

UNICO CPFA LTD
EXIT BENEFIT SCHEME POLICY

*An information booklet on UNICO CPFA Ltd
End of Service Benefit policy.*

INTRODUCTION

The purpose of this Policy booklet is to state clearly the policies adopted in the administration of exit benefits.

DEFINITION OF TERMS

Abbreviations

ABS	-	Annual Basic Salary
TABS	-	Terminal Annual Basic Salary
ATE	-	Annual Total Emolument
TATE	-	Terminal Annual Total Emolument
VSS	-	Voluntary Savings Scheme
DIS	-	Death in Service
NYS	-	Number of Years Served
PCF	-	Pension Conversion Factor
DC	-	Defined Contribution
DB	-	Defined Benefit

Terms

Qualifying Service:

Years of permanent and continuous engagement in approved company service covering all periods of leave, absence and interruptions approved by management.

Pensionable Age:

Between the age of 50 to 60 years.

Contribution Salary:

Contribution Salary means the addition of Annual basic salary, Housing and Transport allowances.

Members:

Means persons who have been admitted to the Fund after completing registration form and continue as such until they have been paid out in accordance with Fund Rules at exit.

Fund Managers:

The Fund Manager is UNICO Closed Pension Fund Administrator. UNICO CPFA Limited is a subsidiary of UAC of Nigeria Plc duly licensed by the National Pension Commission.

Pension Conversion Factor (PCF):

The factor used to convert the accumulated balance of the A & B Accounts to Pension, at a given retirement age. The factor varies with age as stated below:

Conversion Factor: RULE 7

AGE	RATE PER ₦1,000
50	112.56
51	113.68
52	114.89
53	116.18
54	117.57
55	119.05
56	120.64
57	122.35
58	124.17
59	126.11
60	128.19

UAC OF NIGERIA PLC PENSION FUND

Membership

All permanent and full time employees of UAC of Nigeria Plc are eligible to join the Pension Fund.

An employee is enlisted in the scheme when he completes the application form at the point of employment as a permanent employee. The new form which has provision for inclusion of bio-data (i.e. passport photograph, thumb print, signature and next of kin must be completed by all members to avoid future problem of identification.

Contribution

The Pension Fund is a contributory scheme. Members of the Fund are required to contribute to the fund on a monthly basis in line with rates shown below. The employee's contribution (A Account) is deducted directly from salary. The company also makes a matching contribution of the employee's total emolument (called "B" account) to the Fund.

	A Account	B Account
Management (Employee)	- 7.5%	Employer - 7.5%
Non - Management (Employee)	- 7.5%	Employer - 7.5%

The contribution is made all through the engagement of the employee in approved company service and until cessation of employment.

Contributions made to the Fund cannot be withdrawn before the termination of service. Members cannot borrow against their A and B account balances.

Administration

Members' contributions to the Fund are invested by the Fund Manager to earn good returns. All fund investment activities are supervised by the UNICO CPFA Board of Director through Investment Strategy and Nomination Committee, and Audit and Risk Management Committee. The fund is unitized, members contribution are taken in at unit price ruling during the month contribution is received and withdrawal for members are also processed using unit price ruling in the month in which cessation Benefit is processed. At the end of every period, the accounts of members are credited with share of profit as approved by the Board of Directors. Pensioners may also be granted increase, on Board approval, based on Actuarial advice after considering investment returns for the period and future pension liability.

The Fund manager issues annual statements of each member's account, showing details of opening balance, current year contributions to date, share of profit credited and balance at year end. Members have the responsibility of reconciling the statement with their personal records and reporting any discrepancy to the Fund manager through their company's Human Resource Manager or UNICO CPFA Ltd's Help Desk.

In addition to the annual statements, members will be issued with user names and passwords to enable them log on to their accounts on line and check the state of their accounts as necessary.

The position of the law is that all contributions made to "An approved Pension Scheme" are tax deductible.

The UNICO CPFA Ltd's Fund is an approved Pension Scheme and so all contributions made to the scheme are tax deductible.

Whenever changes occur in a member's name or signature, such change should be advised to the Fund Manager. A change of name should be published in a local newspaper, cuttings made and forwarded along with a copy of the marriage certificate (where marriage is responsible for the change). A Specimen of the new Signature should also be made available.

Termination of Service

The service of an employee could come to an end by:

Resignation }
Termination } Early Leavers
Dismissal }

Retirement

Death

Due to similarity in benefit conditions, these five exit modes could be regrouped into three thus Early Leavers, Retirement and Death.

Early Leavers

Early Leavers are those who leave company service (usually by Resignation, Termination, Outplacement or Dismissal) before becoming eligible for a Pension in Retirement.

Early leavers are entitled to receive earned portion of their pre-2005 accumulated contributions as lumpsum, while post 2004 benefit are either transferred to a pension fund administrator of their choice or left with Unico and accessed when they are 50 years old.

