IMPACT ASSESSMENT OF THE 2004 PENSION REFORM ON RETIREMENT WELFARE OF PUBLIC SERVARNTS OF SELECTED NATIONAL COMMISSIONS

BY

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M.Sc/ADMIN/15858/2011-2012

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AUGUST, 2015

DECLARATION

I declare that the work in this research thesis entitled IMPACT ASSESSMENT OF THE 2004 PENSION REFORM ON RETIREMENT WELFARE OF PUBLIC SERVANTS OF SELECTED NATIONAL COMMISSIONS were performed by me in the Department of Public Administration. The information derived from the literature has been duly acknowledged in the text and a list of references provided. No part of this thesis was previously presented for another degree or diploma in this or any other institution.

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CERTIFICATION

This research thesis entitled IMPACT ASSESSMENT OF THE 2004 PENSION REFORM ON RETIREMENT WELFARE OF PUBLIC SERVANTS OF SELECTED NATIONAL COMMISSIONS meets the regulations governing the Award of the degree of M.Sc. in Public Administration of the Ahmadu Bello University and is approved for its contribution to knowledge and literary presentation.

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DEDICATION

To God Almighty and the entirety of the ABDUL's family.

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Successful completion of this research work is an indication of destiny fulfilled as Almighty Allah has decreed. To Him, I give all the glory. My profound appreciation goes to my supervisors, who in their tight schedules, devoted time to ensure that this work gets to this level. Thank you very much Dr. Haruna Yarima (Chairman, Supervisory Committee) and Dr. John Daniel Ndan (Member, Supervisory Committee). I equally will like to appreciate the efforts of the M.Sc. Coordinator, Dr. Musa Idris for his contributions and encouragement at all the levels of this work. This also goes to Dr. Faruk Abubakar and my internal Examiners (Prof. M.N. Maiturare, Prof. Bello Sabo, Dr. Musa Idris and Dr. Silas Anyo) for perusing this work at both the proposal and final levels. To all my erudite lecturers in the Department, starting from the Head of Department, who have contributed in shaping my academic life, I say a big thank you.

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ABSTRACT

One of the fundamental motivating factor for most public employee that any government must not toy with is the existence of an effective pension system that can adequately reward employees in-service efforts after retirement. Therefore, the Nigerian government in 2004 realised this fact and embarked on a reform of the pension industry to remedy lingering issues therein. This thesis thus, investigated the Impact of the 2004 Pension Reform on Retirement Welfare of Public Servants of Selected National Commissions. Based on this, the statement of the research problem is as thus: haven practiced a new pension scheme for over a decade now, what has happen to public workers retirement welfare since adoption. This also form the basis of the research objective as it thus find out the status of retirement welfare of public employees as a way of impact of implementation of the policy since its adoption in the public sector videlicet; how the level of compliance has boosted employees confidence, and how the scheme has accommodated employees through timely registrations thus ensuring prompt payment and guarantee them comfortable life after retirement. The study was therefore based on three hypotheses. Both the primary and secondary data were employed for the research, while it also used statistical tools of chi-square and regression analysis to test the hypotheses and further the study analysis. Hence, the thesis revealed among others that; public organisations are complying with the provisions of the 2004 pension scheme in the course of their implementation, and this have greatly built high level of confidence among public employees as to the capacity of the new pension system to provide them with reward benefits upon retirement from active service, and this they believed will be more secured than the era of pre-2004 pension reform intervention by the government as one of the major findings. The research thereafter made the following suggestions as part of its recommendations: if the current level of confidence expressed by the employees on the new pension scheme due largely to the implementation efforts so far must be maintain, further efforts needed to be made by government through the National Pension Commission to put in place adequate mechanism (that is, setting up of a PenCom Desk Officers in MDAs) to track the level of compliance as well as rate of contributions by the employers and employees of various public organisations in order not to allow the scheme to run into financial crises like in the past and/or as witness in other sectors of the economy and for the sake of achieving optimal managerial efficiency.

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ABBREVIATIONS

AGF Accountant General of the Federation

BOT Board of Trustee

BS Basic Salary

CBN Central Bank of Nigeria

CPFA Closed Pension Fund Administrators

CPS Contributory Pension Scheme

CRER Current Rate of Employees' Registration

DB Defined Benefit

DC Defined Contribution

DG Director General

FAQAs Frequently Asked Questions and Answers

FCT Federal Capital Territory

FGN Federal Government of Nigeria

GDP Gross Domestic Product

HSF Head of Service of the Federation

JTB Joint Tax Board

LDCs Less Developed Countries

MDAs Ministries, Departments and Agencies

MDCs More Developed Countries

MPG Minimum Pension Guarantee

NAICOM National Insurance Commission

NASS National Assembly

NHIS National Health Insurance Scheme

NPFS National Provident Fund Scheme

NSC National Sports Commission

NSITF National Social Insurance Trust Fund

NUC National Universities Commission

OEDC Organisation of Economic Developing Countries

PAYG Pay-As-You-Go

PCR Pension Contribution Ratio

PENCOM National Pension Commission

PFAs Pension Fund Administrators

PFCs Pension Fund Custodians

PRA Pension Reform Act

PSR Public Service Reform

PTAD Pension Transitional Arrangement Directorate

RBB Retirement Benefit Bond

RSAs Retirement Savings Accounts

RPE Registration of all Public Employees

SEC Securities and Exchange Commission

SPSS Statistical Products and Services Solution

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Following the re-establishment of civil rule in Nigeria in 1999 after decades of military regimes, the administration with which the fourth Republic took-off had to respond to a number of systemic challenges which made reforms inevitable. The political, social and economic environments needed to be altered considerably in order to inject some confidence in government by citizens who had helplessly watched the declining fortunes of the nation over several decades (PSR, 2008). The need for reform was adjudged globally as the role of government had also changed dramatically the world over. Accordingly, considerable and deliberately planned changes were put in place by the administration to effectuate reforms in the machinery of governance. Thus, following the government's resolve, a wide range of reforms were embarked upon in 2004 in the form of public policy intervention. The reforms thus resulted to the introduction of practical policies on monetization, public procurement/due process in government activities, pay reform, reforms of the Ministries, Departments and Agencies (MDAs), National Health Insurance Scheme (NHIS), privatization and commercialization, anti-corruption etc. Also among these areas where the 2004 public service system wide reforms were embarked upon was also in the area of employees' retirement welfare; in other words, Pension.

Pension as a system of social security catering for the welfare of pensionable retired workers had for long gained global recognition and acceptance. Generally, employees whether in the public or the private sector are expected to aspire for a comfortable life devoid of any form of dependency and dissatisfaction (regret) after their successful retirement from active service. The active life of every employee move progressively towards a certain destination; i.e. from

engagement (employment), to growth (promotions) and to disengagement (retirement). While some in the process are fortunate to save enough money to cater for the rainy day or take them through the retirement period, majority leave the service with little or no savings at all.

As a result of the above situation, government and organizations engaging workers needed to identify a way of accommodating and adequately rewarding employees' past efforts, through an organized pension plan, so that it can achieve the goal of its existence (Rabelo, 2002 cited in Sule and Ezugwu, 2009:48). Sule and Ezugwu (2009:48) therefore identified that such pension plans could be through different retirement policies including the Defined Benefit (Pay-As-You-Go) scheme, National Provident Fund Scheme (NPFS) and in particular the new Contributory Pension Scheme (Defined Contribution) which is expected to be fully funded by both the employer and employee.

The growing significance of pension emerged from different schools of thought. These are the contributory and non-contributory school of thought (Kantudu, 2005 cited in Sule and Ezugwu, 2009:48). The first school of thought among them emphasis on contribution principle and is advocated by most actuarial science experts as well as writers (Campbell and Feldstein cited in Sule and Ezugwu 2009:48). The argument is that should the employees contribute a certain percentage to the plan, the employee will be able to receive the entire or part of the benefits at retirement or in case of termination of appointment or dismissal. The central idea here is operational efficiency in computation and funding as well as guaranteed benefits during departure no matter the event leading to employee's disengagement.

The second school of thought (i.e. the non-contributory) which is also advocated by some actuarial science bodies emphasize that only the employer should fund the pension assets (McGill, 1984; and Byrne, 2003 cited in Sule and Ezugwu 2009:48). The idea is that singular

funding of pension assets by employers tend to encourage and attract more qualified and committed employees into the work place. Arrangements based on this second idea often take pension as a life annuity for retired workers. This tends to breed a situation of high backlog of pension arrears with its attendant consequences of non-payment of pension due to retirees as at when due. As a result, pension has in recent times increasingly attracted attentions of policy makers in many countries (including Nigeria) as a means of facilitating privately-funded retirement income savings or sharing of funding burdens between the workforce and the employing organizations, and the management with the government and private sector (World Bank, 1994 cited in Sule and Ezugwu, 2009:48).

In Nigeria however, the exact origin of pension scheme is debatable; but could still be traced to the prolonged battle between workers and employers of labour. The victory of employees over employers marked the privilege of receiving gratuity and pension in Nigeria (Sule and Ezugwu, 2005:50). This was urshed in through the pension ordinance of 1951 as the first legislative act on pension in the public sector. It later metamorphosed into the National Provident Fund Scheme (NPFS) after nine years to accommodate pension issues in the private sector. It was followed by the Pension Act No. 102 of 1979 and the Armed Forces Pension Act No. 103 of the same year. Following these were the Pension Act No. 75 for other government agencies and the Local Government Staff Pension Board in 1987 to cater for employees of Local Government (Sule and Ezugwu, 2009:49).

Pension reform in the private sector was rather slow from 1961 up to 1993 before the establishment of the National Social Insurance Trust Fund (NSITF) to cater for pension issue in that sector pragmatically. However, the pension schemes practiced in Nigeria before the 2004 Pension Reform were characterized by the non-contributory principle and bedevilled by many

impediments imposing heavy burden of pension fund arrears on government and private sector organizations (i.e. employers of labour). Thus, the pension schemes seem ineffective and inadequate with its attendant negative effects on the welfare of retirees; especially those of the public sector. For instance, Buhari (2003) as cited in Chizueze, Nwosu and Agba (2011:52) put the public pension debt as at 2003 to over one trillion naira. Against this backdrop of an estimated ₦2 Trillion deficit, arbitrary increase in pension wage bill as well as poor administration, government was inevitably bearing the cumulative effect of incapacity to service pension of retirees and as a result affecting the pensioners' ability to meet up with their socio-economic responsibilities (PSR, 2008). The situation necessitated the enactment of the Pension Reform Act of 2004 differing in principle and practices from the old systems believed to be in better capacity to adequately accommodate all public servants and ensuring them prompt access to their entitlements upon retirement.

As indicated above, the old pension scheme seems inadequate, and government in Nigeria took a bold step in June 2004 to ameliorate the trend by introducing a new pension system through a pension reform devoid of singular participation or funding and to hence forth be characterized by Joint employer-employees responsibility. It is on this note that this study seeks to Assess the Impact of the Implementation of the 2004 Pension Reform on Retirement Welfare of Public Servants of selected National Commissions.

1.2 Statement of the Research Problem

Administering pension policies have continued to pose a major challenge to government in Nigeria. Prior to the 2004 Pension Reform, most employees of both public or private organizations were not covered by any reasonable form of retirement benefit arrangement while the few schemes available suffered from poor management. According to Komolafe (2004) cited

in Sule and Ezugwu (2009:49) the Nigeria pension system in general is highly fragmented and uncoordinated before the new scheme in 2004. It lacked adequate overall policy; a legal and regulatory framework and an empowered coordinating body to supervise it. The pension industry was also marred by corruption (Chamberlain, 2005 cited in Bassey, Etim and Asinya, 2010:61); as there are frequent complaints of pensioners collapsing on queue while attempting to collect their pension. There are also cases of underfunding and inadequate record keeping making it difficult for families or next of kin of deceased employees to secure their bread winner's entitlement several years after beneficiary's death (Ojo-Aromokudo, 2008 cited in Bassey, Etim and Asinya 2010:61).

Determined to solve the numerous problems of the hitherto unfunded Defined Benefit (i.e. the old pension scheme) pension system in Nigeria, the federal government in June 2004 through the enactment of the Pension Reform Act, 2004, introduced a scheme known as the Contributory Pension Scheme as part of government's public service sector wide reform efforts of 2004. The new scheme is based on the principle of collective responsibility where the employers and the employees are involved in the funding and contributions, managed by private institutions through individual Retirement Savings Accounts (RSAs). This is with the hope of allaying all the fears of the past, thereby institutionalizing employees' confidence in the new pension scheme's ability to fully accommodate employees as well as reward all retired employees of the public service as and when due. But eight (8) years after the establishment of the new Pension Act of 2004, there are still speculations among Nigerians about the success of the scheme as to whether it would be able to address the many problems associated with retirement scheme in the past (Chizueze, Nwosu and Agba (2011:51). Specifically, this relate to

the retirement welfare of public servants which therefore form the problem this research is want to find solution to.

