

## THE NASSIT MANDATE

The National Social Security and Insurance Trust is a Statutory Public Trust, charged with the responsibility of administering Sierra Leone's National Pension Scheme.

By the National Social Security and Insurance Trust Act No.5 of 20<sup>th</sup> July 2001, the Trust was established to provide retirement and other benefits to meet the contingency needs of workers and their dependants, and to provide for other related matters.

### OUR MISSION

"To administer a Social Security Scheme that provides financial security to all employees in Sierra Leone in the form of old age benefits, Invalidity benefits and Survivors' benefits, based on social insurance principles"

### OUR VISION

"The National Social Security and Insurance Trust will be the center of excellence providing quality Social Security Protection through promoting a culture of high quality performance among its staff."

### MAIN FEATURES OF THE SCHEME

- The Scheme is contributory: it is financed mainly from contributions by employers and employees.
- It is a Defined Benefit Social Insurance Scheme where members contribute during their working life and are paid benefits at the onset of any of the three contingencies of Old age, Invalidity and Death.
- The Scheme is partially funded. This is because the cost of the benefits enjoyed by members exceeds their contributions of 15%.
- The benefits are index-linked: pensions are regularly reviewed and adjusted in line with national salary increases, as may be experienced by the fund.
- The Scheme is portable. Credits are transferable from one place of work to another. An employer will continue to pay social security contributions on the earnings of the new employee, quoting the employee's unique social security number, which once given, never changes.

# COVERAGE



## What are the contingencies covered by NASSIT?

The Scheme covers three contingencies:

- a) Old age
- b) Invalidity
- c) Death

## Who are covered under NASSIT?

### COMPULSORY COVERAGE

The Act establishing the Scheme compels certain categories of persons to register and become members of the Scheme. These are Employers and Employees.

#### 1. **Employers**

##### **Who is an employer?**

An employer is anyone who owns an establishment that has workers, or has authority or control over the affairs of an establishment. In other words, an employer is the person with whom a worker enters into a contract of service or apprenticeship and who is responsible for the giving of his emolument.

Examples of employers are companies, Non Governmental Organisations, Central and Local Governments.

## 2. **Employees**

### **Who is an employee?**

An employee is a person who is employed in any kind of work, and who gets his remuneration directly or indirectly, from the employer. For the purpose of the Social Security Laws, It includes:

- I. anyone who is employed in Sierra Leone but not as a member of the crew of any ship whose; or
- II. someone who permanently resides in Sierra Leone and is a member of the crew of any ship whose owners have an office or agents in Sierra Leone; or
- III. someone working outside Sierra Leone for an employer in Sierra Leone.

### **VOLUNTARY COVERAGE**

There are certain categories of persons for whom membership of the Scheme is not compulsory. However, the Scheme allows for voluntary membership of such persons.

### ***Which set of people are not compelled to become members of the NASSIT Scheme?***

There are two types: the self-employed, a person who has no employer and those who are not in any formal employment. It may also include those who were, but are no longer in formal employment but wish to continue their membership. For these types of persons, the Scheme provides for VOLUNTARY MEMBERSHIP.

### **LEGAL EXCLUSIONS**

Are any groups of people excluded from coverage of the Social Security Scheme?

Yes, these include:

- a. Sierra Leoneans working overseas
- b. UN Agencies
- c. Embassy staff, excluding Sierra Leoneans

## **When does the coverage of members take effect?**

### **Those under compulsory coverage**

- **For an employee:** on the first day of employment
- **For an employer:** on the first day of operation as a registered business

### **Those under voluntary coverage**

- **For members without employers and the self-employed:** upon payment of first contribution
- **For members who had left formal employment before retirement but desire to continue paying contribution:** Upon resumption of contribution payments.



## **REGISTRATION**

Everyone can be a member of NASSIT. It is mandatory for all employers to ensure that workers in their establishments/organisations/businesses are registered with the National Social Security and Insurance Trust (NASSIT). Even if an organisation employs only one worker, that worker must be registered and contributions paid on his behalf.

