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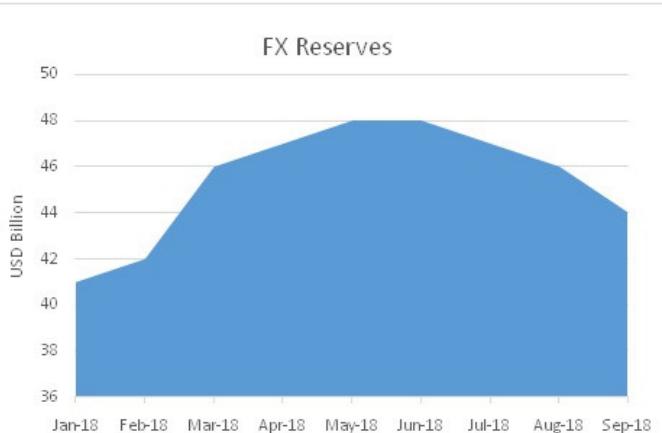
INDUSTRY

Political Risk and its impact on Macroeconomic indicators

By Muideen Okunola

The general election is a few months away and its impact on macroeconomic indicators in Nigeria is alarming. Foreign investors consider Nigeria a high risk investment due to our political culture hence, the negative performance in macroeconomic indicators pre-election. This was evident in 2015 and it appears that 2018 is no exception. We shall discuss each macroeconomic indicator in turns:

FX External Reserves: Nigeria's foreign exchange reserve has reduced from USD47bn in July to USD41bn as at 31st October. By implication, the CBN is defending the Naira against other foreign currencies. Is this strategy sustainable? Is devaluation of the Naira imminent?



Editorial

Message From The Editor



Dear Reader,

It is indeed a pleasure to introduce to you the 4th issue of the UBA Pensions Digest, which we hope you will enjoy.

This edition covers an interview with one of the UBA Pensions Risk Ambassadors in recognition of the Company emerging as the winner of the 2018 Nigeria Risk Awards in September 2018. Other interesting articles are 'A Case for Fund I' which ponders on why employees choose to remain in the default Fund II, and 'Being a 21st Century Leader' which shows the importance of emotional intelligence and respect for diversity in the workplace.

The year 2019 will welcome a new Government in Nigeria, we all need to work towards a successful general election – we have an article, 'Political Risk and Its Impact on Macroeconomic Indicators', this throws light on the impact of the 2019 general elections on inflation, exchange rate and the stock market.

This edition also has a brainteaser to amuse you and educate you on the Pensions Industry.

In another four weeks would be one of the most exciting holidays in the world – Christmas! a time to care, share and reunite with friends and family; it is also a time to make budgets and develop strategies and resolutions for the new year ahead.

Many thanks to the Editorial Team who have worked tirelessly to bring this edition of the newsletter. And from all of us at UBA Pensions..... Best wishes for the Yuletide and a Happy 2019 ahead!

We welcome your feedback by a return email to ubapensionsdigest@ubagroup.com

Do share the UBA Pensions Digest.

Thank you.

Temitope Hassan
Editor-in-chief

It is speculated that the external reserves may reduce further due to Foreign Portfolio Investment (FPI) outflow and devaluation by the CBN.

Inflation: Inflation rate rose for the month of October, after eighteen months' consecutive reductions. The spike in inflation is as a result of electoral uncertainty and swinging economic recovery. There are speculations inflation would rise continuously pre and post-election.

Stock Market: The market continued on a downward trend and recorded a negative return of 16.20% as at November 5, 2018. Political instability is fueling foreign portfolio Investment (FPI) outflow which in turn worsens market performance. A bearish market will continue till the electoral uncertainty is over.

Crude Oil Prices: Prices hovered around USD70 per barrel earlier this year. It is believed that the US sanctions on Iran could increase oil price above USD80 leading to a positive outlook for oil prices.

Exchange Rate: Rates have been relatively stable for most part of the year. Stable exchange rate is good for the manufacturing sector and the economy as a whole. Implication here is that the Naira is weakened if the rates are unstable.

