



# Ghana's Bond Exchange Program

Frequently  
Asked  
Questions

&

Implications  
for your  
Pension  
Funds

(Axis Sponsored Schemes)

Licensed &  
Regulated by



# Frequently Asked Questions & Implications for your Pension Funds

## 1. What Is Happening?

Government of Ghana is highly indebted, driving up inflationary pressures and currency depreciation.

## 2. What Is The Government Doing About The Debt Situation?

The Government has announced a Bond Exchange Program to bring the debt to sustainable levels within 15 years. This involves maturity extensions and reductions in interest rates on bonds to 0% in 2023, 5% in 2024 and 10% from 2025 onwards.

## 3. Is My Money Safe With Axis?

We invest a portion of your funds in Government of Ghana Bonds, so your funds will naturally be affected by the debt restructuring. Your money is however safe as the restructuring is in the form of maturity extension and interest reduction which will not affect your principal.

## 4. What Is The Impact On My Account?

Government has announced there will be no interest on all the restructured bonds in 2023 as a result we need to reverse all the interest we have accrued on our existing bonds. This means returns will be averagely 56.7% instead of 59.2% for the Axis Pension Plan; averagely 37.5% instead of 39.7% for the Cedar Provident Fund and averagely 39.1% instead of 42.1% for the Cedar Pension Scheme respectively as at 30th November, 2022. Your balance would have gone down because of the reversal in interest rates.

## 5. Can I Withdraw?

In the light of the announcements on the Bond Exchange Program by Government, we have decided to enforce the minimum holding period for members of the Axis Pension Plan. This means an individual is eligible to withdraw all or part of his benefits from the Axis Pension Plan without any market loss once he has been a member of the Fund for 5 years or more. If you however insist on withdrawing your fund prior to the 5th anniversary of your fund, we will encourage you to wait. If you need to urgently withdraw despite not being 5 years in the Fund, we may have to sell securities in the market which is virtually closed to pay you and may come at a huge loss to you.

For members under the Cedar Pension Scheme or any of our Employer Sponsored Tier 2 Pension Schemes, you can only withdraw at retirement without any market losses. Transfer outs will be done at current market prices. Similarly, members under the Cedar Provident Fund or any of Axis' Employer Sponsored Tier 3 Funds can withdraw subject to the rules of your employers.

## 6. Should I Still Continue Investing?

Yes. Investing remains the only fallback option when you are in no capacity to earn income. There is available fallback today because you took the decision to save yesterday. We are optimistic that things will improve and people who save today will be the ultimate beneficiaries tomorrow.

## Conclusion

In the midst of the difficult macro-economic conditions, we have been able to generate returns above inflation in line with our investment objective. The need to taper withdrawals for the stability of the schemes and to safeguard your funds requires that we implement the withdrawal measures outlined in Point 5.

Going forward, we will bring to bear our skills and knowledge to ensure effective diversification within our schemes, as has been our strategy in the past, to ensure we are able to grow your funds for the long term.



**Your Reliable Partner in Pensions**