FAQ'S

PROGRAMMED WITHDRAWAL

01. What retirement plans are available for Retirement Savings Account (RSA) contributors?

Programmed Withdrawal and Annuity retirement plans.

02. What is the difference between Programmed Withdrawal and Annuity?

A programmed withdrawal is a method by which the retiree collects his/her retirement benefits in periodic sums spread throughout his/her life span from a Pension Fund Administrator (PFA)

An annuity is an income purchased from an approved life insurance company which provides monthly or quarterly income to the retiree during his/her lifetime.

03. How does Programmed Withdrawal work?

For Programmed Withdrawal, a lumpsum is paid to the Retiree, after which a computed amount called Monthly Pension is paid monthly or quarterly for life. The two payments are determined using PENCOM's approved template.

Under Programmed Withdrawal, the retiree has the option of waiving the lumpsum, and choosing a much-increased programmed withdrawal. Also, accrued interests on the fund are credited into the retiree's RSA.

04. How is the lump sum calculated?

The lump is calculated based on a template provided by PENCOM. It usually ranges between 25 – 50% of the RSA balance. The parameters used to determine the exact amount include age, gender, RSA balance, and retiree's final salary.

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05. Does the periodic amount paid in Programmed Withdrawal remain the same throughout one's lifetime?

No. Monthly programmed withdrawals are periodically enhanced with returns on investments made by the PFA.

06. How do I monitor my account balance in Programmed Withdrawal retirement plan?

Periodic account statements are sent to retirees via registered email and SMS.

07. What happens to my RSA balance if/when the retiree is deceased?

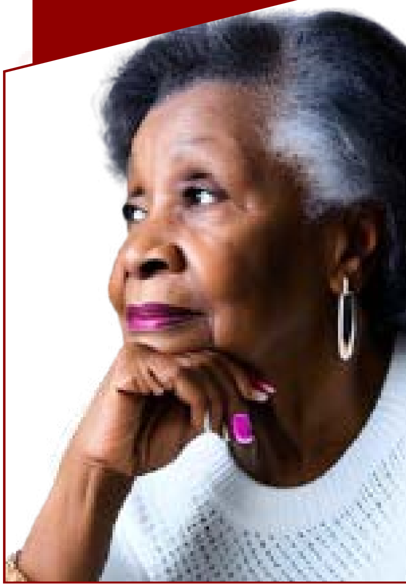
Upon the demise of the retiree, the RSA balance is paid to the legal beneficiary.

08. Can I exit Programmed Withdrawal anytime?

Yes, you can. Retirees in the Programmed Withdrawal plan can transfer to annuity anytime.

09. What happens if my RSA balance is depleted?

The Pension Protection Fund provides insurance in such cases. The fund enables retirees in the Programmed Withdrawal plan to continually receive monthly/quarterly payment in such cases.



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10. How is the Programmed Withdrawal amount calculated?

The lumpsum and the programmed withdrawal are calculated using the template provided by PENCOM.

11. Are there tax implications associated with the funds in programmed withdrawal from a pension plan?

No. Pension funds are exempted from tax deductions.

12. How long does it take to start receiving funds in the Programmed Withdrawal?

Six(6) working days from submission of complete documentation by the Retiree, and signing the PW template.

13. Can I choose the frequency of programmed withdrawals from my pension plan?

Yes, you can. Retirees have the option to choose either monthly or quarterly withdrawals.

14. How do I get started on the Programmed Withdrawal retirement option?

To get started, click here to fill the form and a CPL staff member will contact you.
(You have to be atleast 50 years of age and have exited employment before applying).