In the light of above, some employees have observed by asking fundamental questions as to whether the new scheme would be able to address the problems of corruption, poor administration of pension fund, inadequate build up of pension fund, poor monitoring, evaluation and supervision of fund that usually featured past 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? Does life after retirement means signing bond with poverty? These questions and others tend to occupy the minds of an average Nigeria worker resulting in their negative attitude towards retirement (Chizueze, Nwosu and Agba (2011:51). This study therefore, centrally set out to investigate the impact of 2004 Pension reform on retirement welfare of public employees of selected national commissions.

1.3 Research Questions

Haven realised the problem for this research exercise, one is left with thought as to what has happened to the status of retirement welfare of public employees as a way of impact of implementation of the 2004 pension scheme since its adoption in the public sector? Against this backdrop, this thesis seeks to find answers to the following research questions as its specific problems.

i Are public organisations complying with the provisions of the new scheme in order to ensure full implementation and build workers confidence in the system?

ii Will the current rate of registration of public employees (i.e. 90,000:156,000) ensure that all the employees will be registered and accommodated into the scheme over time (2009-2013)?

iii Are retired workers under the new scheme accessing and receiving their entitlements as at when due in order to enhance their welfare?

1.4 Objectives of the Study

Before the 2004 pension reform, pension matters in Nigeria have been characterized by plethora of problems as highlighted above in the background and statement of the problem. As such, with the introduction of the new scheme believed to be in better position to address these problems, it is expected that the situation should have turned around for good. In the light of this, the main objective of this thesis is to assess the impact of the 2004 Pension Reform on retirement welfare of public employees. Therefore, it aims at revealing the following:

i To investigate the level of compliance to the 2004 pension reform act by public organisations and determine workers confidence in the system.

ii To ascertain if the current rate of public employees' registration (i.e. 90,000:156,000) will ensure that all the employees will be registered and accommodated into the scheme over time; looking at the period under study (2009-2013)

iii To find out if public retirees under the 2004 pension scheme enjoy quick clearance that enable them prompt access to their entitlements so as to give them the opportunity to live a better life of their choice.

1.5 Hypotheses

This study is based on the following hypotheses, which are to be tested at the end of the research work:

H0 Compliance to the 2004 pension reform has not improved workers' confidence in accessing their Benefits upon retirement.

H0 The current rate of employees' registration has not significantly ensured registration of all public employees overtime (2009-2013).

H0 Prompt access to pension benefits cannot adequately guarantee retirees a comfortable life after retirement.

1.6 Scope of the Study

In terms of the scope, this study is set to assess the impact of the 2004 Pension Reform in the National Commissions in relation to retirement welfare of Public Servants. However, the National Universities Commission and National Sports Commission, Abuja are the selected organizations to represent areas of study from where samples shall be drawn from among their employees on the new scheme as study elements. The samples will not cover Zonal Offices of these bodies, as such the research will only look at the impact of implementation of the new scheme on the employees of selected national commissions as it relate to their welfare after retirement. The decision not to cover Zonal Offices of the selected commissions is taken because 80% employees of these organisations are concentrated at their head quarters. The study also covered the retirees under the new scheme and focuses on those that actually retired within the periods of 2009 to 2010 in order to allow adequate assessment of new scheme's impact as it relates to their welfare.

However, the period under study for the research will cover from 2009 to 2013; thus giving room for gestation period as the new policy actually came on in June 2004.

1.7 Significance of the Study

The first significance of any research work is to contribute and add to the existing body of knowledge in the area concern; in this case pension in the area of public finance and personnel management from the large field of public administration.

Various research works or studies found or available on the subject matter (i.e. 2004 Pension Reform), issues like its impact on Workers commitment, retention, attitude towards work and retirement by Chizueze C. Ikeji etal (2011), Application of the scheme on quoted firms by Dr. Faruk Abubakar (2011), Overview of the Nigerian pension scheme from 1951-2004 by E.N. Bassey etal (2010) and some others areas have been the focus by other scholars. But none of these studies have specifically targeted on evaluating the 2004 Pension reform in order to reveal its impact on the employees and the welfare of retirees in the public sector since adoption as it relate to their living standard. This is the main gap that stand to be filled at the end of the study.

In fact, in an impact assessment study, the research is directed at finding out what have been the changes in the state of things (i.e. guarantying retirement welfare for public employees) since the intervention. And this particular one being an impact assessment study, it tends to provide answers to the question of what has now changed since the introduction of the Contributory Pension Scheme (CPS) as it brings the pension matter from mono governmental level to the individual and organisational levels; especially as it has to do with the employees confidence in the pension system, the scheme's ability to adequately accommodate all employees into the scheme and ensure welfare of retirees through prompt access to retirement benefits. With answers of these nature, certain gaps also stand to be filled at the end of this research. And Answers of these kind will be of benefit to the government in its effort at implementing and also ensuring needed amendments or review of the Pension Act of 2004 as the work will reveal the state of realisation of the reform objectives as it relates to the variables in the hypotheses. Therefore, specific significance of this study would be that:

At the end of the study, it will help policy administrators in charge of management of the new pension scheme in addressing some of the problems of implementation facing public organisations as regard compliance to the new pension policy in order to further build employees confidence in the scheme.

Potential retirees as well as other pensioners shall best be enlightened about the new pension scheme and also be educated on how to organise their retirement plans; thus reducing the level of distrust of the policy by the workers and securing their commitment to the principle of collective responsibility involved in the new scheme; thus enhancing the accommodating ability of the employees by the administrators of the policy.

On the whole, this work will serve as a reference point for the government in assessing the state of the policy implementation on reducing the burden of pension funding and guarantee quick clearance that will allow prompt disbursement of benefits to pensioners; and these are the ultimate goals of the pension reform. All these shall also be of asset to researchers seeking knowledge or information on related subject matter.

1.8 Definition of Key Terms

1.8.1 Pension: Pension here entails a reward for an employees who have serve an organisation over certain period of time, where such rewards are deferred to a later date when he or she is considered to have disengaged his/her service to the organisation.

1.8.2 Pension Plan/ Scheme: This is referred to as a financial plan that allows someone to receive money after he/she and/or their employer have paid money into for a number of years.

1.8.3 Contributory Pension Scheme: This stands as a pension plan that allow someone to receives money after he/she and their employer have jointly paid/ funded money into it for a number of years. This is also referred to in the work as Defined Contribution.

1.8.4 Non-contributory Pension Scheme: Unlike the above this is taken as a form of pension plan that allow a retired employee to receive money after only the employer have paid same into for a number of years. Also, it is referred to as Defined Benefits in this work.

1.8.5 Retiree: This referred to a person who has stopped working or who has disengaged his service with his/her employer as a result of retirement.

1.8.6 Retirement: This is when someone (i.e. an employee) leaves his/her job and stopped working usually because of old age and/or voluntary disengagement of service.

1.8.7 Workers Welfare: In this study welfare is taken to mean the condition in which the new scheme place retired employees by adequately accommodating them into the system and with such condition considered good enough to allow him/her live his/her desired choice of life but at least meeting with his/her basic socio-economic responsibilities like; ability to carry on children's education, family feeding/health needs/clothing/shelter, social relationships (i.e. Socialisations), alternative means of livelihood etc.

1.8.8 Employee's Confidence: This is used as the feeling of certainty about something's (i.e. CPS) abilities to live up to expectation. Therefore, it is the employees expression of trust in the new pension system.

1.8.9 Prompt Access to Benefits: This is used as the situation where retired employees of an organisation get possession of their retirement benefits as and when due. Thus, it is the receipt of retirement entitlement without any form of delay through exercise of signatory right on Retirement Savings Account.

1.8.10 Compliance to Public Policy: This is used here as following the provisions of the 2004 pension act by all the industry stakeholders step-by-step and religiously in their implementation drive in order to ensure full attainment of its objectives.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

This chapter of the study is devoted to getting the researcher and the readers fully familiar with literatures with respect to the research topic. The literature review gives vivid analysis of the subject matter. It identify various reviews from books, journals, seminar papers, workshop papers, published and unpublished papers as well as newspapers, magazine and online materials on the subject matter. The theoretical framework is devoted to viewing the problem or topic from the perspective of a particular theory in order to broaden our understanding from scholarly point of view.

2.2 Literature Review: The Concept of Pension

Pension according to Fapohunda (2013) is simply the amount set aside either by employer or an employee or both to ensure that at retirement, there will be something for employee to fall back on as income. It ensure that at old age workers will not be stranded financially. In order words, pension is aimed at providing workers with security by building up plans that are capable of providing guaranteed income to them when they retire or to their dependants when death occur. Hence, it is through an organised pension scheme that an organisation can demonstrate that it has the interest of its employees at heart.

Fapohunda (2013) in further buttressing the above point expresses that, pension is therefore a significant tool in the hand of organisations used to manage employees career. Thus, an assurance of a secured retirement benefit help organisations to attain and retain certain levels of labour productivity. In the same light, Armstrong (2010) cited in Fapohunda (2013) affirms that pension also helps employees to readjust themselves properly into the society after leaving

employment. In order words, it constitutes an important tool in the hands of management for boosting employees morale which may lead to efficiency and increased productivity of the employees in particular and the organisation as a whole. In variably, employers use pension as one of the devices in meeting their social responsibilities to their employees and thereby attract goodwill.

Looking at the above scholarly submission, one can deduce that an employer has a moral obligation to provide a reasonable degree of social security for workers especially who have served for a long period. Hence, agreeing with the views, we can take existence of a secured pension plan in an organisation as a form of employees welfare which was however deferred for the rainy day. Most employees often look up to this particular welfare package as it help reassured a peaceful and happy life to them and/or their dependants should the era of their engagement in the organisations terminates. In order words, this employees welfare package is referred to as retirement welfare in many quarters. Thus, every organisation must ensure that an organised pension plan is in place at all time.

2.2.2 Pension Reform and Workers Welfare in Organisation

According to the HR Magazine (2015), workers welfare is a term used to describe various services, benefits and facilities offered to employees by the employers. The welfare measures need not be monetary but in any kind/forms. Thus, it includes items such as allowances, housing, transportation, medical insurance and food. Employees welfare also includes monitoring of working conditions, creation of industrial harmony through infrastructure for health, industrial relations and insurance against disease, accident and unemployment for the workers and their families. Through such generous benefits, the employer makes life worth living for employees.

From the above therefore, employee welfare connotes provision of various benefits and service to ensure their welfare. While providing this may increase organisation's expenses and negatively affect their bottom line (i.e. capital base and/or profit margin), looking after employees will benefit the firm in other greater ways. By providing a plan that is good for employees' welfare, you show them that you value them. This can help make them feel welcome and happy in the organisation; motivating them to work harder.

Very important in the above connotation of workers welfare by HR Magazine to this study is the twin concepts of benefits and facilities. Linking these concepts to providing insurance against unemployment for the workers and their families makes all the senses. Therefore, insurance for workers and their families against unemployment could be taken to mean a benefit which can be provided through a facility. Thus, such insurance for workers in fact is a social security. This social security is not targeted at the life of an employee while in the organisation; but taking care of their future after retirement. By implication, the basic purpose of workers welfare is to improve the lot of the working class and thereby making a worker a good employee and a happy citizen. This in essence is what pension stand for; thus an insurance against employees' unemployed future (i.e. retirement period) to cater for the wellbeing of themselves and that of their families.

But HR Magazine (2015), was quick to add that welfare measures are in addition to regular wages and other economic benefits available to employees under legal provisions. Therefore, such benefit must be provided through a legally backed facility in order to ensure assurance of it reaching the intended beneficiary. Hence, the legal instrument providing such benefit must be properly rooted in law (i.e. act of parliament) in order to strengthen the facility upon which the benefits are delivered. This justified the reform of the pension industry regularly

in order to position the scheme at any point in time to deliver retirement benefits to retirees as a way of providing them with a welfare package (i.e. deferred employee welfare).

2.2.3 Pension Reform and Implementation of Public Policy

Voters elect governments to solve social problems that are threatening their happy living. Governments thus resort to designing huge array of programmes through which public goods are delivered to the citizen. A sizable literature has been devoted to finding answers to problems limiting programme performance. Weaver (2009) suggest that, core of the programme's failure mostly arise from poor compliance and/or limited implementation. And surprisingly, little theoretical attention however has been devoted to this final step of public policy making chain. This he further says explains why the targets of public policies do or do not comply with those policies. In essence, implementation of public policy that behave in ways that are inconsistent with the objectives of the policy tends to dash the hopes of the target beneficiaries; thus limiting their level of confidence in the government.

Weaver (2009) therefore went on to express that, very few policies are self-implementing; i.e. a declaration of policy requires no further actions to bring about the desired changes in policy outputs and outcomes. Hence, most policies that are not self-implementing requires actions by a broad array of corporations, or other actors if they are to achieve their objectives. Thus, for a policy of this nature, like that of pension reform act of 2004 which requires policy actors (i.e. PenCom, PFCs/PFAs, etc) to act in accordance to the provisions of the policy, the issues of implementation must be taken seriously especially as it has to do with compliance to the policy specifics. That is, following steps involve in the implementation process; for instance, the 2004 pension reform requires that contributions made by employees ought to be deducted at source and remittance made directly to PFCs which in turn sent

notification almost immediately to PFAs in order for employees' RSAs to be credited to its value. All these steps and others not mention are processes involve in the implementation of the pension reform act 2004. Therefore, when any of these steps are taken with levity, then the objectives of the policy will surely surfer. This is because, most of these implementation steps are performed by different actors and each of the steps depend on one another in order to record full implementation. Invariably, when non-compliance to any of these steps is recorded, then the entire implementation process will surfer setback. Fundamental among such setbacks could bring about a situation where employees loses hope in the policy's ability to secure their welfare upon retirement; thus killing any confidence they must have expressed on the policy.

