

AN ASSESSMENT OF CONTRIBUTORY PENSION REFORM IN NIGERIA

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ABSTRACT

This paper appraised the level of success achieved in the implementation exercise of 2004 Pension Reform Act in selected Federal Universities in Southwestern Nigeria. The study utilized both primary and secondary data. In Obafemi Awolowo University, Ile-Ife, stratified random sampling technique was used to select 403 respondents out of 4027, consisting of 1372 academic and 2655 non-academic staff, with a sample fraction of ten percent (10%); In Federal University of Technology, Akure, in the same way as OAU, Ile-Ife, 186 respondents out of a total of 1862, consisting of 555 academic and 638 non-academic with a sample fraction of ten percent (10%) was chosen using academic and non-academic classifications for stratification. Questionnaires and interviews were used to collect primary data from four hundred and four (404) respondents randomly selected in the study areas. The study found that the Government and the Pension Fund Administrators have not been effective enough in the administration of pension reform act 2004, and there are still recorded delay in payment of entitlement to Pensioners in the selected institutions owing to some problems stemmed from the need to present and secure approval for Budgets from the Federal Ministry of Finance, and need to seek confirmation and re-confirmation by the Pension Fund Administrators from the National Pension Commission, Abuja before payment of entitlements are executed. The paper concludes that the government should ensure proper implementation of the Pension Reform Act 2004 with regards to retirement policies and effective management of pension funds. There should in addition be a synergy between all sections in the National Pension Commission such that error of over remittance of contribution into Retirement Savings Account, which when discovered always stalls prompt payment of retirement benefit to retirees.

Keywords: Pension Administration, Retirement, Contributory Pension Reform, Pension Policy, University

JEL CODE: Z18

1. INTRODUCTION

Pension Scheme, according to Fapohunda (2013) is established to provide employees of corporate organizations with the means of living on retirement that is reasonable consistent with that they enjoyed while in service. All scheduled Government organizations are expected to establish and fund a pension scheme. Benefit goes beyond pension, even when the person is still in employment the issue of welfare takes upper most position in labour agitations. Nwikipasi (2016) has it that several enactments like: the Factory and Workshop Act, Labour Act, Employment Protection (consolidation) Act, Employment Right Act, Pension Act etc, are targeted at regulating or to support adequate security and welfare of workers. In Nigeria when benefit is mentioned our minds go to pension because pension

seem to be the most popular item for benefit of the retired person. According to Onogholo (2015), there should be connection between efforts expended by an employee and the reward that he receives in the organization. He added that when an employee believes that equity may not prevail as regards his reward at retirement, he is bound to withhold a measure of his productivity. The idea behind pension payment to retired employees is that an individual having been used as regular payment in the form of salaries on a monthly basis will continue to get paid monthly so that the standard and mode of living is maintained (Chartered Institute of Personnel Management of Nigeria, 2007a).

Each organization, whether public or private has its guidelines as to pension scheme. The Nigerian Public Services requires a worker to serve for a maximum period of 35 years after which the worker is to be pensioned. Generally, nobody above 60 years is allowed to be in service until recently when the President Goodluck Ebele Jonathan assented to Universities (Miscellaneous Provisions) (Amendment) Act, 2012 on 11th May, 2012, the Act stipulates the retiring ages of non-teaching staff and academic staff who are not in professorial cadre to be sixty-five (65) years, while that of those in Professorial cadre to seventy (70) years. So every worker will go on pension at a point in time on attainment of the prescribed age in service. Hornby (2015) avers that benefit, among other things, is an advantage you get from an organization (company) in addition to the money that you earn. Succinctly put, retirement benefit is any benefit received upon retiring from employment, under a formal or informal benefit plan.

According to Olayinka (2016) in Guardian newspaper of 19th January 2016 before the advent of the contributory pension scheme in 2004, it was a common sight seeing public officials shedding tears at public functions decrying the plights of pensioners of which the retirees of Nigeria universities were not left out. With the implementation of the pension reforms act 2004 by the federal government more than a decade ago, the road may have not been smooth even though it is indeed a radical departure from the past defined benefit system. According to Afolayan (2017), the 2014 pension act had abolished the right of the pensioners under this scheme to earn gratuity, thus denying the employees the chance of getting the usual lump gratuity by the employer to his employee at the time of retirement.

