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## Highlights of the Circular for Withdrawal of Voluntary Contributions

We would like to notify you of the new Voluntary Contributions (VC) Circular which was released by the National Pension Commission (“PenCom”) on the 16th November 2017.

### BACKGROUND:

1. The Commission has observed the high rate of withdrawals from VC, usually with short duration after the lodgment of such funds thereby defeating the purpose of the VC which is meant to enhance pension at retirement.
2. The short intervals between the date of contributions and withdrawal results in insignificant tax payable to relevant authorities.

### PURPOSE OF THE CIRCULAR:

1. Restrict high VC withdrawals
2. Ensure appropriate tax payments

### OTHER DETAILS:

- Only 50% of voluntary contributions balance will be available for withdrawal while the balance of 50% shall be retained to augment the retirement benefits of the contributor at retirement
- Withdrawals shall only be once every 2 years
- Subsequent withdrawals shall only be on the additional contributions made after the last withdrawal
  
- For Exempted/Foreign Contributor(s); withdrawals shall only be once every two years. However, total withdrawal of all the funds is allowed subject to tax deduction on both the income earned and the principle amount if the withdrawal is less than 5 years from the date of contribution
  
- PFAs/PFCs must report any single transaction of N5million and above to the EFCC.

***This Circular will take effect from December 1<sup>st</sup>, 2017***

Thank you for choosing Legacy Pension Managers Limited.

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