2.2.4 Pension Scheme in the Public Sector and Employees' Retirement Welfare

As improvement in personnel administration and management had been assuming increasing importance, pension matters have also, although belatedly in developing nations, been similarly gaining much more attention from the employees and employers alike. This is why Joseph and Joseph (2011) expressed that pension issue has tended to lag behind other aspects of personnel administration such as recruitment, training, compensation and other condition of service. They further observed that, in More Developed Countries (MDCs) , the proactive nature of their governments to reduce retirees' pension problems has fairly increased attention paid to pension matters. Conversely, in the Less Developed Countries (LDCs), the agitation of pensioners, because of dehumanizing conditions and severe limitations that they have been subjected to for quite some time, informed the pension reforms.

In spite of the proactive premise on which pension reform in the MDCs is based, it is still a relatively recent phenomenon dating largely to the 1960s and 1970s (Joseph and Joseph, 2011). This contrasts with the body of personnel administration/management that has received

increasing and positive attention largely since the early 20th century. In the LDCs, such as Latin American and Asian Countries, where pension reforms followed in the heels of the MDCs, such reform started in the 1990s. However, other LDCs, such as Nigeria, were generally to follow in the 21st century.

Generally, justification for pension reforms is noble as they are interesting and informative. As Lindbeck and Persson (2003) opined, pension reform, if properly managed, can ensure a sustainable pension scheme that helps to motivate workers and give a decent life to a pensioner and his dependents. He will not live from hand to mouth, or be a liability or pitiable lot or social burden to his children and relatives. Therefore, sustainable pension scheme, researches have shown, is about the only mechanism which can change the wealth of a contributor. In other words, being an actively, lively healthy person, following the social benefits of adequate pension scheme or reform, a pensioner can continue to be useful to his community for quite some time long after his retirement (Joseph and Joseph, 2011). This they said could be in terms of participation in the community's activities, where he could put at their disposal his wealth of experience which could help in adequate management or deployment of the scarce resources more usefully. What this explain is that, a well pleased pensioner will not witness social depression that will limit his level of socialisation. Thus, part of employee's retirement welfare aspect that an effective pension scheme can guarantee is this non-monetary gain.

From the above, one can deduce that, pension plan should be structured to ensure optimal managerial efficiency in order to yield for the beneficiaries, better and purposeful retirement welfare not limited to monetary terms alone. As Shiller (2003) cited in Joseph and Joseph (2011) thus expressed that, such pension scheme can only be achieved through structural reform of the system, especially in the Less Developed Countries (LDCs), which has the capacity to establish

new structures to remove the nagging problems of pension administration from the over burden government which nonetheless is largely known in many polities to be a non-prudent manager. In other words, reform in public pension scheme in LDCs should enable governments to key into the contemporary market economy of financial infrastructure. Only through this process Shiller (2003) says can reform of the pension system guarantee financial durability of the pension scheme. This position is justified judging from experiences in the past where pension finance could be arbitrarily used (i.e. misappropriated) as palliative to the shortfall on certain segment of the population. In essence, the current pension scheme being operated in Nigeria has the potential of placing public employees on a better retirement welfare through guaranteed financial durability devoid of fund diversion to other areas of social needs which was made possible under the pre-2004 pension scheme largely due to its reliance on annual budgetary appropriations.

Idowu (2006) in Joseph and Joseph (2011) following in this line, further buttress the above point by saying, such structural reform of the pension system helps to put in place proper economic incentives to improve compliance with obligations, reduce labour market distortion, increase savings and accelerate financial market development. And that, in spite of initial or pre-funding high cost of putting up such a scheme, such funding is regarded as an investment with the capacity to eventually yield returns on investment. This can be said to be true as it has help to drastically reduced financial impact of pension on the national budget.

However, Idowu (2006) still in Joseph and Joseph (2011) was quick to warn that for the scheme to be effective and yield optimum results, situations where benefits from contributor's fund investment are not explicitly linked to contributions made and other such limitations should be addressed. This is very important in the sense that, for any pension scheme to ensure desired

retirement welfare for the employees, such scheme should be devoid of any managerial and operational hinges that can hinder the effectuation of its cardinal objectives.

In all, the relationship between a pension scheme in the public sector and employees' retirement welfare could be deduce from the submission of Chang and Jaegar (1996) when they say;

> *people who have worked productively and successfully and retired from service should be able to enjoy their retirement with adequate funds and hence with positive ripple effects. Such a situation can only be obtained from the existence of a satisfactory pension scheme which has proved difficult for governments across the world, in both More Developed Countries and more so in Less Developed Countries* (Joseph and Joseph, 2011).

From the above submission, one will be made to reason with various governments which have been engaging in pension reforms so as to reduce their financial commitments, while at the same time fulfilling the social corporate responsibility to their retired persons and their dependants.

2.2.5 Scholarly Views on Public Sector Reforms: Government Intervention in Response to Public Problems

Many scholars have contributed to making governments intending on any reform in the public sector to carry out such reform with the intention of introducing and creating new ways of doing business in government. That is, reforms that will bring about innovation on practices in the public service. Some of the works of these scholars are reviewed below.

The Incremental Approach (Charles Lindblom)

Charles Lindblom's incremental Approach on public policy is one of such scholarly works which is said to be based on the foundation of reviewing the rational comprehensive theory of H.A. Simon (Olaniyi, 2001). In reviewing Simon's theory, Lindblom came up with

certain criticisms. The first criticism is that having a complete knowledge about a phenomenon is certainly beyond the reach of mortal or is most at times unattainable (Abdulsalami, 1997). Also that, no societal value is usually agreed upon, but that what is normally agreed upon is the value of specific group or individuals. He and the other scholars also express reservation about the environment of most societies (especially the developing nations) seeking to solve a problem. That the nature of the environment makes it almost impossible for policy makers to clearly weight the cost and values being considered and that even if the environment is enriched enough to allow that, policy makers are often not motivated to carry out their work objectively.

As a result of these perceived drawbacks, Lindblom went ahead to proffer different theory alternative which he think could best solve public problems. Lindblom who is the founding promoter of this theory posits that, the task of policy makers should rather be a continuation of past government efforts with only incremental modifications (Abdulsalami, 1997). That, policy makers should accept the legitimacy of previous policies because of the uncertainties about the consequences of a completely new ones; thus, it is safer to stick to known programmes when the consequences of the new one cannot be predicted. Hence, Lindblom postulated some guidelines in reaching the same desired solution to a problem. These postulations or assumptions as found in Ngu (2006) are:

(1) Identification of the problem;

(2) Gathering information on past experiences on how similar problems were handled in the past;

(3) Identification and examination or consideration of a few solutions that appear to be feasible from among the past efforts; and

(4) The choice of the solution that appear to make contribution to solving the problem without necessarily drastically changing or altering the existing practices (i.e. in structure and institution).

Simple as this the ideology would want to make public problem solving looks through policy process, scholars of policy analysis have come up with certain drawbacks of this theory which have make it imperfect in the face of societal problems with huge magnitude requiring radical changes or overhaul especially as a result of unpleasant or unsatisfactory experience from past policies used to address the problem. This can be summarised with the view of an Israeli political theorist, Yehezkel Dror who is seen as one of the greatest protagonist of Lindblom's incremental theory when he express his reservations about the theory as follows: *The marginal change acceptable to incrementalists may not suffice to meet growing policy demands. As policy needs change, decision makers may have to develop innovations bolder than those contemplated by the incremental approach (Olaniyi, 2001).* Thus, proffering past policy solutions in solving new problems may not suffice for them at all times no matter how similar the problems might be. Hence, sticking to this ideology in societal problem solving will certainly not materialize any reasonable result as problems defer in magnitude or impact owing to growing demands and societal advancement or growth.

Mixed-Scanning Approach (Amitai Etzioni-1967)

Amitai Etzioni is yet another scholar who focused his writing on policy making. In disagreeing with both the rational and incremental theories came up with his own theory known as the mixed-scanning approach to policy issues which he considered as superior to any other one. He began the advancement of his Approach with criticism of the rationalist idea in the same way done by Lindblom when he argued that rationalism is practically unrealistic and normatively

undesirable (Ngu, 2006). Despite disagreeing with the rationalist in the same way as did Lindblom, he did not agree with the idea of Lindblom's incrementalism either. Therefore, Etzioni then came up with idea of what some scholars described as the model of moulding-through. That depending on the circumstances, policy makers should blend between the rationalist and the incrementalist ideologies.

Hence, it suffice to say that what Amitai Etzioni propounded and called a theory is actually not a theory per say, but could best be described as an acceptance of the views of Lindblom and Simon depending on the situations and nature of the problems. This same view was expressed by Ngu (2006) when he said mixed-scanning cannot claim to be a new or unique theory of public policy making; but at best can be said to be a little improvement on the incremental idea but ensuring a more creative search for alternative before resorting to straight use of past policy solutions.

Reinventing Government Model (Osborne D. and Ted Gaebler-1993)

Osborne and Gaebler's "reinventing government" is an independent model which does not draw its own base from review of other scholars' works. Reinventing Government theory is a model that viewed public service reform as a "radically new way of doing business in the public sector" (Rameo: 2010; 248). The model represents a basic philosophy of reform in government as a paradigm shift from the New Deal Paradigm of 1930s to 1960s towards the entrepreneurial government.

With its entrepreneurial government philosophy consists of ten principles which government around the world must innovate into their system for better output for the citizenry. These principles they introduced in making government entrepreneurial are: competition, empowered citizens, focus on outcomes, mission driven goals, redefined clients, problems

prevention, money and cost consciousness, decentralization, market mechanism and lastly sectors catalyzation. These are the ten principles outlined by them as a model – guide for any administrative reform efforts of governments.

1) "Any government intending to be entrepreneurial must promote competition between service providers;
2) Citizen must be empowered by pushing control out of the bureaucracy, into the community;
3) Agencies performance must be measured by focusing not on inputs but on outcomes;
4) Government activities should be driven by their mission based goals and not rules and regulations;
5) The public sector client should be redefined as customers and they should be offered with choices…;
6) Government should adopt preventive measures rather simply offering services ad solutions afterward;
7) Government should also put their energies into earning money, not simply spending it;
8) Authority should be decentralized, by embracing participatory management.
9) Government should discard bureaucratic mechanisms, and in place, market mechanism should be embraced; and lastly;
10) The focus of providing service should not simply be a monopoly of public sector, but on catalyzing all sectors (public, private and voluntary) into action to solve the community problems" (Osborne and Gaebler, 1993:19-20).

These are the believes of the proponents of the reinventing model of public administration reform. That is, in embarking on any reform programme, the objectives should be to make government to be run like a business entity and having fully entrepreneurship spirit in its goals; that, through the above ten principles that stride will be achieved, and that the society will be better for it.

2.3 Theoretical Framework

As earlier intimated, this section of this chapter is devoted to reviewing related theory that can enhance the understanding of the subject matter of research. In any academic analysis, better understanding can only be achieved through the instrumentality of theoretical farming of the phenomenon. In this scenario, certain theories are going to be reviewed and thereafter see whether the contributory pension scheme (i.e. 2004 Pension Reform in Nigeria) fit into any of them both in character and actions and/or principles (i.e. assumptions) in solving the hitherto fundamental objective of pension (i.e. workers welfare in retirement).

Therefore, for the purpose of this study, the Rational Comprehensive Theory by H. A. Simon on public policy making is adopted and therefore reviewed before applying it to explain this research work.

Rational Comprehensive Theory (Hebert Alexandra Simon-1969)

The rational comprehensive or pre-rationality associated with H.A. Simon is seen as a step beyond other models in the area of public policy analysis. The theory is targeted at analysing public policies and how best to realise the ultimate result possible in the face of a problem. According to Chandler and Plano in Olaniyi (2001) Rational Comprehensive theory of policy analysis is “a system’s analysis approach based on principles of scientific investigation and scientific problem solving”. Also, Charles (1959) in Olaniyi (2001) in his attempt to analyse

the work of H.A. Simon on pre-rationality theory, identified five (5) basic principles or assumptions of rational comprehensive approach on policy making. These are:

1. Classification of values;
2. Means-end analysis;
3. Choice of most appropriate means to achieve desired ends;
4. Comprehensive analysis; and
5. Analysis that is theory-based.