In Nigeria, retirement is a product of colonial rule. It is not easy to give a simple definition for retirement because the concept of retirement itself has suffered a lot from the different ways by which various scholars have defined it. The different way by which retirement is defined makes the concept more complex if not difficult. For example, to a lay man, to retire means to withdraw from circulation notes or bills, to give up one's work or office or to go to bed. Epstein and Murray (1968) identified three ways by which retirement may be defined. One way is to define retirement as meaning not to have worked fully for a whole year. Another way is to define retirement to mean entitlement to some form of retirement benefits, as if the individual is still working and lastly the third way is to define retirement to mean not to have worked at all for a whole year.

To provide an adequate definition for retirement, Thesaurus English defines retirement as exit, going away, leaving, removal and exodus. It connotes the period of one's life after dis-engaging (retiring) from work. Adeniji *et al* (2017) have suggested that the concept of retirement have to be operationalized in terms of the issues in a particular study. Retirement is analyzed as a situation in which an individual who has been working for a period of time, voluntarily give up his job or is forced to give up his job after serving for at least an officially defined number of years which qualifies him/her for pension and gratuity. According to Ogunbameru (1988) "the term retirement as it is commonly used in Nigeria today has grown through in error to encompass such other terms like: sacks, dismissal, termination and lay off. However these terms describe different way of relinquishing ones job, they do not carry the same meaning as retirement". To avoid any problem, it is appropriate here to distinguish between real retirements that occur only after putting in the minimum officially defined number of years that qualify an individual for pension. More so, in the Nigerian civil service usage, the term retirement has been used to signify retirement. Likewise the term dismissed, sacked, laid off and termination of appointment have been used synonymously to refer to those who are made to relinquish

their jobs without attaining the minimum official number of years that qualified them for pension and gratuity. In all the discussion above, it can be seen that the term retirement in this research work is used as equivalent to qualification for benefits after living one's job. The Pension Reform Act 2004, which brought about the Contributory Pension scheme, was established with a view to arrest the short coming of the former Pay-as-you-go (unfunded) scheme.

The pension reform of 2004 was initiated as a result of the failure of the 1979 pension provisions. It was further amended in June 2014 by an act of Nigeria National Assembly known as the Federal Republic of Nigeria Pension Reform Act of 2014 for all employers and employees of both the government and private sector organizations. It has provisions for all organizations that have more than five persons as employees. The major objectives are highlighted below: Establishment of a uniform set of rules, regulations and standard for the administration and payment of retirement benefits for the public service of the Federation, the public services of the Federal Capital territory, the public service of state governments, Public Services of the Local Government Council and the private sector. 2. Make provision for the smooth operations of the contributing pension scheme. 3. Ensure that every person who worked either in public service of the Federation, Federal capital territory, the public service of state government, public service of the local government council or the private sector receives his retirement benefits as and when due. 4. Assist improvident individuals by ensuring that they save in order to cater for their livelihood during old age (National Pension Commission, 2017).

2. LITERATURE REVIEW

Life after retirement is one of the dreaded periods of most workers in Nigeria. The fear of facing the future after retirement creates an atmosphere of disturbance among employees. Retirement is seen by workers as a transition that could lead to psychological, physiological and economic problem (Ogunbameru & Bamiwuye, 2004). The provoking thoughts of facing uncertain future after retirement by workers is responsible for most bureaucratic corruption (Agba, Ikoh, Ushie & Agba, 2008); and could also be responsible for low commitment to work by employees and service ineffectiveness of vital institutions in Nigeria. The extended family system, the lack of adequate social welfare for the aged (Awosika, 2009), huge deficit, arbitrary increase in salaries/wages, poor administration, which accounted for nonpayment of retirement benefits informed the Pension Reform Act of 2004 by the Obasanjo led administration (Aderinokun & Adoba, 2004, National Pension Commission, 2008).