### **How can one register with NASSIT?**

#### ***The registration process for employers requires that:***

- a) All Employers must complete an Employer Registration Form (**Form SS 2A**) provided by NASSIT
- b) Employers must contact and submit the completed SS2A forms to any NASSIT office immediately after completion

- c) All completed SS2A Forms must be endorsed by an Inspector or a senior NASSIT official.
- d) All registered Employers whose forms have been verified and endorsed will be issued with an Employers Registration Number through a letter confirming registration with NASSIT. *(Employers should contact the nearest NASSIT office if confirmation letters and the ER Numbers are not communicated to them within \_\_\_ weeks following submission of forms)*

***What are the documentary requirements for employer registrations?***

Employers wishing to register must produce the following documents:

- For companies, a copy of Registration Certificate of Incorporation, a copy of the Certificate of Commencement and the names of Directors;
- For business firms (*Sole proprietorship or Partnership*), a copy of the Business Registration Certificate

***The registration process for employees require that:***

- a) All employees must complete an Employee Registration Form (SS 1A).
- b) Their employers must endorse the Registration Forms.
- c) All completed and endorsed SS1A Forms must be verified by a NASSIT Inspector or a senior NASSIT official.
- d) All verified employees will be issued with an identification/temporary registration number.
- e) Verified employees will be photo-verified and their thumb impression captured, after which a permanent Social Security card will be issued to the employee.

***Who bears the responsibility for the registration of employees?***

Employers have the responsibility to register their employees by asking them to complete the Employee Registration Form (**SS 1A**), if they don't already have a Social Security Number. They should immediately inform NASSIT in writing of their new employees, quoting their SSN. Foreigners/foreign workers who fall within the

definition of ***an employee*** as stated in the Act should pay Social Security contributions.

***How do the self-employed and other potential voluntary members register?***

Where a self-employed person has never been registered, he completes both the Employer (SS 3) and Employee (SS 1A) forms to be issued a Social Security Number. Where he was formerly covered, he completes only a self-employed registration form and maintains his former Social Security Number (SSN).

***What happens if a member wishes to make changes in their particulars?***

- Employers should immediately notify NASSIT of any changes on the Employer Registration Form. For example, if there is a change in the Business Registration Number (e.g. when a business firm converts into Private Ltd.), the employer must apply for a new Employer Registration Number and inform NASSIT to cancel the existing Registration Number.
- In the case of employees, they should immediately notify NASSIT person of any change in their personal particulars, like changes in name, address, dependants, etc or any of the details on the SS1A Form changes

**DUTIES/RESPONSIBILITIES OF MEMBERS AND EMPLOYERS**

***What are the duties of employee members if they are to remain covered under the Scheme?***

- a) Every member should ensure that he is registered under the Scheme and issued with a membership number, and contributions paid on his behalf by his employer to the Trust (if he is an employee).
- b) A member is expected to keep only one Social Security Number throughout his working life to ensure that all credits are made to single record..

- c) An employee who is already a member of the Scheme should produce his certificate or evidence of membership to every new employer to ensure that a single record is maintained on him/her.
- d) A self-employed member is required to regularly pay his contributions to the Trust.

***What are the responsibilities of employers?***

- a) Employers must register all their workers, deduct and pay contributions on their behalf
- b) Employers should keep records of employees and notify NASSIT of any change in labour force, location, status or cessation of operations.
- c) Employers are obliged to make available all information regarding their operations for inspection when required to do so by an accredited official of the Trust.

## **FINANCING**



### ***How is the NASSIT Scheme financed?***

The financing of the Social Security Scheme comes primarily from contributions and investment earnings. The amounts of current contributions not needed to pay benefits are accumulated in a Reserve Fund, to cover future liabilities in benefit payments to members. It is expected that the time will come when benefit payments will exceed contributions; thus accumulated reserves will be drawn down to pay these benefits.

