

Law No.

Government Law

8TH ASSEMBLY, HOUSE OF ASSEMBLY, LAGOS STATE

**A LAW TO AMEND THE LAGOS STATE PENSION REFORM LAW,
Ch L52 LAWS OF LAGOS STATE 2015.**



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**A LAW TO AMEND THE LAGOS STATE PENSION
REFORM LAW, Ch L52 LAWS OF LAGOS STATE 2015**

Commencement (.....)

THE LAGOS STATE HOUSE OF ASSEMBLY enacts as follows:

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| Amendment to the
Principal Law. | 1. | The Lagos State Pension Reform Law, Ch L52 Laws of Lagos State 2015, (referred to in this Law as the "Principal Law") is amended as follows- |
| Interpretation | 2. | <p>The Principal Law is amended in section 75 by inserting the following definitions appropriately-</p> <p>"Political appointees" means the Head of Service, the Clerk of the Lagos State House of Assembly, Permanent Secretaries in the State Public Service who have put in a minimum of twenty (20) years of service and their counterparts in the Legislative arm of Government in accordance with the terms and conditions of their appointment;-</p> <p>"Local Government Areas" includes Local Council Development Areas.</p> |
| Amendment to
Section 1(2). | 3. | <p>Section 1 subsection (2) of the Principal Law is deleted and is replaced with a new Section 1 subsection (2) as follows -</p> <p>(2) The provisions of this Law shall apply to employment in the Public Service, Local Government Areas, Tertiary Institutions and all Parastatals established by the State Government.</p> |
| Amendment to Section 3. | 4. | Section 3 of the Principal Law is deleted and is replaced with a new Section 3 as follows- |
| Retirement Age. | 3. | <p>(1) Every employee in the State Public Service shall retire on attaining the age of sixty (60) years or after thirty-five (35) years of service, whichever comes earlier in time.</p> <p>(2) Notwithstanding the provisions of subsection (1) of this Section, the compulsory retirement age of -</p> <p>(a) academic staff in the Professorial cadre shall be seventy (70) years;</p> |

- (b) academic Staff not in the Professorial cadre shall be sixty five (65) years;
 - (c) non-academic staff shall be sixty-five (65) years.
- Amendment to Section 4. 5. Section 4 of the Principal Law is deleted and is replaced with a new Section 4 as follows -
 - 4. An employee shall give notice of his intention to retire from the Public Service six (6) months before the attainment of the age of -
 - (a) sixty (60) years or thirty-five (35) years of service whichever comes earlier in time; or
 - (b) seventy (70) years or sixty-five (65) years in the case of academic staff in the Professorial cadre, academic staff not in professorial cadre and non-academic staff of University respectively.
- Amendment to Section 6(2). 6. Section 6 subsection (2) of the Principal Law is deleted and is replaced with a new Section 6 subsection (2) as follows -
 - (2) Notwithstanding the provision of subsection (1) of this Section any employee who is retired -
 - (a) on the advice of a suitably qualified physician or a properly constituted medical board certifying that the employee is no longer mentally or physically capable of carrying out the functions of the office;
 - (b) due to total or permanent disability either of mind or body; and
 - (c) compulsorily and not gainfully employed;shall be entitled to make withdrawals in accordance with the provisions of Section 7 of this Law.
- Amendment to Section 7. 7. Section 7 of the Principal Law is deleted and is replaced with a new Section 7 as follows -
- Retirement Benefit Constitution. 7. (1) A holder of a retirement savings account which includes political appointees and professors covered by the Universities (Miscellaneous Provisions) (Amendment) Act, 2012 shall earn one hundred percent (100%) of their terminal benefits as pension for life.
 - (2) A holder of a retirement savings account shall on retirement or attaining the age of fifty (50) years, whichever is later, utilize the balance standing to the credit of the retirement savings account for the following benefits -
 - (a) withdrawal of a lump sum from the balance in the account: provided that the amount left after that lump sum withdrawal shall be sufficient to procure an annuity for life or programme fund withdrawals;