The reform is contributory in nature with the intent of ensuring that every person who has worked in either the public or private sectors receives his or her retirement benefit as at when due. The reform was to serve as social welfare scheme for the aged, by ensuring that workers save to cater for their livelihood during old age (Odia & Okoye, 2012; Sule, 2009). Eight years after the establishment of the new pension act, there is still speculation among Nigerians about the success of the scheme. Whether the new pension act will be able to address the many problems associated with retirement schemes in the past. Specifically, some have asked whether the Contributory Pension Act of 2004 would be able to address the problems of corruption, poor administration of pension fund, embezzlement, inadequate build-up of pension fund, poor monitoring, evaluation and supervision of pension fund that usually characterized pension schemes in Nigeria. Consequently, workers often ask whether they would ever have financial security after retirement. What is the fate of their children and other household after retirement? Does life after retirement means signing bond with poverty? These questions among others occupied the minds of workers in Nigeria and could be responsible for workers negative attitude towards retirement, low commitment to work as well as high labour turnover. Therefore, from this classification, it is understood how countries move from one classification to another in search of a more effective scheme for their retirees. Nigeria like other countries has struggled to device a scheme suitable for their system and the benefit of the retirees. The schemes in Nigeria have been classified as the old pension scheme and the new pension scheme; the new being the result

of the 2004 Pension Reform Act Amended as Pension Reform Act 2014 (Akhiojemi, Ifeanacho and Abu, 2018). This study is therefore set to assess the administration of the provisions of the Pension Reform Act of 2004 by the regulating agents and the impact of this on workers commitment and attitude towards the pension scheme.

3. METHODOLOGY

Primary and Secondary sources of data collection were used for the study. The primary data was sourced through questionnaire and personal interviews were carried out with the people who were still in the services, the stakeholders in the scheme such as the PenCom, Pension Fund Administrators, one of the watch regulatory institutions and also the retirees. On the other hand, secondary data was extracted from academic journals, annual reports, text books and gazettes. The study was conducted in two purposively selected Federal universities in Southwestern Nigeria. The universities are Obafemi Awolowo University (OAU), Ile -Ife established in 1962 and the Federal University of Technology, Akure (FUTA), established in 1981: The rationale for choosing the two universities is based on the date of establishment; one is a first generation University and the other a second generation university. Besides, OAU, Ile-Ife is a conventional University, while FUTA is a specialized University.

In addition, the two universities have implemented the 2004 Pension Reform Act. In OAU, Ile-Ife, stratified random sampling technique was used in selecting 403 respondents out of 4027, consisting of 1372 academic and 2655 non-academic staff, with a sample fraction of ten percent (10%); with academic and non - academic classifications for stratification. In FUTA, in the same way as OAU, Ile-Ife; 186 respondents out of a total of 1862, consisting of 555 academic and 638 non-academics with a sample fraction of ten percent (10%) was chosen using academic and non-academic classifications for stratification. Questionnaire was used to generate data from the academic and non-academic staff in the two institutions on their assessment of the success or otherwise of the contributory pension scheme as well as the challenges since inception. Interview was also conducted to generate data on operations, challenges and identified clues to overcome the challenges associated with the scheme. Those that were interviewed include: the Management Staff of National Pension Commission, Abuja; the Management Staff of Pension Fund Administrators such as Assets and Resource Management (ARM) Pension Managers, Stanbic IBTC, Crusader Sterling, First Guarantee Pension Limited, Leadway Pension and the Managers of Pension Fund Custodians (PFC) (First Bank Plc, Stanbic IBTC, ACCESS Bank Plc). Secondary data was extracted from government publications and official documents from the selected institutions. Data collected was analyzed using descriptive and inferential statistics. A combination of two sampling techniques was used, namely: stratified and random sampling techniques.

4. RESULTS AND DISCUSSION OF FINDINGS

The results and findings of the study are presented below in tables and prose following from conscientious analysis of data.

Table 1: Frequency and Percentage distribution of Respondents Opinion on Contributory Pension Scheme

