

GENERAL TRUST- COMPANY LIMITED A LICENSED CORPORATE TRUSTEE

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GENTRUST



GENERAL TRUST

Understanding the New Pension Regulation

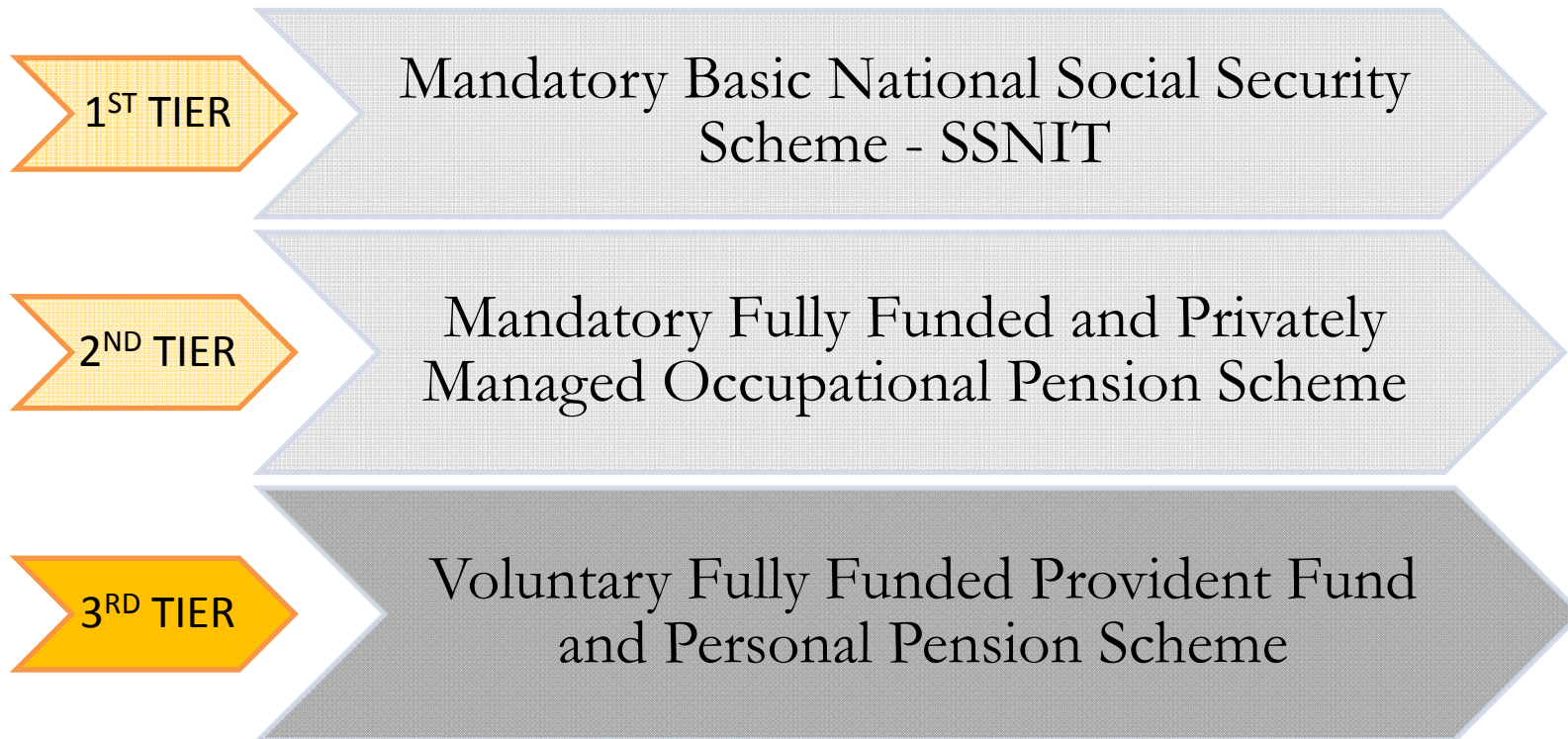
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OUTLINE

- THE NEW CONTRIBUTORY TIERED PENSION SYSTEM
- WHAT YOU NEED TO KNOW ABOUT TIERS 1, 2 & 3
- WHO WE ARE
- WHAT WE DO
- WHERE WE ARE

THE CONTRIBUTORY TIER SYSTEM



WHAT YOU NEED TO KNOW

What is Tier 1?

