

## **CATEGORIES OF BENEFITS**

### **PAYMENT OF EN BLOC OR LUMP SUM**

This is when an employee disengages or retires from active service upon, or after, attaining the age of fifty (50) years old and the RSA balance is not more than N550, 000.00, the employee would be paid the total balance in his or her RSA in a single payment (en-bloc payment). However, if the RSA balance is above N550,000.00, the employee receives a lump sum payment of the amount payable after sufficient provision have been made to procure a programmed withdrawal or an annuity that will produce an amount that should not be less than 50 percent of his/her annual salary as at the date of retirement.

### **PAYMENT OF 25% RSA BALANCE ON JOB LOSS (TEMPORARY/ PERMANENT)**

At any time the appointment of an employee who is yet to attain the age of fifty (50) years old is terminated by the employer (and this includes dismissal, disengagement or redundancy), such an individual can access 25% of his/her RSA balance after six (4) months if alternative employment is not secured. However, individuals who voluntarily resign before the age of fifty (50yrs) cannot access their pension benefits until they attain the age of fifty (50) years old and can therefore not benefit from this provision.

### **PROGRAMMED WITHDRAWAL**

This refers to periodic pension payments to a retiree from his or her account balance, calculated on the basis of an expected life span. Although withdrawals can be made on a monthly or quarterly basis from a retiree's account, the balance in the retiree account continues to be invested, giving it the potential for continuous tax-free growth.

The Programmed Withdrawal option can only be provided by a Pension Fund Administrator (PFA) duly licensed by PenCom. In the event of the death of a retiree on Programmed Withdrawal at any point in time, the balance outstanding in the deceased's account (if any), as well as interest accrued, would be paid en-bloc to a beneficiary as stated mentioned in a Will or the administrator appointed in a Letter of Administration.

### **ANNUITY**

An annuity provides a retiree with monthly or quarterly income for life after retirement and is guaranteed for a period of 10 years. A retiree can buy an annuity using the balance in his or her account after receiving a lump sum payment from the PFA. It can only be purchased from a life insurance company licensed by the National Insurance Commission.

The 10-year guaranteed period means that if a retiree dies before its expiration, monthly annuities will continue to be paid for the remaining period up to 10 years only to a designated beneficiary.

## **PAYMENT OF DECEASED RSA HOLDER'S BENEFIT**

When an RSA holder dies while in employment, the value of his or her total RSA contributions, in addition to the payout from his or her life insurance policy, are paid to a beneficiary under a Will or administrators appointed by a Letter of Administration. However, in the event an RSA holder passes away after retirement or while unemployed, and is therefore not covered by a life insurance policy, the beneficiary would only be able to access the RSA contributions of the deceased. Deceased payments are made en-bloc into an estate account, joint account or an individual account.