- (b) programmed monthly or quarterly withdrawals calculated on the basis of an expected life span; and
 - (c) annuity for life purchased from a life insurance company licensed by the National Insurance Commission and registered with the Lagos State Pension Commission with monthly or quarterly payments.
 - (3) Notwithstanding the provisions of subsection (1) of this Section, in the case of political appointees and professors covered by the Universities (Miscellaneous Provisions) (Amendment) Act, 2012, the Lagos State Pension Commission shall issue guidelines to regulate the administration of their retirement benefits: Provided that any shortfall shall be funded from budgetary allocations by the employer.
 - (4) A Pension Fund Administrator may, subject to the guidelines issued by the Commission, apply a percentage of the pension assets in the Retirement Savings Account towards payment of equity contribution for payment of residential mortgage by a holder of the Retirement Savings Account.
- Amendment to Section 8(2). 8. Section 8 subsection (2) of the Principal Law is deleted and is replaced with a new Section 8 subsection (2) as follows-
- (2) A Certificate of Clearance shall be issued by the employer within sixty (60) days of the employee's retirement or dismissal from service.
- Amendment to Section 9. 9. Section 9 of the Principal Law is deleted and is replaced with a new Section 9 as follows-
- Dismissal of an Employee. 9. Where an employee who has contributed to the scheme is dismissed from the Public Service, such an employee shall be entitled to the contributions and the accrued interest, but shall not be entitled to the contribution of the employer which shall be computed and remitted by the Pension Fund Administrator to the employer at the same time refund is being made to the employee.
- Amendment to Section 10 10. Section 10 of the Principal Law is deleted and is replaced with a new Section 10 as follows-
- Death of an Employee. 10. (I) Where an employee dies, his entitlements under the Life Insurance Policy maintained under Section 15 of this Law shall be paid to the beneficiaries named in the Death Benefit Nomination Form in line with Section 57 of the Insurance Act.

(2) On receipt of a valid Will admitted to Probate or Letter of Administration, the Pension Fund Administrator shall release the amount standing in the retirement savings account of the deceased made up of contributions and accrued pensions rights (if any) to the personal representative of the deceased or any other person as may be directed by a court of competent jurisdiction, in accordance with the terms of the Will or the personal law of the deceased employee as the case may be.

(3) In addition to the entitlement of any employee who dies in active service, twenty percent (20%) of the annual total emolument shall be paid by the employer with the mandatory life assurance cover procured by the State Government, to the personal representative of the deceased.

Amendment to Section 13 (I).

11. Section 13 subsection (1) of the Principal Law is amended by deleting the word "voluntary." and "or"

Amendment to Section 14.

12. Section 14 of the Principal Law is deleted and is replaced with a new Section 14 as follows -

Rate of Contribution to the Scheme.

14. (1) Subject to the approval of the Commission established under Section 22 of this Law, the contribution for any employee to which this Law applies shall be made in the following circumstances relating to his monthly emoluments:

- (a) a minimum of ten percent (10%) by the employer; and
- (b) a minimum of eight percent (8%) by the employee.

(2) Notwithstanding the provisions of subsection (1) of this Section, an employer may -

- (a) agree on the payment of additional benefits to the employee on retirement;
- (b) elect to bear the full burden of the Scheme, provided that in such a case the employer's contribution shall not be less than eighteen percent (18%) of the monthly emoluments of the employee.

(3) In addition to the rate specified under this Section, the employer shall maintain life assurance policy in favour of the employee for a minimum of three (3) times the annual total emolument of the employee.

(4) Where the employer failed, refused or omitted to make payment of Insurance Premium as and when due, the employer shall effect the payment of claims arising from the death of any staff in its employment during such period.

(5) Any employee to whom this Law applies may in addition to the total contributions being made by him and his employer, make additional voluntary contributions to his Retirement Savings Account.

(6) The rates of contribution mentioned in subsection (1) of this Section may on agreement between the employer and employee be reviewed upwards and the Commission shall be notified of such revision.

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| Amendment to Section 18 (4). | 13. | (1) Section 18 subsection (4) of the Principal Law is amended by creating a new subsection (4) as follows- |
| Retirement Savings Account and Remittance of Contributions. | | (4) Where an employee fails to open a Retirement Savings Account within a period of six (6) months after assumption of duty, his employer shall, subject to guidelines issued by the Commission, request a Pension Fund Administrator to open a nominal Retirement Savings Account for such employee for the remittance of the employee's pension contributions. |
| | | (2) The subsequent subsections are re-numbered accordingly. |
| Insertion of a new Section 20. | 14. | (1) The Principal Law is amended by creating a new Section 20 as follows – |
| Review of Pension Benefits. | 20. | The accrued pension rights and entitlements of employees shall be reviewed by the State in line with the provisions of Section 173 subsection (3) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended):
Provided that the variation so derived from the salary reviews shall be provided by the State and credited directly into the Retirement Savings Account of individual retirees at the time of retirement. |
| | | (2) The subsequent Sections are re-numbered accordingly. |
| Amendment to Section 21(1) (b). | 15. | Section 21 (1) (b) of the Principal Law is redrafted as follows –
recovering an overpayment of a pension or salary inadvertently made to an employee by the Government. |
| Amendment to Section 24. | 16. | (1) Section 24 of the Principal Law is amended as follows –
(i) Section 24 (1) (c) is amended by deleting the word 'Commissioners' and replacing it with the word 'Directors'