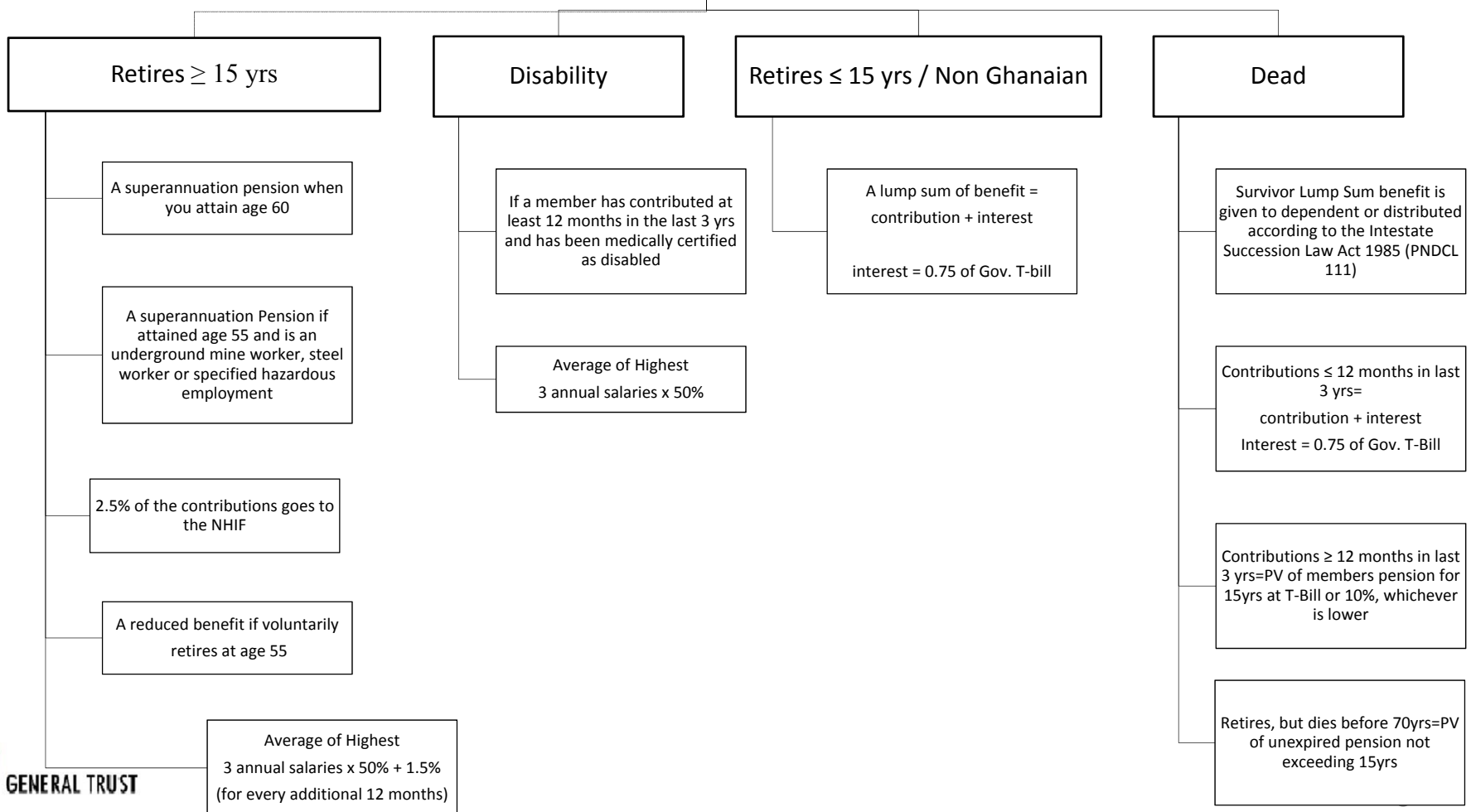
Tier 1 is the mandatory basic national social security scheme. This scheme will be managed by the Social Security and National Insurance Trust (SSNIT). The Tier 1 portion of your mandatory pension scheme forms 59.46% of the total mandatory contribution of 18.5% of base salary.