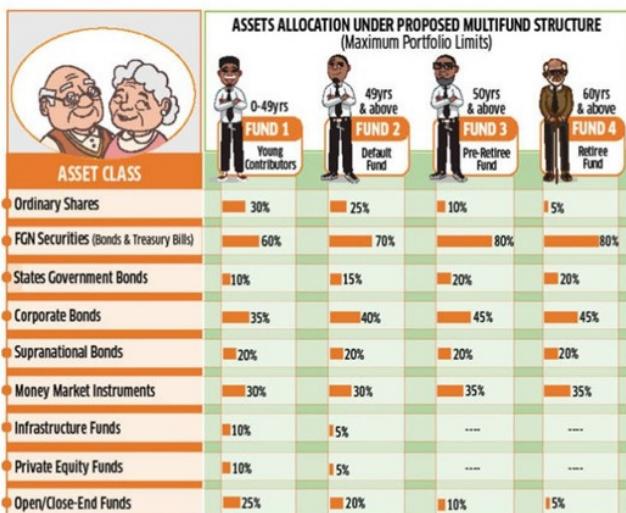
A Case For Fund I

By Olumide Ojo

On July 1 2018, the Multi-fund structure was introduced thereby splitting Pension Fund Portfolio into four; Fund I, II, III and IV. Fund I is geared towards young contributors, based on request and who are aged 49 years and below. This group of contributors have several working years ahead of them, are energetic, have a high risk appetite and are better positioned to grow their pension contributions rapidly over a long period of time.

Despite these qualities, the level of acceptance and subscription so far is arguably low due to the following reasons;

- Fear of the unknown: Uncertainty surrounding assets categorized in Fund I in terms of the returns and unpredictable government policy which may negatively impact the yield.
 - Unanswered questions: Will the principal contributed be guaranteed under Fund I?
 - Comfort zone: Many Nigerians prefer a guaranteed income/return on investment, rather than moving to Fund I where rapid grow pension contributions over a long period is enabled, but can assume a relatively high-risk level as well.
- Nevertheless, it is hoped that Pension Fund Administrators, Pension Fund Custodians and PENCOM will find ways to encourage contributors to embrace Fund I.



COMPANY NEWS

Interview With Risk Ambassador

By Ellen Mornu and Daniel Wajuihian

The Management of UBA Pensions acknowledge the immense contribution of the Risk Ambassadors of the Company in winning the much coveted 2018 Nigerian Risk Award in September 2018.

The inauguration of Risk Ambassadors earlier in the year was part of the Company's Enterprise-wide Risk Management strategy and an initiative at strengthening the risk management culture across the organization. Below is an extract of the interview with one of the Risk Ambassadors.

Interviewer: In your own words, who is a Risk Ambassador?

Ambassador: A Risk Ambassador is a representative who watches out for risks. In the context of an organization, he is not necessarily a Risk Management Officer, but may be a staff of that organization in other roles. This person can be called a promoter of risk management as he identifies the risks to that organization and is involved in their prevention or mitigation.

Interviewer: What are Risk Management objectives?

Ambassador: Risk Management objectives are compliance with regulations & internal policies, business growth, service excellence, sound corporate governance and best practice resources management.

Interviewer: How do risks arise - in a general context, not restricted to your own organization, but risk as a global concern;

Ambassador: Risks arise largely from absence of or inappropriate strategic plan, failed internal processes, staffing and from environmental, political, and regulatory factors.

Interviewer: Thank you so much Ambassador and once again many congratulations on the 2018 Nigeria Risk Award to UBA Pensions.

Ambassador: Thank you.



Left to Right: Ms Adebola Ayeni (Risk Ambassador) and Ellen Mornu (Risk Manager)

UBA Pensions CFO Takes A Bow

By Ellen Mornu

The Pension industry is in dire need of people who are creative, innovative, skilled and of reputable character to revamp it. UBA Pensions had the opportunity to work with someone of this caliber. Deji Adeyelure recently resigned his position as the Company's Chief Finance Officer. Leaving UBA Pensions was a difficult choice for Deji to make, but he had to join his family abroad.

Though Deji's time with the Company was short, it was memorable and impactful. He was commended for challenging the Finance function beyond the operations role to Strategy, Governance, and much more. He was also lauded for exemplifying the core values of Enterprise, Excellence and Execution and wished all the best in his future endeavors.



Presentation of gifts at the CFOs' send forth by the MD, Bayo Yusuf

Internship At UBA Pensions Custodian Limited

By Odinaka Okoronkwo

A relatively new sector, the Nigerian Pensions sector is yet to edge up with other sectors in terms of knowledge/skilled manpower. Currently, no tertiary institution is running a first degree academic course on Pensions. UBA Pensions Custodian Ltd has explored undergraduate internship in fostering the knowledge of pension industry among undergraduates of tertiary institutions in Nigeria; she invites all stakeholders to do same.