For this reason, NASSIT was mandated by law to invest accumulated funds subject to safety, yield and liquidity considerations. The investment objectives of the Scheme are:

- Fund growth consistent with substantial current incomes and requisite liquidity;
- Cost effective and relatively low risk methods of investment; and
- Contribution to the socio-economic development of the country

As part of its investment process, the Board has appointed an Investment Committee to advise on the selection and allocation of assets, to achieve the investment objectives.

# CONTRIBUTIONS

The Social Security Scheme is contributory: it is financed from contributions by employers and employees, and self-employed persons. However, the responsibility for the payment of contributions lies on the employers who must make sure that their employees are contributed for at the end of every month.

- a) Employers should deduct 5% from the earnings of an employee at the end of every month, as that employee's Social Security contribution;
- b) The employer should then add 10% of the employee's earnings as that employer's contribution on behalf of the employee;
- c) The total 15% contribution should be paid to NASSIT within fifteen days after the end of the month.
- d) If a person is concurrently employed by two or more contributing employers, all the employers must pay social security contributions on the wages/earnings given to that employee.
- e) No employer is allowed by law to reduce, whether directly or indirectly, the earnings or other emoluments of any member of the Scheme.
- f) A self-employed/voluntary contributor pays the full 15% on his declared income.
- g) Directors of companies are considered employees if they are engaged under a contract of service and paid a salary on top of fees.
- h) Contributions are payable for part-time/casual employees.

## ***How are contribution payments reported?***

The payment of contributions should be accompanied by a duly completed Advice of Payment of Contribution form, (the (SS4A), which has the following information: the employer's name, location, address and registration number; the manner of payment of contribution; the name and registration number of each employee; the employee's earnings; the contribution deducted from his earnings; the employer's contribution in

respect of that worker; and the total of all contributions due to the Trust for the period concerned.

Contribution payments details can be transmitted to NASSIT offices through any of the following forms:

- Pre-printed form – These reports are supplied to employers to assist them provide accurate and reliable data on their employees;
- Diskettes (Electronic data) – These are supplied to large and economically stable organisations; or
- Manually prepared contribution reports

***How are payments made?***

Contributions can be paid either by cash or by cheque to any NASSIT office.

***What are the penalties for late payments or non-payment of contributions and non- registration of employees***

***For the late payment or non-payment of contributions:-***

- a) The amount due shall attract an interest equivalent to the 90-day Treasury bill rate, plus twenty percent of that rate compounded on a monthly basis;
- b) The Director General shall serve a demand note on the defaulting employer; and if payment of the contribution and interest is not made within thirty days after the service of the demand note, another ten percent of the 90-day Treasury bill rate of the total amount shall be charged;
- c) The Director General shall then cause legal proceedings to be instituted to collect or recover the contribution, together with the interest.

***When an employer fails to register his employees:-***

- a) he commits an offence, and upon summary conviction shall be liable to a fine not exceeding Le5,000,000.00 (Five million leones), or an imprisonment for a period not exceeding three months, or both fine and imprisonment;
- b) there shall then be the immediate registration of all the employees concerned.

c) the contributions for the period for which the employer fails to register his employees shall be paid as arrears together with interest and penalty.

***What is the Social Security Clearance certificate?***

This is a certificate issued by the Director-General, certifying that all social security contributions due from an employer or self-employed person have been paid and that all relevant information has been supplied or that such employer or self-employed person has made arrangements satisfactory to the Director-General for the payment of contributions and for the supply of relevant information.

The Social Security Clearance Certificate is required for the following:-

- the clearance of goods at the port;
- the import/export of goods to or from Sierra Leone;
- obtaining permit for the construction of any building;
- tender or to be considered for any contract with a public institution;
- registering any document conferring title to any land;
- leaving the country, if you are a non-citizen;
- obtaining work permit for foreign employees.