What is in for you?

- Benefits are payable on death, disability and retirement
- Exemption from tax where an employer or employee shall not pay income tax in respect of contributions on a mandatory occupational pension scheme
- Benefits received under the scheme are not taxable

WHAT YOU NEED TO KNOW

Tier 1 Benefits



WHAT YOU NEED TO KNOW

What is Tier 2?

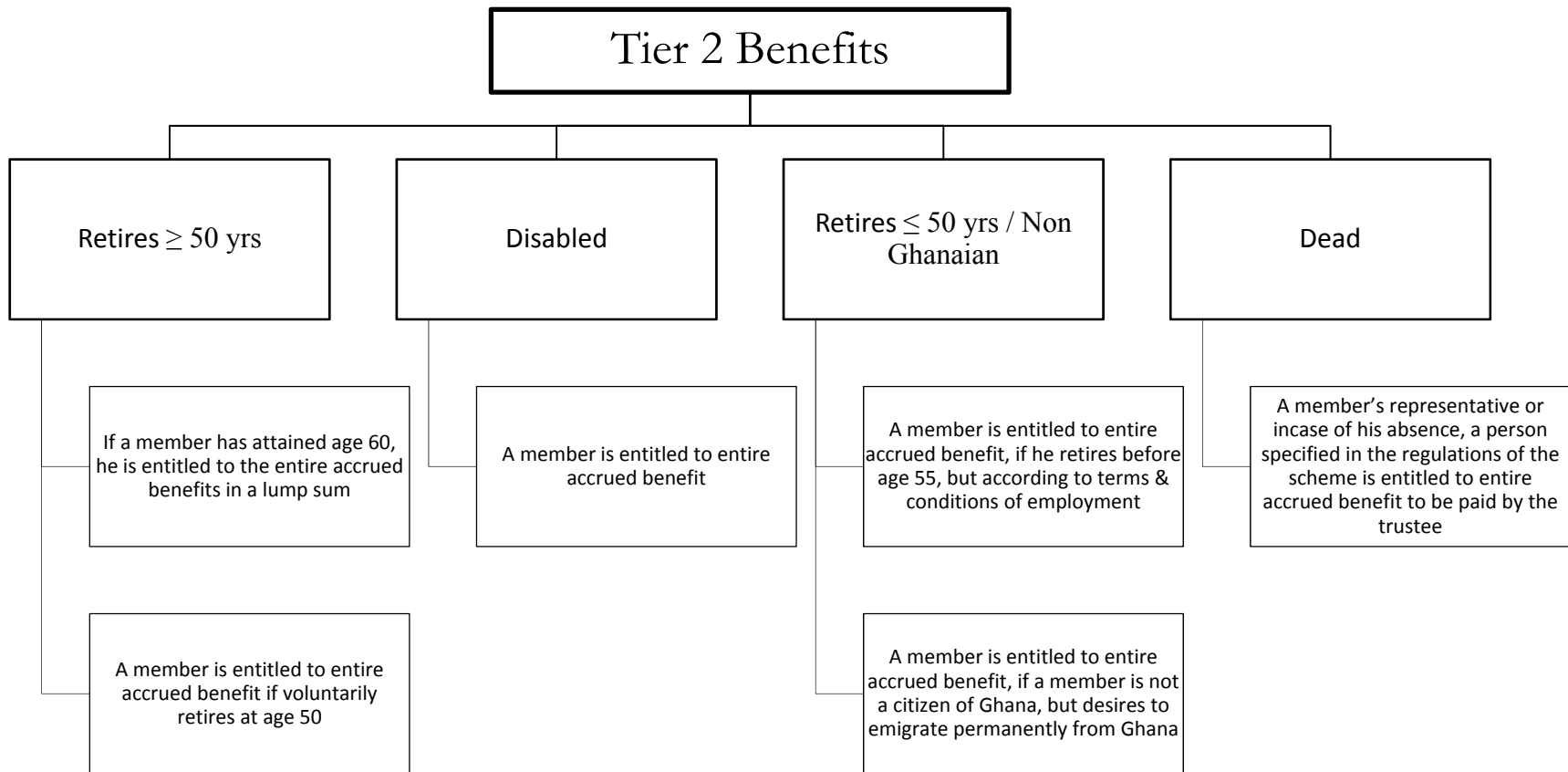
Tier 2 is the mandatory fully funded and privately managed occupational pension scheme. This scheme will be managed by pension trustees like GENTRUST who are licensed by the National Pensions Regulatory Authority (NPRA). The Tier 2 portion of your mandatory pension scheme forms 27.03% of the total mandatory contribution of 18.5% of base salary.