SN	Items	Strongly agreed	Agreed	Strongly disagreed	Disagreed	Quailed answer	No response
1	Administration of the pension reform act by PENCOM should by scored high	52 (8.4)	220 (35.7)	65 (10.6)	268 (43.5)	4(.6)	7 (1.1)
2	All staff has been receiving alerts on their retirement savings account regularly and punctually?	19 (3.1)	205 (33.5)	95 (15.4)	239 (38.8)	48 (7.8)	10 (1.6)
3	Pension fund Administrators (PFAs) have been forwarding statement of retirement savings account (RSA) regularly at least quarterly?	38 (6.2)	312 (50.6)	103 (16.7)	146 (23.7)	7(1.1)	10(1.6)
4	The contributory pension scheme, from my experience, has been with little or no challenge?	60 (9.7)	99 (16.1)	128 (20.8)	319 (51.8)	5 (.8)	5 (.8)
5	My Pension Fund Administrator (PFA) has been very efficient?	20 (3.2)	251 (40.7)	14(2.3)	312 (50.6)	14 (2.3)	5 (.8)
6	From the balance in your RSA, life after retiring from service would be smooth?	56 (9.1)	131 (21.3)	185 (30.0)	181 (29.4)	52 (8.4)	11 (1.8)
7	The administration of the contributory pension scheme/Pension reform Act 2004 has been very effective?	17 (2.8)	110 (17.0)	152 (24.7)	330 (53.6)	4 (.6)	3 (.5)
8	Provisions of the Pension Reform Act 2004/Contributory Pension Scheme will take care of inflation in the economy if one arises	12 (1.9)	93 (15.1)	89 (14.4)	415 (67.4)	5 (.8)	2 (.3)
9	My monthly stipends will be sufficient I would not have need to -reengage in any venture when I retire?	16 (2.6)	41(6.7)	170 (27.6)	380 (61.7)	7 (1.1)	2 (.3)
10	The scheme is best to take care of life after retirement?	14 (2.3)	77 (12.5)	71 (11.5)	345 (56.0)	54 (8.8)	55 (8.9)
11	The balance in the statement of my RSA is true reflections of my contribution and that of my employer?	23 (3.7)	128 (20.8)	241 (39.1)	164 (26.6)	50 (8.1)	10 (1.6)
12	Do you agree that given the on-going economic instability in the World, especially in Nigeria, the sum will suffice?	11 (1.8)	66 (10.7)	191 (31.0)	305 (49.5)	7 (1.1)	36 (5.8)
13	I will seek reengagement by government after my retirement?	14 (2.3)	89 (14.4)	214 (34.7)	274 (44.5)	12 (1.9)	13 (2.1)
14	I will seek other source of income outside government institutions?	80 (13.0)	207 (33.6)	66 (10.7)	241 (39.1)	16 (2.6)	6 (1.0)

Source: Research field work 2020.

In order to get clear picture of the respondents' perceptions and opinion about the contributory pension scheme, the response categories are collapsed in to two ('agreed' and 'disagreed') groups. This makes the comparison among the respondents simple. Table 4.7 presents the frequency and percentage distribution of the responses.

Table 2: Chi-square analysis of respondents' Opinion on Contributory Pension Scheme

SN	Items	Agree	Disagree	χ^2 - val	p-val
1.	Administration of the pension reform act by PENCOM should by scored high	45.0	55.0	6.15	0.013
2.	All staff has been receiving alerts on their retirement savings account regularly and punctually?	40.1	59.8	21.69	0.001
3.	Pension fund Administrators (PFAs) have been forwarding statement of retirement savings account (RSA) regularly at least quarterly?	58.4	41.6	17.03	0.001
4.	The contributory pension scheme, from my experience, has been with little or no challenge?	26.2	73.8	136.87	0.001
5.	My Pension Fund Administrator (PFA) has been very efficient?	45.4	54.6	5.07	0.024
6.	From the balance in your RSA, life after retiring from service would be smooth?	33.8	66.2	57.94	0.001
7.	The administration of the contributory pension scheme/Pension reform Act 2004 has been very effective?	20.9	79.1	206.94	0.001
8.	Provisions of the Pension Reform Act 2004/Contributory Pension Scheme will take care of inflation in the economy if one arises	17.2	82.8	261.41	0.001
9.	My monthly stipends will be sufficient I would not have need to -reengage in any venture when I retire?	9.4	90.6	400.41	0.001
10.	The scheme is best to take care of life after retirement?	17.9	82.1	208.33	0.001
11.	The balance in the statement of my RSA is true reflections of my contribution and that of my employer?	27.2	72.8	116.04	0.001
12.	Do you agree that given the on-going economic instability in the World, especially in Nigeria, the sum will suffice?	13.4	86.6	306.39	0.001
13.	I will seek reengagement by government after my retirement?	17.4	82.6	250.80	0.001
14.	I will seek other source of income outside government institutions?	48.3	51.7	0.673	0.412

Source: Fieldwork, 2020

Testing of Research Hypothesis

The following hypotheses were designed putting in view the three objectives of the study. These were subjected to Friedman non-parametric test and the results are here stated one after the other:

Hypothesis 1 - The administration of the contributory pension scheme is not effective

In testing this hypothesis, four items in the questionnaire that measured the efficiency of the administration of the pension fund administration were subjected to Friedman non-parametric test at 0.05 level of significance.

