulting that ensures financial protection for the Fund and the employers, whilst providing valued and secure benefits for employees.

We place considerable importance on learning about your needs and concerns with the aim of helping you establish financial objectives and solutions for your Funds that reinforce your overall financial objectives and meet your needs.



Each client is treated individually and advised according to specific needs. By using our experience of the market, our innovative people and clearly defined procedures we are able to suggest solutions appropriate to those needs.

Our Product Offering



The NBC Ghana Tier 2 Gold Master Trust Scheme is designed as a mandatory, work-based Master Trust Scheme to offer simple, flexible and cost-efficient

retirement saving platform suited for employees of large sophisticated employers as well as those of small-to-medium size businesses.

Under the NBC Ghana Gold Tier 2 Master Trust, members are entitled to benefits that are paid as lump sums on withdrawal, death, disablement and retirement from the Fund. These benefits comprise the accumulation of contributions, as well as investment returns.

The activities of the Scheme are managed by a Board of Trustees consisting of highly qualified and skilled professionals in fields such as Retirement Funds Administration, Accounting, Business and Financial Management, Pension Law, etc. The Board consists of trustees appointed by NBC Ghana Trust Limited, Independent Trustees as well as member-nominated trustees as required in terms of the Act.

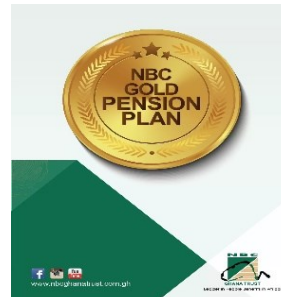
From the Benefits Advisory Desk – Product Offering



The Fihankra Provident Fund is designed as a voluntary Provident Fund established for large employers as well as those in the small

contributor group. It is a work-based Master Trust Scheme designed to offer simple, flexible and cost-efficient retirement savings plan for contributors. It provides benefits based on a defined contribution formula in the form of lump sum

In this scheme, a specified sum is subtracted from either or both parties (Employer & Employee) and transferred towards the fund in the form of his contribution.



Aside the mandatory contribution, the Pension Reform Act allows for additional voluntary contribution (AVC).

This is highly encouraged especially where the regular contribution might not be sufficient to meet personal retirement plan.

NBC Gold Plan is a product of NBC Ghana Trust registered by the National Pensions Regulatory Authority (NPR) under Personal Pension Scheme 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 additional contributions towards their retirement.

Furthermore, Section 120 of the Act provides that Occupational Pension Schemes, Personal Pension and Provident fund Schemes shall be managed in the private sector by approved Trustees, with the assistance of custodians and fund managers licensed by the National Pensions Regulatory Authority (NPR).

Updates from Fund Administration

Fund Administration Services

The administration division provides a comprehensive range of services that are structured according to the needs of trustees, employers and members, contributing to healthy and sustainable relationships.

NBC's sophisticated administration and accounting system is capable of providing the following functionalities:

- Accurate and comprehensive membership records.
- Pensioner administration and pension payments.
- Integrated reporting to trustees and members, in respect of the administration, cash flow and the investment performance of the assets of their fund.

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 without delays in the event of your death.

What is my Retirement Benefit?

Should you exit the Fund by way of early or normal (statutory) retirement, all of your accrued benefit shall be paid as a lump sum.

The lump sum is equal to your accrued benefit at the date of retiring. Please note that this payment is the full and final settlement you will receive from the Fund.

Membership to the Fund

Membership to the NBC Ghana Trust family has grown from less than a 1000 membership at inception to over 30,000 membership in 2018. The continuous growth of the fund lowers administration cost and ensures members benefit from economies of scale.

Claims Payment

The aim of a Pension Fund is to provide lump sum benefits on retirement, invalidity and death to members as prescribed in the National Pension Act, 766. The Pension Act, 766 requires claims to be paid within 30 days upon receipt of claim application. Currently, NBC Ghana Trust pay claims within 15 days.



Notices from the Regulator

Retirement Fund Reform

The Pension reform in Ghana was in response to agitations from organized labour and pensioners on the inequalities in retirement benefits amongst public sector workers as well as inefficiencies in the SSNIT system (the then sole pension manager).

The Government in 2004 established the presidential Commission on Pensions (PCP) with a mandate to submit a proposal for pension's reform.