In trying to explain the above basic features, Ngu (2006) says, these common features of the rationalist idea imply that the starting point for a rational comprehensive policy making is the problem identification. Having identified the problem, the policy makers tries to get information or collect data or abreast themselves with necessary aspects of the problem so identified as well as possible alternative solutions to the problem. They then assess or evaluate the feasibility or values of each of the various alternative solutions. Thereafter, makes the choice of best possible solution based, not on his personal consideration of values, but on logical rules or objectivity, which is similar to the doctrine of "rational economic man" and Max Weber's legal-rational bureaucratic model in which decisions are based on impersonal rules and regulations or values. The foregoing stresses that, rational comprehensive principles is of the belief that serial adjustment to problem situation does not stop the problem from persisting. And that, the best thing to do in a situation of problem is to majorly seek for means of handling the problem and put it to a permanently solved condition as best obtainable. Thus, the Central Assumptions of the theory are:

Assumptions of the Rational Comprehensive theory:-

The central assumptions upon which the rational comprehensive theory of policy making is based are as follows:

(a) Existing of a problem demanding attention as well as identification of such problem by relevant stakeholders;

(b) A study of the problem in terms of dimensions in order to identify possible alternative means of addressing it by gathering information related to the problem;

(c) Establishing of complete inventory of other values and of resources; (i.e. the worth of solving the problem relative to the requiring resources: cost-benefit analysis);

(d) Weighing each of the identified alternatives in terms of cost to solving the problem;

(e) Evaluating the resultant consequence of the weighted costs of using each alternative to solving the problem;

(f) Finally, applying the best alternative having in mind the net value achievement of the chosen alternative.

In fact, Abdulsalami (1997) in trying to analyse the intent of the rationalist ideology to problem solving express that, in rational comprehensive theory the policy makers seeks to promote the common good and the general welfare of the society; therefore, the central intent of the apostles of the model is to maximise the "net-value achievement." Thus, from the above assumptions, after identifying a problem, the policy makers takes into account a wider spectrum of facts (i.e. information) in selecting or determining society's values, preferences and their relative desires (Abdulsalami, 1997). Hence, the theory is ideally based on complete knowledge and information about the subject matter in question. That is, all the societal values and preferences (i.e. problems and desirability to solve it); and their relative weight as well as all of

the alternative, and making choice of final alternative believed to maximise the weighted value and preference.

Despite all these assumptions and potential of this theoretical ideology to making policy choices capable of solving societal problems; scholars have make far reaching criticisms of the idea as its flaws hampering its effectiveness. Of such scholars are the likes of Charles Lindblom, Amitai Etzoni etc as could be observed in the literature review above. In fact, in their critique of the rationalist idea they said, realisation of optimal result going by the conditions of the theory is totally an impossible task and a waste of effort and resources. We will see how this criticism will stand at the end of the work.

2.3.2 Application of Rational Comprehensive Theory to the Analysis of the Study

Certainly, the contributory Pension Scheme as provided in the Pension Reform Act (2004) is a public policy, because, a public policy as defined by Sharkansky (1970) cited in Abdulsalami (1997) is an action taken by government in response to a perceived public problem. Thus, to him, the ultimate goal of a public policy is to solve or resolve a public problem or provide a public service or meet a public interest; hence it is not only a major guideline for action. And from the above theories reviewed, the rational-comprehensive theory by H.A. Simon is most appropriate for furthering understanding of the subject matter. Thus, going by the earlier review on the rationale behind the enactment of the 2004 Pension Act as a way of reform of the pension industry, we can conclude that pension matter in Nigeria at the pre-2004 era was actually a fundamental public problem waiting for a governmental action. As such, it is clear that, the Contributory Pension Scheme introduced in 2004 through the reform process was a response by the Nigerian government to the public problem (i.e. defective pension system).

Before the 2004 policy effort by government to address the plethora of problems inherent in our pension system, government have been involved in the practice of approaching the problem using minor reform or adjustment of the existing one, i.e. what PenCom (2006) called parametric reforms. For instance, since 1951 Pension Ordinance and the 1979 Pension Decrees 102 and 109 respectively, which are not in themselves different in principle (i.e. both are non-contributory - PAYG) subsequent effort by government to address any of the perceived pension problem were characterised by minor adjustments. For example in 1992, the provisions were alter only on the qualifying year for pension from 10 years to 5 year and 15 year to 10 years respectively (Ifeanyi, 2010); thus, maintaining the previous practices of non-contributory policy. In essence, this past government effort at reviewing pension policies in Nigeria (especially in the public sector) is best describe as incremental approach to solving the problem i.e. administering minor modification to the existing one without necessarily altering the old practices both in structure and institutions.

Therefore one is forced to accept the ideas of the rationalist ideology as better explaining the 2004 policy effort of government to reform the pension system in Nigeria. In fact, PenCom (2006) observed that, the PRA 2004 was indeed a major reform on the entire pension system in Nigeria altering both principles and practices. After rationalising the need to address the problems in the pension system in Nigeria which in fact is identification of a problem, the FGN initiated a number of measures aimed at reforming the pension system in the country.

According to PenCom (2006) several committees were constituted as study groups to examine and propose strategies to address the problems of the pension system. The committees, which comprised various stakeholders, were unanimous in their call for a major reform in the

industry which subsequently led to the introduction of CPS. Extensive consultations with key stakeholders were held through various seminars and interactive sessions.

In addition, the various committees of the National Assembly held series of public hearings where key stakeholders and interest groups were given opportunity to comment and provide inputs as part of the legislation process. Perhaps, these activities of engaging study groups (i.e. executive and legislative committees) were indeed opportunity to seek input from relevant stakeholders which could qualify as a compliance to the rationalist principle which require policy makers to seek information and knowledge on how to best handle the problem.

And for the committees and stakeholders to be unanimous in their call for introduction of the CPS must actually be borne out of clear understanding of the problem, as such proffering the most appropriate measures to the authority.

Notwithstanding this compatibility of the rationalist theory to the study, it is not to say that the theory have no draw backs or a total disagreement with the critics. As the incrementalist proffer in their third (3^{rd}) assumption above, what if after examining and considering previous measures at tackling a similar problem none appear to be feasible towards solving the problem; the situation should be left unattended to? Thus, a rational being will always have to make a move in such situation even if the move might not totally address the problem. In fact, the 2004 pension Reform was a total overhaul of the pension system in Nigeria which is all encompassing (i.e. accommodating all employees of both public and/or private sectors) of all stakeholders interest (i.e. employers and employees) on the bases of same principle and practices as well as same institutions and structures; hence, the burden of funding pension assets greatly reduced on the employer, and the employee now having rights giving considerable control and access to his

pension benefits, at the same time guaranteeing welfare of retirees on their own terms and standard.

The above to me is a balance of the interest in pension matters; as such the reform measure is therefore comprehensive and rationally thought out. It could however be said that rationalist ideology on policy making is not perfect as neither of the ideologies on public policy are; this might be the reason for the imperfection of the 2004 Pension Reforms. Hence, the just concluded move by the federal government which amended the Pension Reform Act 2004 through an Amendment Bill sent to the National Assembly in April 2013. Therefore, it is highly justified as in the above points on the use of the rational comprehensive theory to underpinning of this research thesis.

The relevance of the rational comprehensive ideology to the study of public policy (i.e. the 2004 pension reform) to this research work has exhaustively been expressed in the application and justification of the theory above, but however it can further be summarised as follows: no academic assignment can perfectly be understood using only the resources materials gathered on the topic of discuss, unless they are enhanced with scholarly submission in line or in tuned with the subject matter. The rationalist theory on public policy making is indeed a theory that best suits the analysis and understanding of this topic as it stand to be applied to the study in the final analysis of the data to show if the problems envisaged by the study has been comprehensively addressed considering the approach taken by government to solve it which we see as conforming with the ideas of the theory.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter is dedicated to laying down structural frame for the research exercise by presenting the basic research tools that will drive the flow of the entire work; especially the field activities. Research methodology comprise of a set of steps to be taken in carrying out a research. In some instances, scholars refer to it as plan of the research exercise (Asika, 2010), which are the techniques used to keep the researcher on the right track towards finding answers to the main problem of the study. Thus, what is the research design? What are the sources of data? Population of the research study and sampling techniques? What are the instruments for collection of the data? And lastly, what are the research methods for data presentation and analysis? All these questions stand to be answered in this chapter of the work.

3.2 Research Design

This thesis adopts the survey research method. This best study a portion of a population considered as a reasonable representation of the entire study population; thus using sampling method as well as questionnaire and interview tools to collate data from the subjects under study without necessarily manipulating the normal functions of the subject.

3.3 Population, Sampling Techniques and Sample Size

In research however, population can be categorise into known or unknown populations. Thus, population that is so large (i.e. far above 10000) that an attempt to ascertain the exert figure of the total might be confronted with situations of growth and/or reduction in the size occurring throughout the duration of the study, such population is best describe as an unknown

population (Cochran, 1963:75 cited in Israel, 1992). But when certainty is assured about the figure of the total of a study population, then such is then taken to be a known population.

Therefore, in this research the entire employees and retirees of national commissions affected by the new pension scheme stand as the population. Hence, the entire population for this study is considered as unknown because owing to the duration of this study spanning between 2009 to 2013; events like new employed and/or termination of employment are bound to occur within the commissions which can change the tide of the entire population. However, this population comprise of the total number of staff of the establishments under study who are under the administration of the new pension scheme and the total number of the retirees from the establishments that retired based on the new scheme. The staff yet to retire but have their pension plan administered using the new scheme were equally considered in order to find out about how they feel about the prospect of their retirement life given the fact that the new scheme have pre-retirement impact on them and having knowledge about their former colleagues who have retired base on the new scheme. Thus, they stand a chance of relating the nature of the scheme based on their colleagues' experience which they must have been related to or heard of.

Notwithstanding the nature of this population for the study, the National Universities Commission and the National Sports Commission were selected to represent the commissions as the case study from where our sample were drawn from.

3.3.2 Sampling Techniques and Sample Size

In determining a sample from any population under study, there are techniques to be employed in order to have a fair and unbiased representation of the elements in the population. The choice of techniques adopted is actually informed by the nature of the research and/or population. Hence, sample technique used in drawing a sample from a smaller population of say

less than 1000 or a known population cannot be appropriate for a larger population of 10000 or above (i.e. unknown population). As such, considering the population of this research thesis which is large enough above 10000 and characterised as unknown, the formula for determining sample size for large population was therefore adopted. However, having arrived at a certain sample size figure, the simple random sampling technique was further used in the selection of elements from the case studies (i.e. the organisations) into the determined size. Thus, the sampling techniques of this study was a combination of both Cochran W.G.'s Equation for Calculating Sample for Proportion used for determining the sample frame (i.e. size), and the Simple Random Sampling Technique for the selection of elements from the population into the frame. In other words, while the unknown population formula was used for determining the sample frame, the simple random technique was for selection of elements into the size arrived at.

Therefore, the formula for applying the sampling technique for determining a sample frame using the Cochran W.G.'s equation for calculating sample for proportion is:

$$n_0 = \frac{Z^2\, p(1-p)}{e^2}$$

n_0 = Sample size (i.e. frame);

Z = Confidence level (95% = 1.96);

P = Degree of variability (i.e. The business advocacy Network suggested that where the degree of variability is unknown, 0.5 should be used; hence 0.5 is adopted); and

e = Level of Precision (i.e. 0.05).

Source: Cochran (1963): Sampling Technique cited in Israel (1992).

Therefore; the sample frame for this study is:

$$n_0 = \frac{1.96^2\, 0.5(1-0.5)}{e0.05^2}$$

n_0 = 385

From the above estimation, it has been determined that the sample frame or size for this research is **385**. However, the simple random technique was still employed to select the elements into the frame as indicated. Thus, the study respondents were picked from the pool of employees as well as retirees from each of the commissions selected to represent all the public commissions for this study (i.e. NUC and NSC as intimated in the scope). Hence, from the sample size (i.e. **385**), the number of the serving staff drawn into the sample was **333** representing **86.5%** of the total sample, while the remaining which is **52** representing **13.5%** were drawn from the pensioners. This is further depicted in tabular format below for easy comprehension.

Table 3.1: Population and Sample Size

Selected Commissions	**Population (Employees/ Pensioners)**	**Sample Size (Employees/ Pensioners)**	**No. of Sampled Staff**	**No. of Sampled Retirees**
National Universities Commission	787	182 (47.27%)	166 (49.8%)	16
National Sports Commission	1409	203 (52.73%)	167 (50.2%)	36
TOTAL	2196	385	333 (86.5%)	52 (13.5%)

Source: Research Survey, 2013.

3.4 Sources of Data

The sources from which data were collected for this research were the primary source and the secondary source.

3.4.1 Primary Source

This source has to do with having contact, first hand with the elements under study i.e. through direct or indirect observation of events; manipulation of the variables through an experiment; or by direct contact with respondents through administration of questionnaires and/or an interview (Asika, 2010).

For this thesis, the primary source were the information (opinions) provided by the sampled employees and retirees of NUC and NSC representing the entire population. The instruments with which we used in collecting the data were the questionnaires and interview. These instruments were directly administered (see appendix for questionnaires and interview guide). Direct administration of these instruments helped control the process of data collection and further, helped in ensuring high response rate, particularly from the questionnaires (see fig 3.3 for further discuss on instrument).

3.4.2 Secondary Source

This source includes data about the variables under study but such data are not directly sourced by making direct contact with the study elements. These data forming this source came from documents as books, journals, seminar, online publications and workshop papers. Also, documented materials were gotten from the Pension Commission most of which were downloaded from PENCOM website, internet materials, and newspapers.