The Clearance Certificate is valid for a period of three months, but may be revoked by the Director-General if the employer or self-employed person fails to fulfill his obligations under the Act.

# BENEFITS

Members of the Scheme are entitled to a package of benefits, as prescribed by the NASSIT Act of 2001, in the event of Old age, Invalidity and Death. Essentially, NASSIT provides for a replacement of income lost on account of the above-mentioned contingencies.

## ***What are the different types of Benefits***

The Scheme provides cash benefits to its contributors/members in respect of:-

- Old age gratuity and Old age pension
- Reduced or Early Retirement pension
- Retirement grant
- Invalidity pension
- Invalidity grant
- Survivors' pension
- Survivors' grant

## ***What are the Qualifying Conditions for the payment of Benefits?***

In order to enjoy any of the benefits, certain qualifying conditions must be met.

### **OLD AGE PENSION AND GRATUITY**

- a) You must be at least 60 years old (which is the National Retirement Age);
- b) You must have made a minimum contribution of 180 months in aggregate;
- c) A minimum contribution or credit of 180 months gives a pension right of 30%, and every additional year attracts an additional 2% per month.

***How is the Full Old age pension calculated?***

Step 1. Take the average of your best five (5) years

For example: Add your best five years earnings and divide the total by five (5)

$$\frac{A+B+C+D+E}{5} = X$$

X = average of five best years earnings

Step 2. Divide the average you got in Step 1 by 12 to get a monthly rate

Step 3. If the qualifying condition of 180 months (15 years) was met, monthly pension payments start at 30 percent of the monthly rate in Step 2.

Step 4. For any additional year worked, we add 2 percent to the pension amount derived in Step 3.

***How is the Old age gratuity calculated?***

A lump sum equal to twelve months of initial pension derived above is payable as gratuity on the 60<sup>th</sup> birthday of the member.

**REDUCED OR EARLY RETIREMENT PENSION**

This is paid to a contributor who retires before the National Retirement Age. However the following conditions must be met before any payment is made:-

- the member must be 55 years and above but below 60 years;
- he must have made a minimum contribution or earned credit of 180 months.

The pension right will be reduced by 4% for every year below age 60.

The monthly pension for an Early Retirement shall be computed using the formula below:

Age	55	56	57	58	59
%	20	16	12	8	4

***How does a member apply for an Old age pension?***

- An application for old age pension shall be made three months prior to the date of retirement of the member;
- Such application shall be made on the SS 5A form

However, three months before the retirement age of 60, NASSIT will send a form to the member to confirm details on the database. The form must be endorsed and returned quickly so that payment is made on the 60<sup>th</sup> birthday of the member.

**4. RETIREMENT GRANT**

This is paid to a member who has reached the retirement age but has not made the minimum contribution period of 180 months.

Those who cannot make the minimum contributory period have an option:

- To make up for the shortfall in the number of years, credits can be purchased based on the number of years needed to make the minimum qualifying period.

However, if the member does not wish to purchase credit, then he will be entitled to a **lump sum payment.**

***How much is the lump sum payment given as retirement grant?***

- Step 1. Take the average monthly earnings for all the years worked
- Step 2. Multiply that average by the constant factor 1.5 to get the monthly amount
- Step 3. Multiply the monthly amount derived in Step 3 by the number of years worked

**INVALIDITY PENSION**

***What is Invalidity?***

This is when a determinable physical or mental impairment prevents a member or contributor from engaging in any meaningful gainful employment.

The member must have an extreme impairment which makes him permanently unable to do the work he did previously or to engage in any other gainful employment.

***How can a member be entitled to an Invalidity pension?***

For a member to qualify for an Invalidity pension, the following conditions must be met:-

- you must have contributed for a minimum period of 60 months of which twelve (12) months' contribution must have been paid during the last thirty-six months preceding the commencement of invalidity;
- you must have been declared permanently and totally incapable of further employment by a qualified and recognized medical officer and certified by the Medical Board.