Several batches of Interns from reputable tertiary institutions in Nigeria have completed the UPCL internship programme. Aside gaining knowledge of the industry, Interns have acknowledged the positive impact of our 3 key service codes- Enterprise, Excellence and Execution in their readiness to successful career.

Meet an Intern at UBA Pensions Custodian; her opinion about the industry and the UBA Pensions' internship scheme:



VARIETY

Being A 21st Century Leader

By Blessing Onoja

The ability to control impulsive feelings and behaviour; manage your emotions in healthy ways; take initiative; recognise the power of dynamics in a group, communicate clearly, manage conflicts and adapt to changing circumstances go a long way in achieving your goals as a 21st Century Leader.

The key to successful leadership is emotional intelligence. Over 3,000 studies on emotional intelligence have shown that it contributes to both professional and personal success, boosting your emotional quotient (EQ) is tied to more effective leadership, career success, happiness and relationship satisfaction. Developing emotional intelligence helps to build yourself, the team you lead and the organization you serve.

What is Emotional Intelligence? "It is the ability to understand your emotional make-up and that of others, using insights from the knowledge of their emotions to effectively manage and regulate your own emotions to make good decisions".

A 21st Century Leader must have the ability to subdue unwanted emotional actions.

Diversity in the Workplace

In the workplace, every team member is a genius in his or her own way. Team member A may have a different view about issues from Team member B but that does not make the other team member less knowledgeable. Be smart and look for common ground within the difference between your team members, do not view difference as a melting pot but rather as a mosaic of opportunities to grow. Our differences fuel our unique perspectives and cultivate innovation and opportunity.

Be mindful of your team members' needs, if your team members are not working close to their full capacity then it simply means that you are not doing your job as a leader. Your sensitivity sensor must always be on. "A Team is more powerful than the sum of its parts but each part must be continually refurbished and renewed for the team to sustain its power".



Brain Teaser

By Daniel Ithunokha & Odinaka Okoronkwo

1. Mention four categories of people that are exempted from the Contributory Pension Scheme?
a.
b.
c.
d.
2. What are the next three letters in the following sequence J, F, M, A, M, J, J, -, -, -?
3. Can a contributor use part of his RSA Balance to secure a mortgage?.....
4. Before Mount Kilimanjaro was discovered, what was the highest mountain in Africa?.....
5. What should an employee do if the employer fails to remit pension deductions?.....
6. If you are running a race and you passed the person in 2nd place, what place would you be in now?.....
7. On what basis will an employee be able to access 25 percent of the RSA Balance?.....
8. What appears once in a minute, twice in a moment, but never in a thousand years?
9. Can the Management of companies be fined or imprisoned for failing to remit pension contributions of employees and stipulated by PRA 2014?
10. Can I make a lump sum withdrawal of 50% from my RSA Balance at retirement?

Answers to the Brain Teaser in the Previous Edition

	IP	E	N	C	O	M	
6R			2W				
S			I				
3V	A	U	L	T			
			H				
				10F	I		
				O	F		
	512S	C	H	E	D	U	L
	E		O		R		S
4A	V		L				P
N	E		D				A
N	N	I					N
U	7P	E	N	S	I	O	N
I			G				
T	11W	E	N	T	Y	O	N
Y				A			
				X	9G	R	O
						S	S

ACROSS

1. PENCOM regulates the Pension industry in Nigeria.
3. PFAs certificate of investments and other properties are kept in the VAULT for safe custody.
5. EPCCOS is a platform for payment and sharing of SCHEDULE between PFAs and employers.
7. The PENSION industry consists of PFCs, PenCom, PFAs and CPFAs.
9. Real Time GROSS Settlement is the fastest means of moving funds.
11. There are TWENTYONE registered PFAs in Nigeria.

DOWN

2. Pension fund investments are not subject to WITHHOLDING TAX in Nigeria.
4. Retirees have an option to choose between programme withdrawal and ANNUITY.
6. Every employee in a company of more than eight persons must have a RSA.
8. Programmed withdrawal is calculated based on an estimated LIFESPAN.
10. There are currently FOUR licensed PFCs in Nigeria.
12. We have SEVEN registered CPFAs in Nigeria.

Our Editorial Team

1. Temitope Hassan - Editor in Chief
2. Daniel Wajuihian - Member
3. Lilian Onwudinjo - Member
4. Odinaka Okoronkwo - Member
5. Kelani Kafar - Member
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