3.4.3 Instruments for Data Collection

Instrument here refers to the tools to be used for data gathering from the primary source. The instruments to be used are the questionnaires and the interview.

Questionnaire

The questionnaires for this research were structured in-line with the variables as

contained in our hypotheses. The first variable is compliance to the 2004 Pension Reform, which has nine (9) items, to measure the extent to which the Contributory Pension Scheme has been implemented to make significant impact. The second variable is the confidence level workers have on the scheme. This variable has three (3) items to measure how much confidence the workers have develop following the pace of implementation of the new pension scheme. And this particular set of questionnaire is administered on the employees.

The third variable is from the second hypothesis to be measure using primary data; and it is prompt access to pension benefit. This variable has four (4) items to measure how easy it is for retirees to access their pensions after their retirement. The fourth variable from the hypothesis is retirees choice of life style which measured retirement welfare of retirees using five (5) items i.e. how sufficient the pension funds is in helping retirees live a life of their choice having accessed their pension benefits. This second set of questionnaire was administered on the retirees. (see the appendix for the questionnaires and the item measured therein).

The justification for the use of questionnaire to generate data on the first and third hypotheses is based on the fact that, it is the most commonly used instrument for data collection in survey research as this one. This is because, respondents find it more convenient to respond to it freely because it require them to act less in terms of writing at the same time to secure their identity than would other instruments. It basically involve drafting of questions on the subject matter in a manner that can ignite reactions from the respondents having in mind the hypotheses of the study. The other hypothesis was measured by using raw data from the secondary source.

Interview

Interviews allow researchers get as much desired information as possible, as the questions are open-ended which allows the interviewee to speak extensively about his/her

experiences about the subject under study. In this research, the interview (guided pattern) was used to generate qualitative data in order to carry out qualitative analysis (see appendix for interview guide and list of interviewees and presentation of responses).

3.5 Administration of Instruments

The above sample size (i.e. **385**) forms the portion of the population whose opinions were surveyed. The instruments were systematically administered to reflect the above table. Two set of questionnaires were prepared and distributed to the two segments making up the population (i.e. employees and retirees) from which the sample was drawn from. These were also prepared to reflect the hypotheses. While a set of the questionnaire was administered on the sample elements from among the serving staff of the commissions who are yet to retire but have their pension plans run on the basis of the contributory pension scheme, the other one was administered on the retirees of the commissions (i.e. those who retired on the new scheme).

Thus, based on the entire sample size, **333** questionnaires were prepared based on the first hypothesis and distributed to **333** respondents from the organisations serving as case studies (i.e. serving staff in both NUC and NSC).

However, these 333 questionnaires were further distributed based on the contribution of elements to the sample size from the case study areas as indicated under column 4 in the above table 3.1. The second set of questionnaires were prepared in the same manner reflecting the second hypothesis which was tested using data from the primary source and were distributed to the retirees who are about **13.5%** of the total sample size making **52** respondents. The distribution to the retirees was based on self administration during the course of the interview.

The interview instrument was however also administered on the serving staff, especially those at the senior cadre that find responding to questionnaire difficult. But the bulk of the

interview instrument was applied on the retirees from these organisations (i.e. those that retired on the new scheme). To contact the retirees, we relied on their frequent visits to offices of various PFAs, as well as at the PenCom and Pension Units of their former organisations (i.e. employers), especially at the Pension Unit of their former employers to resolve pending issues relating to records and documentations. It was at these stations that contact with them were made and consequently administered the interview as well as the questionnaires to those willing to respond.

3.6 Methods of Data Analysis

We used tables for the presentation of data collected. For analysis we used descriptive statistics tools of simple percentages and chi-square statistics. The chi-square tool was used for testing the first and third hypotheses of this study. Also, the Statistical Products and Services Solution (SPSS) was employed for computing the chi-square calculation.

According to Leven and Rubin (2007) cited in Faruk (2011), chi-square is a statistical tool for measuring the level of discrepancy between observed frequency (i.e. data) and the expected ones.

This is expressed as:

$$x^2 = \sum \frac{0(- \mathrm{E})^2}{\mathrm{E}}$$

Where: $\mathbf{x^2}$ = chi-square;

O = Observed frequencies;

E = Expected frequencies; and

$\sum$ = Summation.

The expected frequency is usually calculated by multiplying the column total by the total of row and then dividing the result by the grand total of each cell.

Thus: $E = \frac{CT \times RT}{GT}$

The $\mathbf{x^2}$ value obtained from the chi-square formula above would be compared with the value of the $\mathbf{x^2}$ table value at a given **level of significance**. The **V** for this research is dependent on the result generated by the computer SPSS which is most likely to vary.

Decision Rule:

The rule for deciding the outcome of the test result will be that: The earlier formulated statements of hypotheses stand to be accepted if $\mathbf{X^2}$ calculated is greater than (>) $\mathbf{X^2}$ critical (i.e. tabulated), but shall be rejected if the result shows otherwise (i.e. $\mathbf{x^2}$ calculated is less than (<) $\mathbf{x^2}$ critical). However, inferential statistical tool of regression was further used to test the second hypothesis using raw secondary data. On the whole, in calculating the hypotheses we used the Statistical Products and Services Solution (SPSS), which is a computer based tool.

Therefore, the variables of the hypotheses that were tested in the analysis are;

(a) Hypothesis One:

Independent variable – Compliance to the 2004 Pension Reform

Dependent variable – Employees' Confidence of Accessing Benefits

(b) Hypothesis Two:

Independent variables – Current Rate of Employees Registration (CRER)

Dependent variables – Registration of all Public Employees (RPE)

(C) Hypothesis Three:

Independent variable: Prompt access to pension benefits

Dependent variable: Retirees' comfortable life after retirement

CHAPTER FOUR

HISTORICAL EVOLUTION AND STRUCTURE OF THE NIGERIAN PENSION INDUSTRY

4.1 Introduction

This part of the study is devoted to enlightening the audience on the up to date state, nature and issues surrounding the research area. Therefore, the chapter gives the researcher the opportunity to know more about the research area (i.e. pension industry in Nigeria). In this case, the researcher explores more into the research topic which is considered very significant within the circle of the study; i.e., the 2004 Pension Reform. It explored this so as to show the evolution of the pension industry and government reform efforts as well as its impacts from the implementation of its innovations.

4.2 The Nigerian Pension System in the Public Sector Before 2004

In Nigeria, the first public sector pension scheme was the pension ordinance of 1951, with retroactive effect from January 1st 1946. The law provided public servants with both pension and gratuity. It is observed by Sule and Ezugwu (2009:49) that it was 28 years later (i.e. in 1979) that another effort was made on stimulating pension matters in the public sector. These were Decrees NO. 102 for public servants and 103 for the Armed Forces Personnel of 1979. Pension matter of the police and other government agencies were enacted under Pension Act No. 75 of 1987 and was followed by the Local Government Pension Edicts which culminated into the establishment of the Local Government Staff Pension Boards in 1987.

These Decrees, Act and Edicts remained the operative laws on public service and military pension in Nigeria until June 2004. However, there were several government circulars and regulations issued to alter the provisions and their implementations (Ifeanyi, 2010:3). For

example, in 1992, the qualifying period for gratuity and pensions were reduced from 10 years to 5 years for the public service and from 15 years to 10 years for the Armed Forces. In 1997, parastatals were allowed to have individual pension arrangement for their staff and appoint Board of Trustees (BOT) to administer their pension plans as specified in a Standard Trust Deed and Rules prepared by the offices of the Head of Service of the Federation (Oshiomole, 2009 cited in Ifeanyi, 2010:3). The Rules allowed each BOT to decided on whether to maintain an insured scheme or self-administered arrangement.

According to Oshiomole (2009) cited in Ifeanyi, (2010:4) there were three major regulators in the pension industry prior to the enactment of the Pension reform Act 2004; namely, Securities and Exchange Commission (SEC), National Insurance Commission (NAICOM) and the Joint Tax Board (JTB). SEC licensed pension fund managers while NAICOM is the agency responsible for licensing and regulating insurance companies involved with pension assets. The JTB approved and monitored all private pension scheme with enabling powers from schedule three (3) of the Pension Income Tax Decree 104 of 1993.

On the whole, prior to the Pension Reform Act 2004, most public organisation operated a Defined Benefit (Pay-As-You-Go) scheme. Final entitlements were based on length of service and terminal emoluments. The Defined Benefits (DB) scheme was funded by Federal Government through budgetary allocations, and administered by Pensions Department of the Office of Head of Services of the Federation (Balogun, 2006 cited in Sule and Ezugwu, 2009:50).

Furthermore, the Pension scheme became a great burden on the government, as it could no longer cope with the payment of Pension and gratuities to retiring workforce. Therefore, managing and administering Pension funds continued to pose a major challenge to government

in Nigeria (Okotoni and Akeredolu, 2005 cited in Sule and Ezugwu, 2009:50). Hence, Pension system in Nigeria before 2004 reform effort was characterised by Pay-As-You-Go (PAYG) defined benefit in the public sector, which is a non-contributory Pension system and was bedevilled by many problems. These problems constituted a setback for the scheme as they include non-availability of records, uncoordinated administration, inadequate funding, outright fraud, irregularities and conflicting laws, diversion of remitted and/or allocated fund, presence of ineligible pensioners on the pension's payroll, and incapacity to effectively implement budget and make adequate provisions (Sule and Ezugwu, 2009:50).

As a result of the above plethora of challenges, it became imperative to embark on reform to restore the hope of the Pensioners and the entire Nigerian workers. Responding to these, the Federal Government of Nigeria (FGN) in 2004 brought about a change in the management and administration of Pension funds in Nigeria with the enactment of the Pension Reform Act 2004 (Ahmed, 2006 and Pension Reform Act 2004 cited in Sule and Ezugwu, 2009:50).

4.3 2004 Pension Reform

The year 2004 will go down in history as an important watershed marking a crucial phase of the Nigeria's pension system as the Pension industry witnessed a major change in principle and practices different from those of the pre-2004 era. This view was also expressed by Ifeanyi (2010:1) when he said; The 2004 pension reform in Nigeria was a paradigm shift in social policy from the social model of the pre-2004 era to the Anglo-Saxon contributory model.

Thus, until June 2004, Nigeria had operated particularly in the public sector, a Defined Benefit (DB) pension scheme as earlier revealed, and was largely seen as unfunded and non-contributory. The system was characterised as a PAYG scheme since retirees were to be supported not by their previous contributions but by annual budgetary provisions. Because of its

unfunded nature, the system featured massive accumulation of pension debt, as well as corruption tendencies with its attendant negative consequences on the life of retired public workers. This position is further supported in the words of the former Head of Service of the Federation (HSF), Yayale Ahmed in 2004 when he said:

> *in response to the telling effects of such a system on the lives of our senior citizens and their families, the government of Nigeria under president Olusegun Obasanjo regime decided to take measures aimed at reversing the situation through developing a system that is sustainable and has the capacity to achieve the ultimate goal of providing a stable, predictable and adequate source of retirement income for each participant. Thus, with the coming into force in June 2004 of the Pension Reform Act 2004, a new pension scheme came to replace the previous Defined Benefit Scheme* (PenCom, 2006).

Therefore, going by the above views, the new pension scheme currently in operation in the industry is a total departure in principle and practices from the pre-2004 pension era. Taking a look at the Pension Reform Act (PRA) 2004 under Part I, section 1, the new scheme is a Defined Contribution (DC) scheme, which as the name suggests, is contributory in nature; making it mandatory on the employers and employees in the public sector (and private sector organisations with 5 or more employee) to contribute at least 7.5% each of the employees' monthly emoluments into a Retirement Savings Account (RSA). However, for the military, the contribution is 2.5%, with the government contributing 12.5%. The dichotomy in contribution ratios between other public workers and the military is well thought-out in order to motivate security personnel .

On the contribution however, the Act further provide under section 2 of the first part for a situation where an employer may elect to contribute on behalf of the employees such that the total contribution shall not be less than 15% of the Basic Salary (BS), housing and transportation allowances of the employees (i.e. emoluments). An employer is obliged under the PRA, 2004 to deduct and remit contribution within seven (7) days from the day the employee is paid his salary,

while the custodian shall notify the Pension Fund Administrators (PFAs) within 24 hours of the receipt of Contribution (PRA, 2004). It further exempt contributions and retirement benefits from any form of taxation. To ensure that the principle of full funding of the asset, the PRA, 2004 provided that, contributions are deducted immediately from the salary of the employee(s) and transferred to the relevant Retirement Savings Account(s). Thus, by so doing, the pension fund exist from the onset and payments will be made when due.

The PRA (2004) further provide that, the scheme shall apply to all employees in the public service of the Nigerian Federation, Federal Capital Territory and the private sector (with exception of private organisations with less than five employees). The only public sector employees with exception are those who have three years or less to retire with effect from the date of enactment of the New Pension Act been 30th June, 2004 but with effect from 1st July of the same year (National Pension Commission, 2004 cited in Chizueze, Nwosu and Agba, 2011:53). The intention here is commendable as it signify a grace period of three years for the employees due for retirement before 2007; this is to give room for the pension fund to build up for every participating employee which those due for retirement within the first three years can certainly not be part of. Also exempted are the categories of persons under section 291 of the 1999 constitution of the Federal Republic of Nigeria (FRN) as amended. Although the PRA, 2004 provided that such person may join on their own volition. Likewise, existing pensioners that have already retired are exempted.