Effectiveness of Contributory Pension Scheme

S/N o	Items	Strongly agreed	Agreed	Strongly disagree	Disagree d	Qualified	Mean Rank
1	All staff has been receiving alerts on their Retirement savings Account regularly and punctually	19 (3.1)	205 (33.3)	95 (15.4)	239 (38.8)	48 (7.8)	2.48
2	Pension Fund Administrators (PFAs) have been forwarding statement of retirement savings account (RSA) regularly at least quarterly	38 (6.2)	312 (50.6)	103 (16.7)	146 (23.7)	7(1.)	2.86
3	My pension Fund Administrator (PFA) has been very efficient	20 (3.2)	251 (40.7)	14 (2.3)	312 (50.6)	14 (2.3)	2.31
4	The administration of the contributory pension scheme/pension reform Act 2004 has been very effective	17 (2.8)	110 (17.9)	152 (24.7)	330 (53.6)	4 (0.6)	2.10

$\chi=180.50$; N = 592 df = 4, $p < 0.001$.

The result shows that the respondents rated administration of the pension reform act as being effective ($\chi=180.50$; N = 592 df = 4, $p < 0.001$). With this result, the null hypothesis of no significance is accepted. It is thus concluded that the administration of the contributory pension scheme is not effective. The key word here is effectiveness which means value, efficiency, usefulness or success of the scheme as we now have it. Response to question 8 in Table 4.8 above is relevant to hypothesis one and this can be used to test same to ascertain whether or not the hypothesis holds or not. The question and response are: "Provisions of the Pension Reform Act 2004/Contributory Pension Scheme will take care of inflation in the economy if one arises". 82.8 percent of the respondents do not believe that the provisions of the 2004 pension reform Act will takes care of inflation in the economy if one arises as there are no provisions for harmonization of pension stipends. This is to the effect that pensioners will continue to earn same amount from the moment they retire until after eighteen years for males and twenty years for female under the programmed-withdrawal and even under the personal annuity plan. It be said that the administration of the 2004 pension reform Act is not related to the effectiveness of the scheme. The reform did not effectively captures the exact amount of contributions of employees and employers from the various Ministries, Departments and Agencies (MDAs) as there are myriads of established complaints of under-funding and over-funding of retirement savings accounts. Also, the administration of the scheme is weak in taking care of time series of salaries adjustment of employees. It assumes for instance that all workers get annual increment at the same time. No provision is made

for peculiar promotional and regrading period. Furthermore, the administration on its own is unable to track down cases of double or triple pin number cases which has led to double or triple remittances for a worker and left the accounts of many others unfunded for a long time despite submission of nominal rolls by respective MDAs.

Hypothesis 2- The contributory pension scheme is not adequate to meet financial needs after retirement

In testing this hypothesis, three items in the questionnaire that assessed the adequacy of the pension scheme for life after retirement were subjected to Friedman non-parametric test at 0.05 level of significance.

Adequacy of Contributory Pension Scheme after Retirement

S/ N	Items	Strong ly agreed	Agree d	Strong ly disagr ee	Disagre ed	Qualifi ed	Mean Rank
1	From the balance in my RSA, life after retiring from service would be smooth	56 (9.1)	131 (21.3)	185 (30.0)	181 (29.4)	52 (8.4)	2.31
2	My monthly stipends will be sufficient, I would not have need to re-engage in any venture when I retire	16 (2.6)	41 (6.7)	170 (27.6)	380 (61.7)	7 (1.1)	1.89
3	The scheme is best to take care of life after retirement	14 (2.3)	77 (12.5)	71 (11.5)	345 (56.0)	54 (8.8)	1.79

$\chi=164.91$, N=549; df = 2; p<0.001.