The calculation of earned portion of pre-2005 benefit is as follows:

Rule B1

Members who have served for at least 3 years not qualifying for Pension under rule 6 and 7, bulk payment of the whole "A" contributions and proportion of "B" based on the scale below:

4 years	-	40% of B
5 years	-	50% of B
6 years	-	60% of B
7 years	-	70% of B
8 years	-	80% of B
9 years	-	90% of B
10 years	-	100% of B

Rule B2

- Cessation of Service under 3 years requires the refund of only "A" contributions, no portion of "B" contributions is paid.
- The "B" not paid does not revert to the Employer's Office
- The Rules and Regulations concerning registers B1 and B2 apply to Pre-2005 Contribution only.

There are penalties for those dismissed from company service on account of fraud, dishonesty and other criminal misconduct. In such circumstances, the employee loses his right to the Company's portion of pre-2005 contribution.

Pension Fund benefits are tax exempt under the Pension Reform Act 2004.

Retirement

The retirement age from service is between 50 and 60 years. Between those years, the Retirement option could be exercised by either the employee or the employer. It is optional from 50 years of age but compulsory at 60 years of age.

The Retiree will qualify for the pension benefit option if he is 50 years and above.

Retiree who qualifies for Pension i.e. who is above 50 years of age may convert balance on his account to pension with UNICO CPFA LTD or transfer to Pension Manager of his/her choice.

Annual Pension - An Emolument paid to the retiree on a regular monthly basis until death occurs.

The Annual Pension will depend on balance on retiree's account at the time of retirement and option chosen by the retiree.

The following options are open to the retiree:

- A - Commutation of joint "A" & "B" to full pension
- B - Commutation of Joint "A" & "B"
To reduced Pension after payment of one Year Pension in Lump Sum.
- C - Collection of old Account up to 2004 as bulk payment while converting post 2005 account to pension, if this is sufficient to cover minimum pension of 50% of total emolument at secession. **If not the Fund Administrator may pay lumpsum as full and final settlement.**

Option C is not advisable if post 2005 contribution has not been accumulated for at least 10years, because accumulated contribution less than ten years may not be adequate to meet minimum pension as defined by the law (50% of total emolument at time of retirement). The law allows payment of lumpsum if balance can guarantee pension payment up to 50% of final emolument of seceding member.

The balance on the statement of retiree is converted to pension using the factor relevant to the age of retiree.

The Pension payment is reviewed at the discretion of the Board of Directors based on Fund performance and Actuarial recommendation.

A pensioner receives his pension payment until he is deceased. This pension payment is guaranteed for a minimum of 6 years. Where however a pensioner dies before the expiration of 6 years, his Estate will be entitled to receive the balance of unexpired pension established as follow: six years pension less pension already paid

Under pension reform Act 2004, pension benefits are not taxable.

Pensioners are required to complete the annual Identification Certificate at Unico CPFA's office or through their payment points once in a year. They are also required to report changes in their contact address whenever such occur.

Death In Service

Provided the employee is confirmed and has joined the Fund, he will be entitled to Death in Service (DIS) benefit. This comprises of:

- a. Accumulated balance on pension A and B account at hand
- b. Life Insurance Death in Service Benefits .

Life Insurance Death benefits under the Pension Reform Act 2004 are three times Terminal Annual Emoluments paid by Insurance Company in line with the terms of the Compulsory Life Assurance Policy

Settlement of Death in Service Benefit

This will depend on the instructions the employee leaves behind while alive. This could be in the form of a registered Will or his "Nomination for Lump Sum Death In Service Benefit form" (called Form 10) completed before his death specifically for the Lump Sum Death In Service benefit. Where the beneficiaries cannot present registered Will a letter of Administration is acceptable to identify authentic beneficiaries.

The estate of the deceased gets the summation of the following:

- a. The pension benefit is the accumulated balance on the A & B account
- b. The Death in Service Benefits is three times Terminal Annual Emoluments.

Under the prevailing laws, Death in Service benefits is subject to estate duty (10% of total amount due).

Employees Indebtedness to employer

Where information is received from member company about employee's indebtedness, deductions will be made to close employee's accounts of all outstanding debt charges and obligations just the same way as credits will be given for any outstanding dues such as un-utilised leave periods, unpaid claims etc.

By the rules of the Fund, benefits that remain unclaimed 6 years after they become due for payment are transferred to the Revenue Account of the Fund.

This notwithstanding, where qualifying claimants come forward with satisfactory explanations after the 6 year period lapses, the Fund Managers will always pay benefits due to legitimate claimants.

General

Other than benefits enumerated above which come direct from his place of employment, employees who are members of the Nigerian Social Insurance Trust Fund, NSITF (formerly National Provident Fund) will be eligible to make claims from Trust Fund in accordance with the prevailing guidelines.