(ii) Section 24 (1) (d) is deleted and replaced with a new Section 24 (1) (d) as follows –

(d) eleven (11) full time Directors appointed by the Governor, who shall be representatives of each of the following– |

- (i) Head of Service;
 - (ii) Commissioner Supervising the Civil Service Pension Office;
 - (iii) Commissioner for Finance;
 - (iv) Head of each Pension Transitional Arrangement Departments;
 - (v) State Joint Negotiating Council;
 - (vi) Trade Union Congress;
 - (vii) State Universal Basic Education Board; and
 - (xiii) Nigeria Union of Pensioners.
- Amendment to Section 25 (I). 17. Section 25 subsection (1) of the Principal Law is deleted and is replaced with a new Section 25 subsection (1) as follows –
- (1) The Chairman and the Director-General shall hold office for a term of five (5) years and may be re-appointed for another term of five (5) years only.
- Amendment to Section 30. 18. Section 30 of the Principal Law is amended by replacing the word “Commissioners” with the phrase “full time Directors”.
- Amendment to Section 41. 19. Section 41 of the Principal Law is deleted and is replaced with a new Section 41 as follows –
- Retirement Benefits Bond Redemption Fund.
41. (1) The Lagos State Government shall in line with the Regulations made by the Commission establish investment and management funds to be known as the Retirement Benefits Bond Redemptions (referred to in this Law as “the Redemption Fund”) for the benefit of specified retirees of the Public Service of Lagos State.
- (2) The Redemption Fund shall include – a Pension Benefit Shortfall Account to meet obligations to political appointees who by virtue of the terms and conditions of their employment are to retire with full benefit.
- (3) The State Government and other employers covered by this Law shall pay into the Redemption Fund an amount not less than five percent (5%) of the total monthly wage bill payable to employees in the Public Service.
- (4) Without prejudice to the provisions of subsection (2) of this Section, the Commission shall, by the end of every calendar year, determine the adequacy of the Redemption Fund against the projected pension liability of Government arising from voluntary and mandatory retirements, death of employees in service and the right of pensioners to pension review in line with Section 173 (3) of the 1999 Constitution of the Federal Republic of Nigeria (as amended) and advise the Ministry of Economic Planning and Budget of shortfall, if any.

(5) The Ministry of Economic Planning and Budget shall on receipt of the advice from the Commission pursuant to subsection (3) of this Section ensure adequate appropriation for the shortfall and subsequent payment(s).

(6) The State Government obligation to the Retirement Benefit Redemption Fund shall be a first line charge on the Consolidated Revenue of the State.

(7) In the case of Tertiary Institutions and Parastatals, a minimum of five percent (5%) of monthly personnel cost shall be deducted by the State Government at source from subventions or budgetary allocations due to such institutions and parastatals for the purpose of funding the Retirement Benefits Bond Redemption Fund.

(8) Subject to the provisions of subsection (6) of this Section, all Tertiary Institutions and Parastatals that are not subvented or partially subvented, but retained revenue accounts, shall remit a minimum of five percent (5%) of monthly personnel cost into the Retirement Redemption Fund."

Amendment to Section 47.

20.

Section 47 of the Principal Law is deleted and is replaced with a new Section 47 as follows -

Death of Exempted Officer
in Service or in the course of
Duty.

47. (1) Where an officer exempted under Section 13 of this Law dies in service or in the course of duty, the Department shall pay the proceeds of group life assurance cover to named beneficiaries in accordance with Section 10 subsection (1) of this Law.

(2) Other retirement benefits to which the officer would have been entitled at the date of his death shall be calculated in accordance with Section 44 of this Law.

Insertion of a new Section 62.

21.

The Principal Law is amended by creating a new Section 62 as follows -

Pension Protection Fund.

62. (1) The Commission shall establish and maintain a fund to be known as the Pension Protection Fund for the benefit of eligible pensioners covered by any pension scheme established, approved or recognised under this Law.

(2) The Pension Protection Fund shall consist of -

- (a) an annual subvention of 1% of the total monthly wage bill payable to employees in the Public Service of the State towards the funding of the minimum guaranteed pension;
- (b) annual pension protection levy paid by all licensed pension operators at a rate to be determined by the Commission; and
- (c) income from investment of the Pension Protection Fund.

- (3) The Commission shall utilise the Pension Protection Fund for –
 - (a) the funding of the minimum guaranteed pension;
 - (b) the payment of compensation to eligible pensioners for shortfall or financial losses arising from investment activities; and
 - (c) any other purpose deserving protection with the Pension Protection Fund as the Commission may determine.

Citation and
Commencement.

22. This Law may be cited as the Lagos State Pension Reform (Amendment) Law, 2018 and shall come into force on the day of 2018