Elements of the Contributory Pension Scheme

The PRA, 2004 under section 2 part I expressed provide key objectives for the new scheme; these are to:

(a) Ensure that every person who has worked in the public or private sector receives his retirement benefits as and when due;

(b) Assist improvident individuals by ensuring that they save to cater for their livelihood during old age;

(c) Establish a uniform set of rules and regulations for the administration and payment of retirement benefits in both the public and private sectors; and

(d) Stem the growth of outstanding pension liabilities.

Under this provisions providing for the objectives, it is made clear that, the shall be strict regulation of the processes. It can be said here that all the features of the new scheme is quite promising if it can be implemented to the later; this shall however be verified through the field survey. Other fundamental elements of the new scheme are, provision for individual account and life insurance policy.

1. Individual Account: The employee is required by the PRA, 2004 to open an account to be known as a "Retirement Savings Account" (RSA) in his name with a PFA of his choice. This individual account belongs to the employee and will remain with him throughout his life. He may change employers or PFAs but the account remains the same. The employee may only withdraw from his account at the age of 50 or upon retirement thereafter. This withdrawal take the following forms:

i. A programmed monthly or quarterly withdrawal;

ii. A purchase of annuity for life through a licensed life insurance company with monthly or quarterly payments; and

iii. A lump-sum from the balance standing to the credit of his RSA: Provided that the amount remaining after lump sum withdrawal shall be sufficient to procure an annuity or fund the

programmed withdrawal that will produce an amount not less than 50% of his monthly remuneration as at date of his retirement.

The above options is another silent features of the new pension scheme as it give assurance that the pensioner has sufficient funds available for him throughout his life time. Also observed here is the control over benefit which the pensioners stand to enjoy. Although someone is pessimistic to express fear for a situation where at the end of the working period, a pensioner may chose to collect their savings in lump sum without the necessary discipline to manage funds effectively over a long period of time. However such fear can be allayed if the above options of accessing benefit are strictly followed because the process do not allow individuals to withdraw his accumulated savings at once, spend it all and then have no income when he is no longer in a position to work.

2. Life Insurance Policy: Every employer is oblige by the PRA, 2004 to maintain life insurance policy in favour of an employee for a minimum of three times the annual total emolument of the employee. This in fact is considered as a form of employment social safety measures guaranteeing such an employee under the policy of better welfare should any eventuality occurs.

4.4 Strategic Implications of the Contributory Pension Scheme (CPS) to Stakeholders: Opportunities and Challenges

There are several categories of stakeholders for the new pension scheme. According to PenCom, (2008:3) first among them are the workers (i.e. as contributors and beneficiaries). The second category of stakeholders are the employers and the government. Other stakeholders in the scheme also include the private players in form of PFAs and PFCs. However, attention as to the opportunities (i.e. benefits) and challenges is here focused on the most important of them – the

workers, employers, and the government. Therefore, this new scheme is not without some fundamental implications for these categories of stakeholders in form of opportunities and challenges.

Opportunities Inherent in the CPS for Stakeholders: According to PenCom (2008:) there are several ways in which the CPS is of benefit to the stakeholders. To the worker as the first stakeholder, it allow for the maintenance of RSA by each employee which gives them responsibility and control over their retirement savings. Pensioners will no longer be at the mercy of employers as participants are assured of regular payment of benefits. Also, PRA 2004 under section 11 provided workers with some rights known as "contributor's rights". These rights gives the pensioners the right to decide or choose how to allocate their retirement savings and diversify their investments over a range of investment instruments. This implies that, personal accounts would provide all workers higher rate of return than can be paid under define benefit scheme. As Sule and Ezeugwu (2009) will put it, this opportunities provided by the CPS will guarantee access to benefits as and when due, and thus tend to enhance their welfare than applicable in the past era of pre-2004. This is true as the new scheme still affords participants an opportunity to pass wealth to survivors in the event of death; therefore, the welfare of retiree dependents is to a very large extent covered, even in situation of dismissal. This can be said to be true because pension fund is made available at individual level.

PenCom (2008) added that, RSA maintain by millions of workers tend to generate massive long-term funds which are available for investment. They observe that owing to economies of scale, the cost of investing such funds tend to be relatively lower than when an individual worker were to undertake such investment on his own. Promising as transfer of such resources in favour of long-term asset could be as it is capable of positively impacting on capital

formation and investment as well as GDP growth it must be observe that such transformation of resources is very volatile to malfunctioning of the market owing to the large scale deficit of corporate governance in the private sector; except such problem is addressed .

Aside these benefits, the CPS is still full of other opportunities which are beneficial to the workers or participants such as the Minimum Pension Guarantee as contained in section 71 of PRA, 2004 for resources redistribution among lower income household participants; choice of mode of payment of benefits (i.e. either Programmed Withdrawal and Purchase Annuity for Life) etc. Flexible Labour Market Mobility which favours both employees and employers as it tend to create easy transfer and maintenance of RSAs and PFAs for the account beneficiary and benefactors. In a global environment in which change is a constant aspect of social and economic life, the scheme foresees the need of mobility of labour, thus provided a platform for adopting to changing circumstances. However, proper education and enlightenment on the processes should be ensured to reduce errors in record updating and documentation in order to allay any situation of delay in accessing benefit after final disengagement. Aside that, from field observation so far it has been revealed that employees are yet to enjoy such opportunities; therefore signifying lack of effective implementation.

As a major stakeholder, the government is expected to benefit in a number of ways from the opportunities created by CPS. Sule and Ezugwu, (2009) observed that, the scheme will stem further growth of pension obligations and provides a platform for addressing the liability. The PRA, 2004 provide government with opportunity to play key role in strengthening regulatory and legal environment. An institutional structure is developed for this purpose with establishment of National Pension Commission (PenCom); a regulatory and oversight body responsible for all issues concerning pension in Nigeria. This is in addition to a sister directorate (i.e. Pension

Transition Arrangement Directorate) to ensure smooth transition from the outstanding old scheme to the new scheme.

Other elements of the institutional structure of the existing scheme which provide opportunity for the government to steer the course of pension industry is the establishment of PFAs and PFCs, both of which are private sector institutions with requisite institutional capacity for promoting the success of the scheme. These bodies are licensed by the PenCom giving government direct regulatory and supervisory control over their activities in the pension industry. Beautiful as this opportunity might be, there is still fear over the existence of the problems like incompetency and corruption tendency of some pension office staff in these institutional structures in the hands of government and/or in the PFAs and PFCs. Thus, their capacity to perform their enabling tasks lies at the heart of the manpower they posses. As such, training for the board and chief executive as well as their staff is needed regularly to ensure they have adequate skills to perform their tasks. Therefore, institutional capacity building needed to be taken very seriously in addition to issues of effective supervision and monitoring in order to forestall malpractices.

Challenges inherent in the CPS: The implementation of contributory pension scheme in Nigeria has not been without it fair share of challenges since inception in June 2004; especially as it affects the public servants with its attendant impact on their welfare after retirement. Some of the issues are discuss below as identified by Ifeanyi, (2010).

(a) Pension Contribution Ratio (PCR): the issues of (PCR) between the public employers and employees is one of the major challenges of the CPS identified by Ifeanyi (2010) since its implementation begins in 2004. According to him, it is unjustifiable and unacceptable that both the government and its employees (i.e. especially the non-military personnel) to contribute the

same percentage of the employee's emoluments as pension contributions. I quiet agreed with him because, government who introduced the CPS should therefore provide some cushion to the employees by contributing higher percentage than the employee. For instance, while the PRA, 2004 provides that the public employees of non-armed force category are to contribute 7.5% of their BS, their employer is to contribute same. However, the military staff are to contribute 2.5% of their BS, and the government contribute 12.5% on their behalf. This is certainly against cost-benefit efficiency which ought to be skewed in the direction of the labourer in either category. Thus, government should endeavour to balance the equation.

(b) Accessing Retirement Benefits: There are some inherent problems in accessing retirement benefits under the CPS identified by Ifeanyi, (2010). First is the statutory retirement age which is not quite clear in the PRA, 2004. He gave an example that, while the public sector statutory retirement age is either 60 years and/or 35 years of service; whichever comes first, the retirement age varies between 55 years and 60 years in the private sector. However, the PRA, 2004 just stipulate that nobody should be entitled to make any withdrawal from their RSA before attaining the age of fifty (50) years as contained in section 3(1) of PRA, 2004.

The ambiguity which Ifeanyi, (2010) identify here about retirement age is very clear in section 3 (2)(c) of PRA, 2004 which state explicitly that any employee who retires before the age of fifty (50) years in accordance with the terms and conditions of his employment, shall be entitle to make withdrawal in accordance with section 4 of PRA, 2004 (i.e. conditional options in accessing benefits as highlighted in 2.1.1 above). This suggest that, the Act recognises that retirement age depends on the relative bargaining power of both the employee and employer. This situation pose a challenge of inability of voluntary retirees who are not up to 50 years to access their benefits on time. This challenge is further compounded by the breakdown in

informal social security system in Nigeria (Ifeanyi, 2010); thus jeopardising the welfare of such retiree. Hence, this category of retirees may not have a dignified choice of living standard until they are able to access their RSA.

There is also a difficulty posed by this challenge of access to retirement benefits as observe by Ifeanyi (2010). This challenge is pose by general low income in Nigeria that translate into low balance in RSA at retirement. The low income earner participants in the scheme may not be able to take up to a minimum of 25% lump sum from their RSA and still have RSA balance that would give them guarantee of periodic payments. This would have to be addressed if all retirees must be entitled to a dignified retirement life base on their own terms. Although, government and drafters of the PRA, 2004 may advance a rationale informing their regulations on access to benefit for the purpose of controlling inflation in the economy; but still, it tend to have repercussion on the welfare of the retirees.

(c) Funding Minimum Pension Guarantee (MPG): MPG which is one of the most unique aspect of the CPS as contain in section 71 of PRA, 2004 cover individuals who have contributed over some years but have not accumulated enough to have minimum pension as pre-specified by the Act. They shall be assisted by the state through MPG by providing the required shortfall amount. Thus, it is a form of redistribution of resources or progressive transfer of security to the lower income participants (PenCom, 2008). However, while the fiscal requirement for the MPG is shouldered by the government in other jurisdiction for instance in Chile, the PRA, 2004 in Nigeria does not explicitly come out with this (Ifeanyi, 2010). He further express that, more than 11% of retirees presently receive a minimum pension guarantee benefit, which cost 0.1% of GDP in Chile. Hence, the need for government to recognise this provision of the PRA, 2004 and bear it full cost in order to ensure a dignified retirement living standard as the retirees deserved. In

essence, all stakeholders should be responsible for funding the MPG as found in other OEDC jurisdictions. In view of this, government should also set certain part of her monthly wage bill apart in order to avoid lack of budgetary provisions. One other thing to be noted on this is that, leakages could occur on household basis where the spouse of high income worker may accumulate a relatively small balance and qualify for the MPG unless this is subject to a household asset or income test.

(d) Compliance: Compliance in the provision of the PRA, 2004 is more in the public sector as participation is made compulsory for all public organisations and their employees (PenCom, 2008). However, Ifeanyi, (2010) observe that, in the private sector, organisations with at least five (5) employees are required to implement the CPS. He said this compliance provided by the PRA, 2004 on the private sector has remained a challenge due to lack of comprehensive database of employers of labour in the country, therefore limiting the extent of enforcement by the regulator. I quite agreed with this position, an example could be drawn from restaurants in A.B.U. campuses with more than five employees but without any form of retirement plan for them. Similarly, private employers themselves are not willing to comply with the provision of the Act because it is regarded as additional cost to their organisations. And this problem is made intractable because high numbers of such private employers are not even registered with the Corporate Affairs Commission.

The CPS provides for an all encompassing system that involves not only the public and private sectors but also the informal sectors. However, because the informal sector lacks a coherent structure and has an unwieldy composition, its integration into the new scheme is made very herculean and difficult (PenCom, 2008). To me, For this to be address, some policy issues like contribution rate, mode of collection and enforcement would have to be reviewed. Scholars

still identify other challenges faced by effective implementation of the CPS such as financial and governance indiscipline, as well as strict compliance to the provisions of the Act (Bassey, Etim and Asinya, 2010). Thus, effort must be made to ensure that the amendment bill to the PRA, 2004 before the National Assembly (NASS) to address the major flaws of the scheme get accelerated legislative passage and not paying attention to factors of primordialism on the clause having to do with the requirement for the position of DG, PenCom.