The National Pensions Bill, 2008 was passed by parliament in October, 2008. It received presidential assent on December 4, 2008 and gazette notification in December 12, 2008 as the National Pensions Act, 2008 (Act 766).

The most significant highlights under the new pension's reform under Act 766 are the creation of contributory three-tiered scheme and the establishment of a Pension Regulatory Authority with the mandate to license, supervise, regulate and monitor service providers.

The three-tier contributory scheme, a hybrid of the defined benefit and defined contribution schemes, is made up of the following:

- **Tier 1:** The mandatory contributory scheme with monthly contribution of 13.5% (11% towards monthly pensions and 2.5% contribution to NHIS) on the basic salary of all employees. Tier 1 is a defined contribution scheme and contributions are fully tax-exempt and are managed by SSNIT.
- **Tier 2:** A mandatory contributory scheme with monthly contributions of 5% on the basic salary of all employees. Tier 2 is a defined contribution scheme and contributions are fully tax-exempt and are privately managed by National Pensions Regulatory Authority (NPRA) licensed service providers.
- **Tier 3:** An optional contributory scheme with monthly contributions of up to 16.5% of the employee's basic salary. Contributions are tax exempt for all workers in the informal and formal sectors.

ISSUED BY NPRA

Penalty on Unpaid Contribution

- I. The party that fails to pay the required contributions into the Pension Fund must pay all applicable penalties as may be determined by the NPRA from time to time.
- II. A person who contravenes a provision of the National Pensions Act, 2008 (Act 766) for which a penalty is not provided is liable on summary conviction to a fine or imprisonment.

ISSUED BY NPRA

Notices from the Regulator

Compulsory enrolment of employers without registered 2ND Tier Scheme

The National Pension Regulatory Authority (NPRA) has assigned Corporate Trustees to Employers who have failed to enroll under the mandatory 2nd Tier Occupational Pension Scheme, for immediate and compulsory enrolment.

With effect from 1st December, 2015, all affected Employers or Establishments are required to cooperate with their respective Corporate Trustees to complete the enrolment process. Once enrolled, such employers will only be allowed to transfer to another scheme after 12 months of consistently paying the monthly 2nd Tier Contributions (i.e. 5% of contributor's basic salary).

The compulsory enrolment onto the mandatory scheme is the first line of action for the affected Employers or Establishments. The Authority reserves the right to invoke punitive measures including a fine or a term of imprisonment or both in line with provisions of the National Pensions Act, 2008 (Act 766).

The Authority also wishes to inform Workers and Employers that enrolment under the 2nd Tier Scheme is a pre-requisite for accessing funds in the Temporary Pension Fund Account (TPFA) with the Bank of Ghana since the funds can only be transferred to a registered scheme administered by a licensed Trustee.

ISSUED BY NPRA

Notice to Employers and Workers

It has come to the Notice of the Authority that some employers are running their Provident Fund Schemes as Welfare Schemes based on the advice of some Pension Fund Managers. This 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 an unregistered scheme unless it is duly registered under the 3-Tier Scheme.

ISSUED BY NPRA

Growth of Pension Funds from 2012 - 2017

Year	Pension Funds (GHS)	% of GDP
2012	805,111,125.18	1.07
2013	1,343,242,886.05	1.44
2014	2,581,508,054.00	2.28
2015	4,672,108,464.12	3.41
2016	6,792,946,261.68	4.06
2017	11,023,178,469.40	5.35

ISSUED BY NPRA



Conclusion

The Board of Trustees

The Board of Trustees is responsible for the management of the Fund. They meet quarterly with the Fund's Administrators and Advisors in order to ensure that they act in the best interests of the members at all times.

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 Benefits Advisor is:

Ivan Smith Bentum (233) 26 608 6031

Your Fund Accountant is:

Paul Afena (233) 26 608 5928

Your Fund Administrator is:

Kofi Asirifi Gyasi (233) 26 608 6103

Our Contact Details

NBC Ghana Head Office:

Tel: 0307 022257/8

Kumasi:

Tel: 0322 087927

Takoradi:

Tel: 0312 00215

Disclaimer of Liability

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Leader in People Benefits in Africa

NBC Ghana Trust since 2009 and still standing tall.