



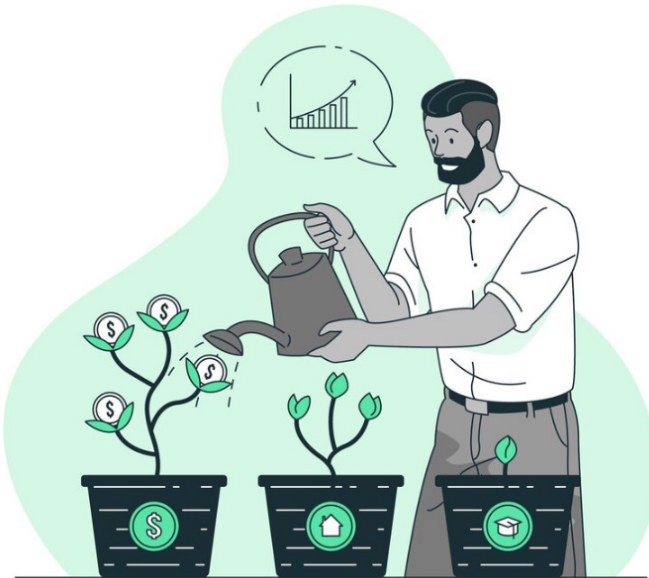
Streamlining Pension Payouts: PenCom Removes Bottlenecks In Benefit Payments

Introduction

On March 12, 2025, the National Pension Commission (PenCom) introduced a significant policy change to accelerate the processing of pension benefits for Retirement Savings Account (RSA) holders. From June 1, 2025, Pension Fund Administrators (PFAs) will no longer require PenCom's approval before disbursing benefits, a move designed to enhance efficiency and eliminate delays in the pension payment process.

Key Highlights of the New Policy (Effective June 1, 2025)

- No More PenCom Approval for Disbursement – PFAs can process and pay benefits directly without seeking prior approval from PenCom.
- Faster Benefit Processing – PFAs must approve and process eligible applications within two (2) working days after receiving complete documentation.



PenCom will continue to monitor compliance through regulatory oversight to ensure full adherence to the new directive, safeguarding retirees' interests.

- **Employer Advisory:**

Employers should advise retiring employees to submit the required documentation at least six (6) months before retirement to prevent disruptions in benefit disbursement.

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- Expedited Payments by Pension Fund Custodians (PFCs) – Once PFAs approve benefits, PFCs must disburse funds within 24 hours of receiving instructions.
- Retirement Documentation Requirements – RSA holders must submit necessary retirement documents at least six (6) months before retirement for smooth processing.

Implications for RSA Holders & Employers

- **Faster Access to Retirement Benefits:**

The removal of PenCom's approval requirement is expected to reduce delays, potentially allowing retirees to access their benefits quickly.

- **Increased Responsibility for Pension Fund Administrators (PFAs) and Pension Fund Custodians (PFCs):**

PFAs must ensure they have robust internal processes to meet the new two-day processing timeframe, while PFCs must disburse funds promptly within 24 hours.

- **Improved Transparency & Accountability:**



The policy shift aims to improve pension administration in Nigeria by reducing delays and simplifying benefit payments. However, its success will depend on effective implementation and compliance by Pension Fund Administrators (PFAs) and Pension Fund Custodians (PFCs). Retirees and employers should stay informed about documentation requirements to fully benefit from these changes.

For guidance on pension compliance, retirement benefits, and regulatory advisory, contact us at info@scp-law.com or visit www.scp-law.com.