What is in for you?

- Benefits are payable on death, disability and retirement
- Exemption from tax where an employer or employee shall not pay income tax in respect of contributions on a mandatory occupational pension scheme
- Benefits received under the scheme are not taxable
- Investment income including capital gains shall for the purpose of income tax be treated as deductible income*

* Please consult a tax accountant for all matters of tax as it pertains to your national and private pension contributions and benefits

WHAT YOU NEED TO KNOW



WHAT YOU NEED TO KNOW

What is Tier 3?

Tier 3 is a voluntary fully funded and privately managed provident fund and personal pension scheme. This scheme will be managed by pension trustees like GENTRUST who are licensed by the NPRA. Contributions to the Tier 3 portion of the new pension reform is not limited and has no relation to an employee's salary. Members of the informal sector can sign up and contribute to the Tier 3 scheme.

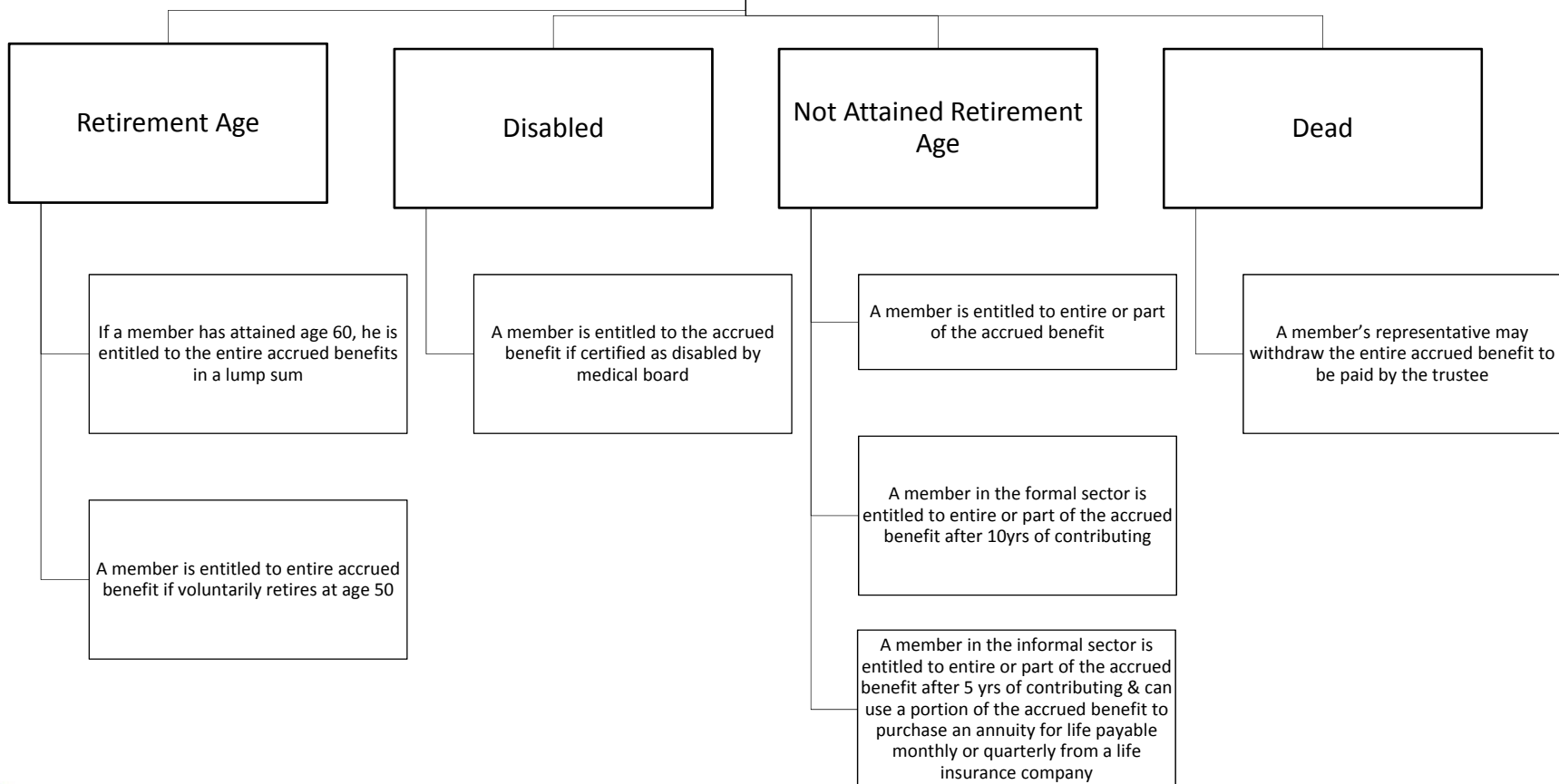
What is in it for you?