The result of the analysis revealed that the pension scheme was rated not to be adequate to meet the financial needs after retirement ($\chi=164.91$, N=549; df = 2; p<0.001). The null hypothesis is hereby accepted. It is therefore concluded that the contributory pension scheme is not adequate to meet financial needs for life after retirement. Contrary to expectation of workers that fifty percent (50%) of their terminal salaries be paid to them as monthly pension entitlements, the National Pension Commission created a template for the calculation of lump sum, in which three parameters alone are used. These include: The Basic Salary, Housing Allowance and Transport allowance. From the personal interview conducted with the management staff of PenCom and Pension Fund Administrators, they stated that there is a misconception of what definition of fifty percent stands for. They stated further that the fifty percent as declared by PenCom does not include the total emoluments of workers while in service but that of the three parameters mentioned above. One of the management staff of ARM Pension Managers stated that it is expected that a pensioner ought to have carried out and complete all capital projects such as children education, housing construction and capital investment while still in service, and that the stipends paid to pensioners is meant for their up-keeps alone as their social, financial responsibilities ought to drastically reduced to minimum or out rightly withered off.

The designer of the above stated might have had in mind the ideas of disengagement theorists such as Cumming and Henry (1961) who hypothesized that as people grow older they are gradually separated from their associations and their social functions. It is obvious that if the above theory holds at all it is the reduced income of retirees that accounts for their separation from their associations and their social functions. The management staff of PenCom and the PFAs who were interviewed separately expressed opinion that in case any pensioner still have such responsibilities, such may have to take up paid employment or enter into trading activities to make end meet. The latter is in agreement

with postulations of Ogunbameru and Adesina (2000) quoting Palmore (1969) on Activity theorist who argued that in order to be happy in the later life and most importantly in retirement, people should remain active in role-relationship as possible.

The activity theory postulates that successful and contented aging depends on the older individuals integration in society, on the contribution he continues to make, and on his feeling of being still useful and needed (Rhee, 1874). It is observed therefore, that inadequacy of the current pension scheme to meet up with fifty percent of what a pensioner was earning while in service tends to put him or her in dis-equilibration position and hence crisis (social, financial and psychological).

Hypothesis 3 - The contributory pension scheme has little or no challenge

In testing this hypothesis, responses to the item that measured the smooth administration and the challenges facing the contribution pension scheme was subjected to chi-square analysis at 0.05 level of significance.

The Challenges of Contributory Pension Scheme

Items	Strongly agreed	Agreed	Strongly disagree	Disagree d	Qualified	Mean Rank
The contributory pension scheme, from my experience, has been with little or no challenge	60 (9.7)	99 (16.1)	128 (20.8)	319 (51.8)	5(0.8)	2.82

$$\chi=465.69; N=611; df = 4; p < 0.001.$$

The result showed that majority of the respondents disagreed with the statement that “the contributory pension scheme has little or no challenge” ($\chi=465.69$; $N=611$; $df = 4$; $p < 0.001$). The null hypothesis is hereby rejected and the alternative hypothesis accepted. It is therefore concluded that the contributory pension scheme has multiple challenges. Some of these challenges are stated hereunder:

On the administration of the Retirement Saving Account (RSA), majority (58.4%) affirmed that the Pension Fund Administration (PFAs) have been forwarding the statement of the accounts regularly. A substantial percentage (45.4%) of the respondents perceived the PFA to be very efficient and effective (20.9%), while about 40.1% attest to receiving alerts on retirement saving account regularly.

Many people (82.1%) do not believe that contributory pension scheme is the best to take care of life after retirement and that it has little or no challenge (73.%). In line with these, 66.2% of respondents disagreed that life after retirement from service would be smooth going by the balance in the retirement saving account. Only few (9.4%) people agreed that their monthly stipends would be sufficient, and that they would not need to re-engage in any venture after retirement.

On the value of the retirement saving account, majority of the respondents (82.2%) disagreed that the provision of the Pension Reform Act would take care of inflation in the economy and that the on-going economic instability in the world, especially in Nigeria, will not make the sum enough for life after retirement (86.6%). Majority (72.8%) of the respondents also revealed that the balance in the statement of their retirement saving account is not a true reflection of their contribution and that of their employees. As to the possibility of seeking government work after retirement, only 17.4% would want to, while majority (82.6%) do not want any government work. On the whole, 45%

of the respondents agreed that administration of the pension reform act by PENCOM should be scored high, while 55% disagreed.