### ***How is Invalidity pension calculated?***

After the Medical Board has certified a member invalid, the Invalidity pension will be calculated as follows:-

- a) Number of months of contributions or credit earned;
- b) Difference between the year of invalidity and national retirement age (60 years). The difference is divided by 2 (two).
- c) Pensions are then calculated based on the number of years derived from (b) above

### ***When does an Invalidity pension cease?***

The entitlement to an Invalidity pension shall cease on the following conditions:

- a) If the Medical Board determines that the member is no longer invalid;
- b) If the Invalid member commences work other than work which is determined by the Medical Board as beneficial for rehabilitation purposes;
- c) When the Invalid member reaches age 60, at which point it is converted into an Old age pension.

## **INVALIDITY GRANT**

If a member does not meet the minimum contribution requirement of sixty (60) months before becoming invalid, a lump sum, which is 1.5 times the average monthly earnings times the number of years contributed, is paid as Invalidity grant to that member.

## **THE MEDICAL BOARD**

The Medical Board consists of three persons not employed, but appointed by the Board of Trustees. Two of these three persons are medical practitioners of proven ability, one of whom should be the chairman. The third is a person that belongs to another profession recognised by the laws of Sierra Leone.

The principal responsibility of the Medical Board is to determine whether a member is permanently or totally incapable of further employment which enables him to be awarded either an invalidity pension or invalidity grant. The Board also determines whether a member who has receiving invalidity pension or grant is no longer an invalid.

## **SURVIVORS' PENSION**

### ***Who is a Survivor or Dependant?***

A survivor or dependant is:-

- a spouse;
- a dependent child under 18 years, if not in formal education;
- a dependent child under 23 years, if in formal education;
- more importantly, a dependant's name must have been listed as such on the registration (SS 1A) form or Data Update (SS1C) form.

### ***What are the qualifying conditions?***

- The deceased must have been in receipt of, or entitled to, an old age or invalidity pension, or
- The deceased must have contributed for a minimum period of sixty (60) months, twelve (12) of which must be within the last thirty-six (36) months preceding death.

### ***How much does a Survivor receive as pension?***

A survivor shall receive pension for a period of time as stated below:

- a) A spouse or spouses shall receive 40% of the deceased's pension (distributed equally) until death or until new co-habitation or re-marriage;
- b) The child/children shall receive 60% of the deceased's pension until:
  - i) 18 years, if not in formal education, or
  - ii) 23 years, if in formal education
- c) An invalid dependent child shall receive the pension until death, or according to the Act governing the Scheme, he is no longer invalid.

## **SURVIVORS' GRANT**

This is a lump sum paid to survivors when the deceased member did not meet the qualifying conditions for the payment of a pension.

### ***What happens if the deceased member has no dependant?***

In the event where a deceased member does not have any spouse or dependent child,

- a) a lump sum equivalent to twelve months' pension will be paid to any surviving parent who is either on pension or in employment; or
- b) a lump sum equivalent to twenty-four months' pension will be paid where the surviving parent is not on pension or in employment.

### ***How do you apply for a Survivors' pension?***

An application for survivors' pension is made on the SS 5B Form. The applicant should produce the death certificate of the deceased member; or in the absence of a death certificate, a letter from the Local council confirming death of the member.

### ***How is the pension paid?***

With the consent of the beneficiaries, the pension will be paid (in cash or cheque) either directly to the beneficiary or to a bank account.

In all cases, survivors' pension is paid only to the person(s) entitled to it, except that:

- a) a pension on behalf of an under-age child may be paid to a parent or guardian caring for the child and with whom the child is staying, or
- b) a person may be appointed through the Ministry of Social Welfare, Gender and Children's Affairs, on behalf of a child without a parent or guardian, or wherein such parent or guardian is not using the pension for the child's welfare.

### ***How can a member/contributor appeal against a decision of the Trust?***

The National Social Security and Insurance Trust Act 2001 makes provision for the establishment of the Social Security Appellate Tribunal (SSAT) and the Medical Appeals Tribunal (MAT) through which members that are dissatisfied with either the initial determination of a claim or the decision of the Medical Board can seek redress.