- Benefits are payable on death, disability and retirement
- Exemption from tax where an employer or employee shall not pay income tax in respect of contributions on a mandatory occupational pension scheme
- Benefits received under the scheme are not taxable
- Investment income including capital gains shall for the purpose of income tax be treated as deductible income*

* Please consult a tax accountant for all matters of tax as it pertains to your national and private pension contributions and benefits

WHAT YOU NEED TO KNOW

Tier 3 Benefits



WHAT YOU NEED TO KNOW

Tax Relief (ACT 766, Section 112)

- (1) Subject to this Act, contributions made by an employer to a provident fund scheme on behalf of a contributor shall be treated as part of the deductible income for that employer for a tax year for the purpose of income tax.
- (2) Contributions not exceeding sixteen and one half per centum of a contributor's monthly income, made by either a contributor or the contributor's employer or both shall, be treated as deductible income, for the purpose of income tax for the contributor and the contributor's employer to the extent of their respective contributions.
- (3) Persons in the informal sector who are not covered by the mandatory first tier basic national social security scheme and second tier occupational pension scheme, shall have thirty-five per centum of their declared income treated as deductible income for the contributor for the purposes of income tax.
- (4) Investment income including capital gains from the investment of scheme Funds shall for the purposes of income tax, be treated as deductible income.

WHAT YOU NEED TO KNOW

Tax Relief (ACT 766, Section 112)

(5) A withdrawal of all or part of a contributor's accrued benefits under a provident fund or personal pension scheme

(a) on or after retirement shall be tax exempt;

(b) shall be subject to the appropriate income tax for contributors in the formal sector before ten years of contributions and before retirement;

(c) shall be subject to the appropriate income tax for contributors in the informal sector before five years of contributions and before retirement.

(6) A withdrawal from a scheme at any time after certification by a medical board that the contributor is incapable of normal gainful employment due to a permanent physical or mental disability is tax exempt.

(7) A withdrawal from a provident fund or personal pension scheme at any time by the beneficiaries of the estate of a deceased contributor is tax exempt.