Table 3. Respondents' Appraisal on the Contributory Pension Scheme

S/N	Opinion	Frequency	%
1	Workers should mobilize and protest against it, it might not survive	125	24.7
2	It is not effective, there is discrepancy in the amount deducted	128	25.2
3	Workers should have partial access to the contributed fund	107	21.1
4	It is good, provided the government can prevent fraud in the operation	72	14.2
5	Pension and gratuity should be paid as at when due	28	5.5
6	Life after retirement is not pleasant without adequate pension	27	5.3
7	The present contributory pension scheme is worse than the previous ones	20	4.0
	Total	507	100

Source: Research field work, 2020

In appraising contributory pension scheme, respondents had varying opinions. The major expressed views were about skepticism and doubt about the workability of the scheme (25.2%), discrepancy in the deductions (24.7%) and complete restriction of workers to the fund (21.1%). Some respondents (14.2%) expressed optimism about the scheme, provided government can prevent fraudulent practices in the scheme. Another four percent viewed the present contributory pension scheme as worse than the previous ones as the Pension Fund Custodians (the Banks) may fail and become bankruptcy, which may leads to forfeitures of pension fund by enrollees (workers and pensioners).

Table 4: Perceived Challenges of the contributory Pension Scheme

S/N	Opinion	Frequency
1	There is no detailed information about the scheme how our money will retrieved	48.7%
2	The amount being deducted is too much	17.7%
3	There is no assurance on the safety of the money deducted - 16.1%	16.1%
4	Underfunding of the Retirement saving Account (RSA) by the government	13.2%
5	Inability to access the fund	4.2%
6	There is no detailed information about the scheme how our money will retrieved	48.7%

Source: Research field work 2020.

The major challenge identified by the respondents has to do with dearth of information about the scheme (48.4%), followed by high deduction from workers' salaries toward the pension scheme (17.7%). The safety of the fund is also of concern to the respondents (16.1%), while 13.2% also raised the issue of underfunding of the retirement saving account by the government.

5. CONCLUSION AND POLICY RECOMMENDATIONS.

This paper has assessed pension scheme in Nigeria using Obafemi Awolowo University and Federal University of Technology as reference points. The following are the findings of this study:

1. The Pension Reform Act 2004, which provides that a pensioner must not earn less than fifty percent (50%) of his/her terminal salary only requires the use of three parameters out of the salary items which include: Basic salary, Housing allowance and Transport allowance for computation of what a pensioner will earn, and not the total emoluments or package he/she was earning while in service.
2. The Research discovers that there is no plan to harmonize the stipend due to any pensioners as was the practice when salaries of workers are increased. The Act is silent on this completely.
3. The PenCom informed that any pensioner with accrued right will be paid pension continuously for twenty years for a male and twenty-one years for a female. What this means is that any worker who has worked for ten years and above before the Pension Reform Act 2004, such person will be treated as it was the case for those who retired under the old scheme.
4. It is also discovered that delay in remittance of contributions into retirement savings account is accounted for by late submission of nominal roll by MDAs.
5. Similarly, delay in payment of benefits to retired workers is accounted for by two possible factors, failure on the part of the worker to retire at the right time when he or she clocks 60 or 65 years of age. The second reason is fiscal factor for instance as at November 2012, the Ministry of finance has just released fund for payment of entitlement to workers who retired from service in May, 2012.
6. On the littleness of pension stipends paid to retirees or what a retiree will earn, it is the idea of the Commission and the Administrators that retirement benefits are not meant to be used to build house or train children as it is supposed that all these ought to have been in place before retirement. So, the little money earn at retirement should be enough for the upkeep of the retiree alone.
7. Retirement was necessary for every worker respondents were of the view that people need a period of rest at old age before death comes to take them away.
8. Although few respondents indicated that they will seek re-engagement by the government after their retirement from services while majority of them stated that they will depend solely on the little stipend given to them at retirement.
9. Majority of the respondents indicated that there may be hardship awaiting the retirees if the trends of current administration of the reform act are not reviewed. This is because their contributions are not remitted promptly, which may not allow same to be invested as required as to give returns on investment, therefore, they believe that their gratuity may not be paid on time and most retired workers may not have other source of income.
10. Pension administration in Nigeria has not been successful because of the lack of good leadership and unethical behaviour of our leaders.
11. People are wary of leaving the workforce as they are sceptical about the administration of pension scheme. So, people tends to bride their way to reduce their age further and further until the work leaves them when they collapsed and died in service. If and when there is a good and effective pension administration in the public or civil service, people will not be

afraid to retire before 60 years of age. All who ought to retire at 60/65 have declined to go in view of the extension of retiring age to 65 for non-teaching and academic members of staff who are not in the professorial cadre, and 70 years for readers and professors.