***What is the Social Security Appellate Tribunal?***

This is a body that consists of not more than seven persons, including at least one legal practitioner, all of whom are appointed by the President.

Members of the SSAT shall hold office for a term of three years and shall be eligible for re-appointment. The chairman of the Tribunal must be a legal practitioner.

***What are the functions of the SSAT?***

The SSAT hears and determines appeals against the decisions of the Trust on:

- entitlements to the payment of benefits, and
- the amount of benefit payable.

In carrying out its responsibilities, the SSAT shall have the powers of the High Court in respect of the summoning of witnesses and contempt.

***How does a member lodge an appeal with the SSAT?***

Any person that is not satisfied with an initial determination of claim about entitlement to a benefit may, within fifteen days of being served with notice of the decision file, lodge an appeal with the SSAT disclosing the following:-

- full name and membership registration number;
- the grounds on which the member disputes the previous determination or decision;
- a statement of any additional evidence to be submitted and date of submission.

***What is the Medical Appeals Tribunal?***

The Medical Appeals Tribunal consists of the same persons forming the SSAT, except that there is at least one medical practitioner on the panel hearing the appeal.

***What is the function of the MAT?***

The function of the MAT is to hear and determine appeals against the decision of the Medical Board.

## THE BOARD OF TRUSTEES

### ***What is the Board of Trustees?***

This is a fifteen-member tripartite Board, appointed by the President and approved by Parliament, which controls and supervises the Trust.

### ***What is the composition of the Board of Trustees?***

The Board is composed of members drawn from the government, employers and employees. It has a Chairman and the following other members:-

- One representative from the Ministry of Labour, Social Security and Industrial Relations;
- One representative from the Ministry of Finance;
- One representative from the Bank of Sierra Leone;
- One representative from the Sierra Leone Teachers' Union;
- One representative from the Forces;
- One representative from the Civil Servants Union;
- One representative from the Ministry of Social Welfare, Gender and Children's Affairs;
- One representative from the Sierra Leone Insurance Association;
- One representative from the Social Security Pensioners' Association;
- Two representatives from the Employers' Federation;
- Two representatives from the Sierra Leone Labour Congress
- The Director General of NASSIT.

## **VALIDATION OF PAST SERVICES**



In introducing the National Social Security Scheme, Government recognised the potential problem of workers already aged forty-five (45) and above not being able to meet the minimum contributory period of fifteen (15) years before retirement. This will deprive them the opportunity of earning a pension under the NASSIT Scheme. To remedy this situation, Government introduced the following measures:

### ***Validation of Past Services***

All government employees in employment on 1<sup>st</sup> January 2002 but have not as yet been paid a pension, have all their past services as government employees validated. In other words, upon retirement, they will be paid a pension as if they contributed to the pension scheme for all the period they worked for Government.

### ***Grandfathering Provision***

This provision is meant for employees in the private sector. Government has granted an automatic validation for those in employment as at 1<sup>st</sup> January 2002 for a period of half the difference between their ages and thirty (30) – provided they were above thirty years old as at 1<sup>st</sup> January 2002. The remainder of the number of years (half the years between age and 30) not validated can be purchased.

The Validation of Past Services will however be valid until the end of 2006.

## *where can you find NASSIT?*

1. **Freetown**
  - a) **Head Office:** 35A Lightfoot Boston Street, Tel: 225365/220246
  - b) **Western Region:** Pension House, 30 Howe Street; Tel: 290443/292235
  - c) NDB Building, Siaka Stevens Street
2. **Northern Region:** 27A Lady's Mile, Makeni; Tel: 076-649-043
3. **Southern Region:** 11 Bojon Street, Bo; Tel: 032-320-260
4. **Eastern Region:** 2 Sahara Street, Kenema; Tel: 032-420-518