WHAT YOU NEED TO KNOW

The Stakeholders

National Pensions Regulatory Authority (NPRA)

The NPRA is the regulatory body that ensures that things are being done right and keeps an eye through constant monitoring on the **corporate trustee, fund managers and custodians**.

Corporate Trustees (GENTRUST)

Act 766, section 120 stipulates that occupational pension schemes, provident fund schemes, personal pension schemes and other privately-managed pension schemes shall only be managed by trustees licensed approved by the (NPRA) Board.

Fund Managers

ACT 766, section 146 states that pension funds shall be managed by pension fund managers registered by the (NPRA) Board. These are institutions that will invest funds prudently in various markets, treasury bills, time deposits, listed companies on the stock exchange and other secure and approved investment instruments.

Custodians

These are approved banks that will provide custody services while holding funds.

WHAT YOU NEED TO KNOW

NATIONAL PENSIONS REGULATORY AUTHORITY

First Tier: Mandatory Basic National Social Security Scheme

SSNIT
(Board of Trustees)

Second Tier: Mandatory Occupational Pension Schemes

Third Tier: Voluntary Pension Schemes
(Provident Funds; Informal Sector Schemes; Personal Pensions)

Approved Trustees
(Licensed by the NPRA; Must appoint independent Fund Manager and Custodian)

FUND MANAGER
(Registered by NPRA;
Licensed by SEC;
Independent of Trustee
and Custodian)

FUND CUSTODIAN
(Registered by NPRA;
Licensed by SEC;
Independent of Trustee
and Custodian)

FUND ADMINISTRATOR
(May be appointed by a
Trustee; No
independence
requirement)

WHO WE ARE

GENTRUST has been established to protect the assets of its scheme members.

Core Values:

Transparency, Accuracy, Integrity and Timeliness in its delivery of pension trust services in a well organized environment.

Vision Statement:

To be the most dependable pension fund trustee in Ghana that ensures its scheme member's assets are protected at all times.

Mission Statement:

GENTRUST has been established to protect the assets of its scheme members through transparency, accuracy, integrity and timeliness in its delivery of pension trust services. Paramount to this is to offer through the prudent selection of Custodians and Fund Managers a system of internal controls, policies and procedures which will establish and police the highest standards and benchmarks that will produce for its contributors the finest asset accumulation, investment and wealth management services that support retirement savings.

WHAT WE DO

Our Functions

GENTRUST is a licensed trustee under Act 766. In addition to other duties imposed by a trust deed and functions directed by the NPRA Board, GENTRUST performs the following functions:

- (a) Secure scheme registration.
- (b) Appoint pension fund managers, custodians and other service providers in addition, ensure their compliance with regulatory requirements or guidelines.
- (c) Maintain investment policy statements and internal control procedures prescribed by the Board.
- (d) Ensure that the investments of funds of the scheme are diversified to minimize investment risk.
- (e) Act as a provident trustee in financing relationship with its members.
- (f) Discharge the duties of a trustee.
- (g) Process transfer and payment requests as contained in the trust.
- (h) Keep proper accounting records and a members' register.
- (i) Prepare and lodge annual audited financial statements, scheme and investment reports and other relevant records that the Board may require.

WHAT WE DO

Permissible Investments

- Investment certificates of closed-end investment fund or hybrid investment funds listed on a Stock Exchange registered under the Investments and Securities Industry Act, 1993 (P.N.D.C.L. 333) with a good record of earning.
- Bonds, bills and other securities issued or guaranteed by the Bank of Ghana or the Government of Ghana.
- Bonds, debenture, redeemable preference shares and other debt instruments issued by corporate entities and listed on a stock exchange.
- Ordinary shares of limited companies listed on a Stock Exchange with good records, declared and paid dividends in the preceding five years.
- Bank deposits (Time Deposit) and bank securities
- Units sold by open-end investment funds or specialist open-end investment funds listed on the stock exchange recognized by the Board like real estate investment; and any other forms of investment that the Board may determine.

May 1st 2012, transfer of funds to approved scheme

WHERE WE ARE

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May 1st 2012, transfer of funds to approved scheme