Based on the findings of this study, the following conclusions were drawn.

- A. Government should prevail on the National Pension Commission and the Pension fund Administrators to ensure that more efforts are put into regular payment of pension entitlement without any delay.
- B. Irregular remittances of pension fund contributions from PenCom to Pension Fund Administrators is causing lack of returns the delay in the payment of gratuity and pension in the Obafemi Awolowo University, Ile-Ife.
- C. Good investment of regular and available pension fund will generate enough funds from the payment of pension to pensioners.
- D. The payment of gratuity pension should not be more than a month after necessary clearance has been made so as to live a meaningful life.
- E. All the emotional and psychological stress should be reduced by making the workers to be happy.
- F. Pension administration in Nigeria should be more equipped such that prompt and regular payment of retirement would be made as soon as they retire from services.

Finally, the study concludes that the government should ensure proper implementation of retirement policies and effective management of pension funds.

Based on the major findings of the study, the following recommendation is proffered:

- a. The government should ensure proper implementation of retirement policies and effective management of pension funds.
- b. The government should organize seminars, conferences, workshop and awareness programmes for public officers to enable them prepare for retirement acquire and update their knowledge about the advantage of planning, although the National Pension commission are doing so now, but it does not cut across all institutions as required.
- c. Pension scheme should be made to be self-training
- d. The employees should contribute at least 10% of their total emolument toward contributory pension scheme if 'a' above is accepted. This will enable them save and get enough benefits that will sustain them at old age.
- e. The government should release its contributions towards retirements benefit promptly to the PFC for proper investment and disbursement as the case may be.
- f. The government should provide social security, a good and enviable retirement packages that will ensure the people live a better life after retirement.
- g. A good worker should prepare adequately for the years ahead in retirement. He should invest in viable investment portfolio. He should get a roof above his head for himself and family member instead of waiting to be humiliated by landlord during retirement when gratuity and pension are awaited endlessly.
- h. The government should create good welfare packages for public officers so as to enhance their planning. Retirement planning can only be effective if workers are given same incentives like end of year benefit, good medical care services and well planned and implemented poverty alleviation programmes.
- i. Finally, the solution to the outcry on government under funding or inadequate funding of pension in Obafemi Awolowo University is that both the government and the workers should contribute towards the retirement benefit
- j. The pension fund should be released promptly without any administrative bottle-neck or red-tapism as is already being experienced by PenCom.

- k. As at the time of this report for instance, pension fund have been released only to those who retired as at May, 2012 and no cogent reasons were advanced other than the fact that PenCom is awaiting release of fund from the Ministry of finance. Release of pension fund should be made a priority.
- l. There should be detailed information about the scheme, especially on how accrual right are calculated and disbursed to enrolees and with what parameters are the federal government bonds bought on behalf of those at work before the reform was made (i.e. before 30th June, 2004) are calculated and computed for transparency purpose.
- m. Government should put strict measures in place to ensure the proper monitoring and implementation of the provision of the Pension Reform Act of 2004. Pre-retirement enlightenment workshops should be organized for workers who are about to retire.
- n. Workers and employers of labour should be properly enlightened on the benefits of the contributory pension scheme. This would further ensure worker confidence towards retirement as well as reduce falsification of age in the civil service.
- o. The pension reform act 2004 has good safety measures in place; these should be properly monitored, supervised and regulated.
- p. Finally, National Pension Commission should live true of its vision and mission which are:
 - a. “To be a world-class organisation that ensures the prompt payment of retirement benefits and promotes a sustainable pension industry that positively impacts on the economic development of Nigeria” and
 - b. “To be an effective regulator and supervisor that ensures the safety of pension assets and fair return on investment utilizing appropriate technology, with highly skilled and motivated staff”
- r. Most importantly these recommendations flow from the general understanding that pension benefits are assets to workers on retirement. So, pension provisions should not only be continued, but also dynamically. There are a number of recommendations competing for presentation in the contributory pension scheme (CPS), but only the critical ones are highlighted below. The critical areas needing some suggestions to enhance the administration and workability of the contributory pension scheme (CPS) are participation, enhancement of pension benefits, multiple pension system, provision of regulation on change of PFA, respect for constitutional provisions on pension, checkmating the contributory pension scheme (CPS) operators against potential fraud and enhancement of retirement benefits for professors.

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