

NATIONAL PENSION COMMISSION

REGULATION ON FEES STRUCTURE

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DRAFT REGULATIONS ON FEES STRUCTURE

1.0 General Provisions

- 1.1 The fees stipulated herein, are maximum amounts chargeable by Pension Fund Administrators (PFAs), Pension Fund Custodians (PFCs) and the National Pension Commission (Commission), for all services to be provided by them.
- 1.2 PFAs and PFCs are at liberty to decide on what amount of fees to pay or charge within the maximum stipulated, and may decide not to effect a particular charge.
- 1.3 PFAs, PFCs and the Commission, shall not be allowed to charge any fees outside those stipulated in these regulations.
- 1.4 Any change to the fees structure stipulated by PFAs, PFCs and the Commission, must be communicated to all parties and contributors in writing. A downward review must be communicated, one (1) month before it is effected while an upward review must be communicated three (3) months before it is effected.
- 1.5 One month notice must be given for change to fees; all such changes shall become effective on the first day of the month following the expiration of notice.
- 1.6 Notification of change in fee structure, must be displayed in all premises of the operator and on its website, one month before the effective date of change. Contributors should also be informed via their e-mail and other known addresses.

2.0 Type of Fees

- 2.1 Administration fees may be charged per account holder by PFAs, to cover cost of registration and administering each Retirement Savings Account (RSA).
- 2.2 Asset Based fees may be charged on Pension Fund Assets by PFCs, PFAs and the Commission, for collection, administration/investment and supervision of Pension Fund Assets, respectively.

- 2.3 Assets Based fees are expected to be reduced, as the Pension Fund Assets under management increase in value; this is subject to negotiation between the relevant parties.
- 2.4 All bank charges in relation to the process of collections shall be borne by the PFC.
- 2.5 All statutory charges shall be borne by the Pension Fund Assets managed by PFAs on behalf of the Contributors.
- 2.6 Pension Fund Assets managed by PFAs, shall bear the cost of all fees to brokerage companies (as defined by the Securities and Exchange Commission) for services rendered in their investment operations by the PFA.

3.0 Methodology for Calculation and Payment of Fees

- 3.1 Administration fees shall be calculated as flat charge to be paid monthly from contributions received. This fee is to be deducted before converting contribution into accounting units of the Pension Fund Assets.
- 3.2 Asset Based fees shall be based on, and charged as a percentage of the opening Net Asset Value of the Pension Fund investment at the beginning of the period of charge.
- 3.3 Asset Based fees shall be accrued daily upon portfolio valuation, while the actual charge shall be effected against the fund within five (5) working days of the month end.
- 3.4 Asset Based fees and Administrative fees shall not be charged on any contributor who has not made contributions for three (3) consecutive months preceding the month of charge.

4.0 Payment of Fees

- 4.1 The Pension Fund Administrators shall be responsible for calculation of all fees to be charged and submission of invoice to the Pension Fund Custodian and the Commission, within three (3) working days of the month end.
- 4.2 The Commission has 48 hours within which to communicate its position to PFAs and PFCs on any observation on invoices.
- 4.3 The Pension Fund Custodian shall pay the invoiced fees within three (3) working days of receipt of invoice from Pension Fund Administrator, where the Commission did not indicate otherwise.
- 4.4 All the processes of submission of invoice, review, actual charge and payment of fees shall be concluded by all parties, within five (5) working days of the month end.

5.0 Maximum Allowable Charges

- 5.1 The fees stipulated herein are maximum amounts chargeable by PFAs, PFCs and the Commission, for all services to be provided by them.
- 5.2 All parties are at liberty to negotiate and decide on what amount of fees to pay or charge within the maximum stipulated fees, and may decide not to effect a particular charge.
- 5.3 Administration fees, which shall be payable monthly, shall not exceed N100 per month per account holder.
- 5.4 Asset Based Fees shall be accrued daily upon portfolio valuation and paid monthly. The actual charge shall be effected against the Pension Fund Assets, within Five (5) working days of the month end.

5.5 The maximum Asset Based Fees chargeable shall be as follows:

INSTITUTIONS	ASSET BASED FEES (% per annum of the Net Assets Value – pro rata)
PFA	2.00%
PFC	0.60%
THE COMMISSION	0.40%
TOTAL	3.00%

6.0 Reviews

6.1 These charges are subject to annual review by the Commission.

National Pension Commission