4.5 2004 Pension Reform Implementation Efforts so Far

A number of measures have so far been taken to ensure implementation of the Pension Reform (CPS) since the enactment of the Act in June 2004. As summarised by the PenCom (2008), below are the highlights of implementation efforts:

(i) Licensing of Operators: According to PenCom, (2008) the commission have licensed some private players to operate in the pension industry. Out of eighty eight (88) applications received for operational licenses as PFAs, PFCs, Closed Pension Fund Administrators (CPFAs) and approval for continuation of existing scheme, fourteen (14) have been granted licenses to operate as PFAs, four (4) as PFCs and one (1) as CPFA, while five (5) existing schemes are granted approval for continuation, bringing the total of the operators to twenty four (24), (PenCom, 2008). The rest of the applications were rejected as a result of incomplete application, involvement with failed financial institutions and lack of clear understanding of the pension business. These reasons were advance by the commission as the PRA, 2004 require it to disclose reasons for rejection of applications.

It must be said here that, the efficiency of the pension industry for the effectuation of the reform Act or provisions rest greatly on the effectiveness of these operators.

Therefore, what is PenCom doing to ensure competency and standard among the operators. On this note, inquiry to the PenCom office reveal that to ensure this efficiency in the sector, the commission raised the capital requirement of PFAs from ₦150 million to ₦1billion which was completed in 2012. This claim was also confirmed by the former DG of the commission in 2012 in an address at a workshop for Journalist in Abuja, when he stated that all the PFAs earlier licensed scale through the recapitalisation exercise (Daily Times, 2012). Further research also reveal that about 3500 Nigerians are in the employment of the operators; thus also scaling down the unemployment in the economy (Ahmed, 2012 cited in Daily Times, 2012).

(ii) **Registration of Contributors:** According to the former DG, the PFAs through the efforts of PenCom providing facilities such as PIN and National Data Bank, about 5.28 million Nigerians have been registered on the CPS as at September 2012 (Daily Times, 2012). And that the commission have initiated legal actions against employers that have not complied with the Act. The effort of implementation here is however observe to be weakened by the capacity of the judiciary to ensure speedy dispensation of cases. A case in view is that of the power industry where up till date still have not enrol its staff on the new scheme and the case still being prolonged in court by the judiciary. Thus, the judiciary is expected to assist the commission in its implementation effort as it concern this issue.

(iii) **Accumulation of Pension Funds:** Report by the former DG (Ahmed Muhammad) revealed that as at September 2012, about ₦2.94 trillion have been accumulated as pension fund and/or asset. And that the commission pays retirees under the CPS about ₦1.77 billion monthly as pension. That about 54,558 retirees from both public and

private sectors had also collected over ₦151.52 billion as lump sum on retirement (Daily Times, 2012). It must be noted that safety of the fund and assets is key to guaranteeing payment as and when due. Thus, the DG at a workshop in Abuja, 2012 revealed that the commission has appointed about 124 Asset Recovery Agents for the purpose of failure in the industry (Daily Times, 2012).

Notwithstanding, the above research further revealed that most of the funds accumulated is from remittance from the public employers and employees. The commission further revealed that since January 2005, many private companies are yet to report contributions generated. Therefore, about ₦5.6 trillion contribution is what has come from private sector to PFCs (PenCom 2008). However, the commission exonerated companies in multilateral and Oil and Gas sectors as not among those not taking the contribution seriously. Thus, it shows that as at 2008, the APF in these industries stood at ₦600 billion, with normal monthly accumulation put at ₦6 billion.

The commission actually have no justification revealing to the public the negligence of the private sector towards contributions to the fund, what it should be revealing should be actions taken against such organisations to enforce compliance and commitment. Thus, is a sign of weakness on its part.

(iv) **Public Sector Employees Accrued Pension Right**: The PRA, 2004 requires that the accrued pension rights of employees who joined the new scheme shall be recognised for the period they had worked for the government before commencement of the Act. In compliance with this, PenCom has concluded actuarial valuation of accrued pension rights of Federal Government employees and issued retirement benefit bond which

redemption is funded by the government at the CBN (PenCom, 2008). This is actually a commendable fit on the part of the commission in ensuring implementation.

(v) Public Education and Enlightenment: As part of the strategies for implementing the pension reform, the commission embarked on intensive public education and enlightenment programmes involving seminars, workshops, roundtable discussions etc. Indeed the researcher can confirm this claim as he encountered so many papers and articles presented at workshop, seminars, public discussion etc in the course of this research assignment. I can also confirm that, PenCom has one of the richest resources material website among public organisations as material are made available for public consumption free of charge. Very important among this is the comprehensively prepared Frequently Asked Questions and Answers (FAQAs) to provide programmed response to frequent enquiry by stakeholders and the general public.

(vi) Increasing Coverage and Buy-in of the Scheme: In order to further expand the coverage of the scheme, the commission has held discussions with many State Governments and provided them with enlightenment papers on the possibility of implementing the reform at state and local government levels (PenCom, 2008). Of such effort is the provision of draft specimen of state pension laws to serve as model for states intending to domesticate the reform in their locality for compliance.

These are some of the implementation efforts made by the government so far since adoption of the policy. However, these implementation efforts are not without challenges as earlier identified in the challenges confronting the stakeholders in the CPS in the previous part of this chapter. On that, government as well as private sector and

labour stakeholders must intensify efforts to form a synergy in order to tackle these challenges that could sabotage implementation of CPS.

4.6 Transitional Arrangements from the Old Pension Scheme to the New Scheme in the Public Sector

In any reform involving a form of total transformation of an existing practice into a new one differing in principle and practices from the earlier one; a provision for transition must be made or provided to ensure smooth migration and evolution. As such, the stakeholders of the 2004 CPS were not unaware of this; therefore, provision is made for the transition. In a letter from PenCom to all affected organisations (i.e. both public and private) dated December 31st, 2004 titled "Implementation of the PRA 2004; Guidelines for Transitional Arrangements", provision for the migration was clearly provided.

Transitional Arrangement for the Public Sector: According to the transitional guidelines provided by the commission, there shall be an established Pension Departments in various MDAs under the new scheme to continue to administer the affairs of existing pensioners. However the Commission is to supervise these departments in the various MDAs. The responsibilities, funds and assets of the relevant existing pension boards or officers shall be transferred and vested in the established departments; the departments which shall however cease to exist after the death of the last existing pensioner. As part of my research survey (i.e. observations and interview) on the field, I shall investigate to confirm the compliance of public organisations to this guideline.

Likewise, the transition guideline provided a bond to be known as Retirement Benefit Bond (RBB) which will be issued to those who are currently in employment of the public service of the Federation & FCT where the schemes were unfunded, who are not however exempted

from the new scheme but have worked for a specified number of years, in recognition of their accrued rights under the defunct pension scheme (PenCom, 2004). In essence, the bond is recognising government indebtedness to them; however, it is only due and payable when they retire. This is intended to be of a significant benefit to the government, as it will not have to furnish immediately the entire funds required to change to the new scheme, known as transition cost. The advantage is really enamours and relevant to the success of the pension reform in order to allay fears of old workers nearing retirement before the adoption of the new scheme. Because being that the transition cost is usually huge, it can pose as a major hindrance to implementation, thus the use of the recognition RBB as provided by the act goes a long way to allaying a lot of difficulties for both workers and the governments in terms of liabilities which is now spread over a long period being that the old workers cannot retire at the same time. For smooth transition base on this provision, the problems of inadequate and inappropriate recoding keeping needed to be effectively dealt with.

Another aspect to the RBB on transition arrangement provided by the issued guideline 2004 is the RBB – Redemption Fund. Therefore, a fund known as RBB-Redemption Fund is to be established and maintained by the CBN. The Federal Government will pay an amount equal to 5% percent of the total monthly wage bill payable to employees in the Public Service of the Federation and FCT. Hence, the total of amount in this fund shall be used to redeem any RBB issued and payments into this fund shall cease after all retirement benefit bonds have been redeemed. Just as indicated in the last paragraph before this, the issue of record-keeping as regard the existing RBB to be redeemed must be taken seriously if issues of corruption as well as mismanagement of the fund must be ensured.

The issued transitional guideline 2004 by the PenCom, also provided the private sector with guidelines of transitional programmes in order to ensure effective reform implementation. However, the scope of this research is basically on the CPS as it impact on the public sector; thus review of transitional arrangement shall stop at the public sector level. Notwithstanding this, copy of the letter issued on the CPS implementation and guideline for transition in both sectors is made available at the appendix for the purpose of further education on that of the private sector.

4.7 Safety Net for the Contributory Pension Scheme

The success or failure of any national policy, especially as it relate to resources and workers welfare depends largely on the availability of a functional safety mechanism. Therefore, the CPS is not an exemption to such safety practices or precautionary measures. As PenCom, (2008:5&6), will put it;

> *The importance of safety of the pension fund assets cannot be overemphasised as the success of the pension reform is hinged on the availability of funds to contributors when they retire. Since the pensioner will utilise the fund at the end of his working life, it becomes imperative that adequate measures be taken for its protection.*

Observing from the above wordings, the issue of pension fund safety is the ultimate determinant of the realisation of the fundamental objectives or rationale behind the pension reform of 2004. This is true because, any malady in the warehousing of the fund or contributions by the relevant stakeholders will result in delay in the pensioner's access to their benefits as and when due which is capable of infringing on their choice of life style; thus retirees welfare. As such, the provision of safety mechanisms over the pension fund asset is sine qua non to fulfilling the cardinal objective of the reform which is payment of benefit to beneficiaries as and when due in order to ameliorate the poor condition of life of an average Nigerian retiree which they do not bargain for. Consequently, there are a number of stringent provisions contained in the PRA, 2004

with the singular objective of protecting the pension fund assets. These number of checks embodied in the Act in order to preserve the pension fund are discuss in the following points:

1. **Separation of PFAs from Custodians:** Although they PFAs and custodians both deals with pension fund assets, the functions of the PFAs and custodian are so clearly delineated that it made it difficult for either to misuse the funds or assets to the detriment of the contributors. As the PRA, 2004 provides, at no time will the PFAs have the custody of contributions of the employees. The contributions go directly from the employer to the custodian. On the other hand, the custodian will not invest the pension assets except with the order of the PFA under the directive of the RSA owner.
2. **Pension Fund Custodian Guarantee:** Another safety net of the Pension Fund Asset is that, the PRA 2004 requires any applicant custodian to issue a guarantee to the full sum and value of pension fund and assets held by it or to be held by it.
3. **Government Pension Contribution:** To allay any possibility on non-commitment of government to the contributory collective responsibility, the PRA 2004 provide that, public employers contribution shall be charge on the Consolidated Revenue Fund of the Federation.
4. **Risk Rating Institutions:** The Act provide that, PenCom shall ensure that any instruments in which pension funds will be invested shall pass risk rating examination which shall be carryout by appointed competent Risk Rating Institution (RRI).
5. **Compliance Officers:** The CPS, 2004 require of all participating PFAs to employ a Compliance Officer who will be responsible for ensuring compliance with the provisions of the PRA 2004 as well as the internal rules and regulations of the particular PFA. There

shall be required to also liaise with PenCom and the Board of Directors of PFA with regard to the activities of the PFA.

6. **Reporting Requirement for PFAs and PFCs:** In order to keep track of their activities, the PRA 2004 required licensed operators (PFAs and PFCs) to make a regular report of its activities to PenCom. This is considered as a onerous requirement by PenCom; but in view of the volume and nature of the funds the PFAs will handle, it becomes necessary to spot any wrong doing early. Besides, this information is expected to be passed on to PenCom electronically and would not constitute a hardship for any fully automated operators.

7. **Statutory Reserve Fund:** In order to ensure sound capital strength of the PFAs, the commission often do require of the PFAs to maintain a Statutory Reserve Fund, which shall be credited annually with 12.5% of the net profit after tax, or such percentage of the net profit as may be stipulated by PenCom to meet claims. This is a fundamental safety measure for pension funds owing to what experience showed with the banking industry audit by the CBN in 2009.

8. **Sanctions:** Clear legal and administrative sanctions are also to apply for non-compliance with rules and regulations as provided by the PRA, 2004. For instance, the former DG of the commission disclosed at a workshop seminar for journalists in Abuja in 2012 that, the commission is pursuing some court cases against some defaulters before relevant courts in the federation (Daily Times, 2012).

9. **Public Disclosure of Information:** PFAs and PFCs are required by the PRA 2004 to disclose their rates on return and publish their audited accounts. For instance, Legacy Pensions, one of the licensed PFAs comply to this provision by publishing its audited

account in Daily Trust Newspaper of Thursday 30th, May 2013 pages 26 – 27 (Daily Trust Newspaper, 2013).

10. In addition to these safety measures, PenCom is also in the practice of periodically reviewing the capital strength of the PFAs and custodians guarantors by asking for recapitalisation.

From the measures identified and discussed above, it is crystal clear that the safety of the Pension Funds Assets (PFAs) lays in stricter and non-subjective management and regulation of the industry by PenCom in administering these safety provisions without any form of reservation. Thus, the bulk of the protection and preservation of contributors funds in order to meet the ultimate goal rest on the desk of PenCom.

4.8 Administration and Governance of the New Pension Scheme

High quality operational management is clearly a sine qua non to the success of contributory pension scheme; also is the governance structure, which provides assurance of efficiency and effectiveness in administration of regulatory guidelines. The drafters of the reform Act thought wise that the most appropriate management pattern for the scheme is provision of institutional structures which are non-departmental (i.e. not departmentally attached to a ministry) public body complemented by presence of private operators.

