



AFRICA CENTRE FOR RETIREMENT RESEARCH

Informing Through Research...

Our Ref: ACRR/NPRA/Petition/V.1/23

Your Ref:

**The Chief Executive Officer
National Pensions Regulatory Authority
Accra – Ghana**

Date: 7th March, 2023

Dear Sir,

PETITION:

FROM: The Africa Centre for Retirement Research

TO: The National Pensions Regulatory Authority (NPRA)

REQUEST FOR REVERSAL OF SSNIT POLICY NOT TO ALLOW MEMBERS AGED 60 AND ABOVE TO CONTRIBUTE TO THE SCHEME

Background

The Social Security and National Insurance Scheme (SSNIT) issued a policy directive in December 2022, titled '**Discontinuation of Allowing Members Aged 60 and Above to Contribute to the Scheme**'. The directive did not detail the actuarial basis of the policy nor its social and financial impact on the affected workers or the scheme but simply referenced Section 70(1) of the National Pension Act, 2008, (Act 766).

The Africa Centre for Retirement Research (ACRR) examined the appropriateness of the policy, its social and economic implications on retirees, the Scheme, and the overall Social Security policy agenda. We compared the policy with the best Social Security Administration Practices (ILO Minimum Standards) and provisions of the National Pension Act, 2008, (Act 766).

ACRR Request

By this letter, the ACRR is drawing the attention of the National Pension Regulator to the above-mentioned Social Security Policy and requesting same to examine its social and economic impact and ensure its immediate reversal. The action, if not reversed, will adversely and significantly affect the retirement wellbeing of over **Eleven Thousand (11,000) Workers** and even more in the future.



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Basis of the Request

The ACRR has established that the Trust policy to reject contributions from employers on behalf of workers who, according to their database, are 60 years and above, could best be described as a social security policy disaster. The policy has no actuarial linkage, is not in line with best practices, is retrogressive, represents a gross violation of the rights of workers, and could push affected workers into unplanned retirement. Ultimately, the policy will deepen economic inequalities and encourage old-age poverty.

The action of the Trust could have resulted from a lack of thorough analysis of the data and wrongful interpretation of section 70 (1) of Act 766.

The policy has a significant adverse effect on both the affected workers and the financial strength of the scheme, considering that SSNIT has already rejected substantial contribution income (into millions of Ghana Cedis) from employers and voluntary contributors. Our analysis of affected workers has revealed that **72%** of them have contributed for more than 180 months in aggregate, and thus have already qualified for a pension. Why turn away contribution income from such contributors? It is in the interest of the NPRA to note that the action of the Trust will further increase the funding deficit of the Scheme, assuming that all the over 11,000 affected workers will apply for their benefits at a time and immediately.

The remaining **28%** will be unfairly denied the right to contribute up to the required months to qualify for a pension, and are also forced into unplanned retirement! SSNIT is a purely Social Insurance Scheme and must note that this policy will considerably affect the retirement wellbeing of thousands of workers. A policy of this level of impact will require thorough examination and even an amendment to Act 766 for implementation. This development has also lent credence to the proposal that SSNIT must enhance stakeholder consultations on the administration of the scheme.

Conclusion

The ACRR is strongly advocating that the policy in question will not serve the best interest of both the members and the scheme and the National Pensions Regulatory Authority (NPRA) must ensure that the policy is reversed immediately.

The policy will prevent many workers from qualifying for pension, hence deepening old-age poverty and economic inequalities. Recall that bridging economic inequalities is top on the agenda of the United Nations Sustainable Development Goals (SDGs).

Your prompt feedback on this petition will help guide our further actions on this subject.

Thank you.

Sincerely



Abdallah Mashud

(Executive Director, ACRR)

CC:

The Director-General, SSNIT

The Secretary-General, TUC

All Media Houses