The National Pension Commission (PenCom)

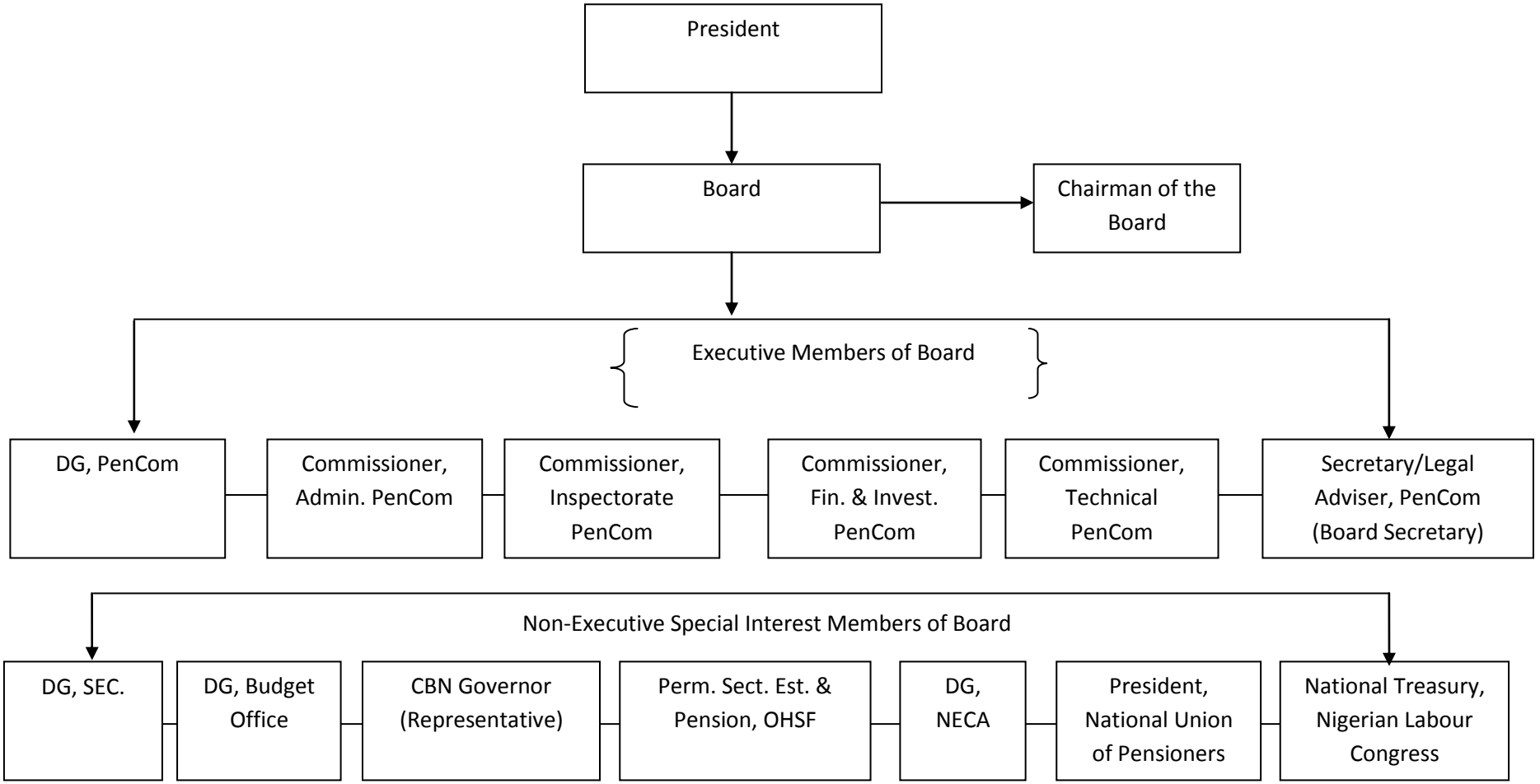
The PRA 2004 has established a non-departmental public body known as the National Pension Commission (PenCom), to regulate, supervise and ensure the effective administration of pension matters in Nigeria. The commission will achieve the above by ensuring that payment and remittance of contributions are made and beneficiaries of retirement savings account (RSAs) are paid as and when due. According to PenCom (2008), one of the cardinal responsibility of the

commission is “to ensure the safety of the pension funds by issuing guidelines for licensing, approving, regulating and monitoring the investment activities of Pension Funds Administrator (PFAs) and custodians".

Under the PRA 2004, the PenCom as the regulator of pension matters shall receive and investigate any complaint of impropriety levied against any pension fund administrator, custodians or employer or any of their staff or agents. Basically, the commission stands as a watchdog, with the overriding objective of ensuring that all pension matters are administered with minimum exposure to fraud and risk. The commission is required by PRA 2004 to engage the service of approved Risk Rating Agencies to determine the viability of an investment instrument.

The PRA 2004 further provide that the commission shall be headed by a Director General (DG) as the Chief Executive Officer of the commission and must possess professional skill with not less than twenty years cognate experience relating to pension matters and/or insurance, actuarial science or other related field. This is in addition to a part-time chairman and four (4) full time commissioners/directors/general managers and a secretary. The rationale behind the requirement for qualification for a DG at the commission is to equip the commission with highly professional skills needed to effectuate the objectives of the body and that is must be commended. Hence, the current effort by some forces in the presidency to smuggle an amendment clause aiming to reduce the cognate experience from 20 years to 15 years in the proposed amendment bill of the PRA 2004 before the NASS should be fought and rejected, as that is capable of undermining merit for primordialism and serving of parochial interest.

Figure 1.1: **Governance Structure of Contributory Pension Scheme; PenCom Level**



Source: National Pension Commission, 2008

As depicted above in the diagram, the management of CPS at PenCom level comprises of a Board led by a chairman to be appointed by the President. This Board comprise of other members as executive members and ordinary special interest/stakeholders members. The executive member are DG of PenCom; Commissioner Inspectorate, PenCom; Commissioner Technical, PenCom; Commissioner Administration, PenCom; Commissioner Finance and Investment, PenCom and the Commission's Secretary/Legal Adviser as Secretary to the Board. Other stakeholders representing special interest as non-executive ordinary members are DG, Securities and Exchange Commission (SEC); DG, Budget Office (BO); Representative of Governor of the Central Bank of Nigeria (CBN); Permanent Secretary, Establishment and Pension in the Office of the Head of Service of the Federation (OHSF); DG, Nigeria Employers Consultative Association (NECA); President, Nigerian Union of Pensioners; and National Treasurer, Nigeria Labour Congress (NLC).

Pension Fund Administrators and Pension Fund Custodians

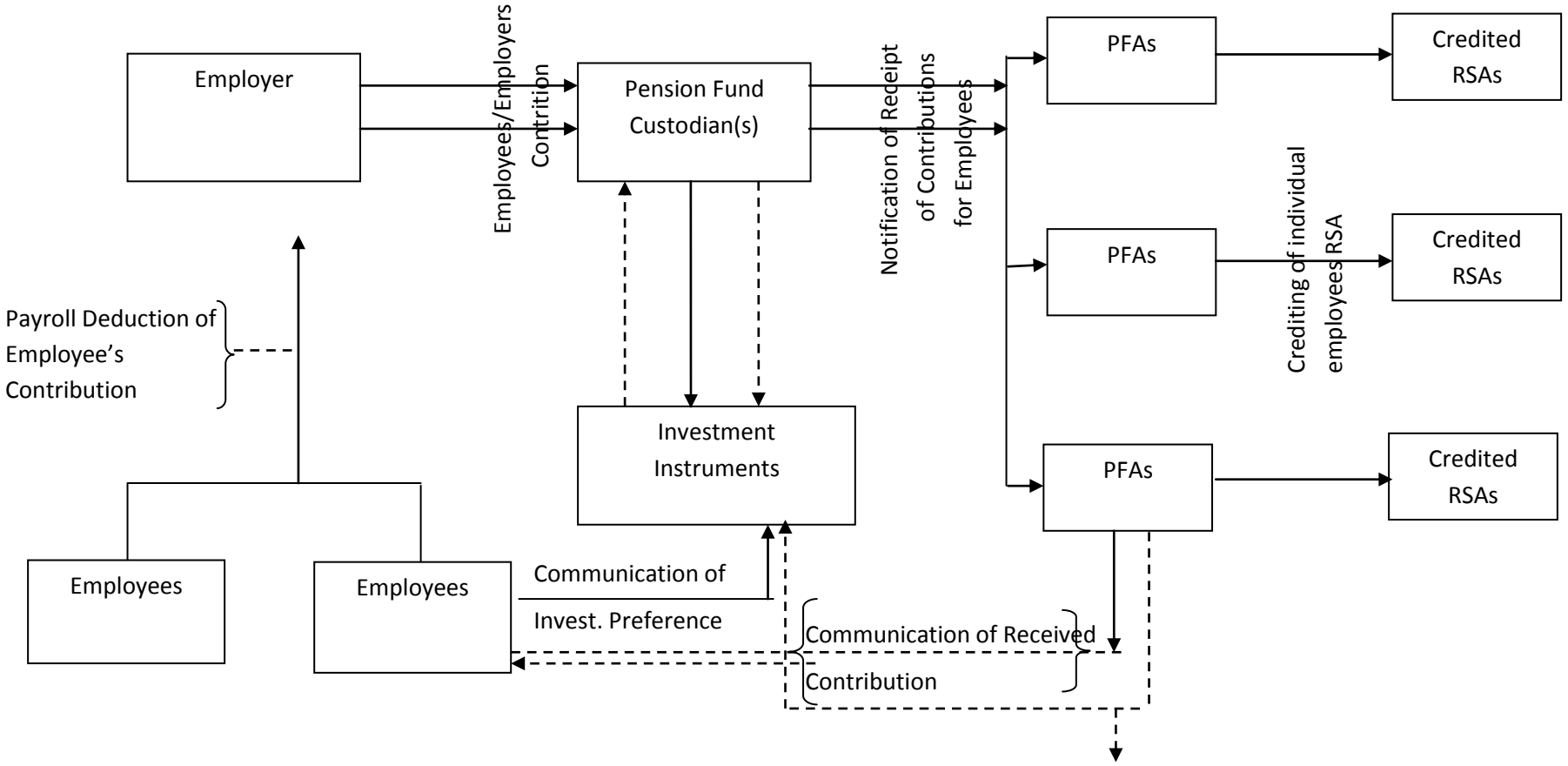
Part of the administration of the contributory pension scheme is the existence of privately managed institutional structures. The PRA 2004, requires that, the pension funds should be privately managed by PFAs and PFCs.

- **Pension Fund Administrators (PFAs):** In compliance to the provision of the PRA 2004, PFAs have been licensed to open RSAs for employees, invest and manage the pension funds in fixed income securities listed and other instruments as the commission may from time to time prescribe, maintain books of accounts on all transactions relating to the pension funds managed by it, provide regular information on investment strategy to the employees or beneficiaries and pay retirement benefits to employees in accordance with the provisions of the Act (PenCom 2008). Thus, PFAs are private institutional

frameworks collaborating with the PenCom in the management of the contributory pension scheme.

- **Pension Funds Custodians (PFCs):** According to PenCom 2008, in the spirit of save keeping and preservation of pension funds or contributions, the PRA, 2004 provide for another private operator to be separated from the PFAs for the purpose of protective custody of funds asset. Thus, PFCs are responsible for the warehousing of the pension fund assets. It is envisaged that, at no time will the PFAs hold the pension funds assets. The employer sends the contributions directly to the custodian, who notifies PFAs of the receipt of the contributions and the PFA subsequently credits the RSA of the employee. The custodian will execute transactions and undertake activities relating to the administration of pension fund investments upon instructions by the PFAs.

Figure 1.2: Collection of Pension Contributions
(Transfer of Contributions to RSAs)



Source: National Pension Commission, 2008

The above diagram depicts the treatment that pension contributions normally go through. Therefore, the safety of the fund is of great concern to all stakeholders. Hence the need for government to ensure strict monitoring and supervision of the exchange processes by fully empowering the regulatory agencies especially the administrators of the fund as indicated in figure 1.1 above to carry out their assigned function in managing the contributions in collaboration with the private players involved. It is only through this that net value of pension benefit can be guaranteed. In other words, the issue of effective and efficient administration and governance of the contributory pension scheme is a sine qua non to the success of the pension reform; thus ensuring good prospect of retirement life for retirees.

4.9 Amendments to the Pension Reform Act 2004

On April 17th 2013, the President (Goodluck Jonathan) forwarded to the National Assembly (NASS) a Pension Reform Act Amendment Bill seeking to alter some provisions of the 2004 law on pension. According to the 65 page bill which has already (i.e. as at Thursday 30th May 2013) passed first reading in both houses of the National Assembly, the President is seeking alteration to many sections of the 2004 legislations. But a look at the proposed bill (now passed in to law-July, 2014) as published in National dailies, fundamental among the propose alterations is a clause seeking for stiffer penalties for persons or organisations involved in the mismanagement and embezzlement of pension funds. The proposed bill, which is now passed as the Pension Reform Amendment Act 2014 provide as follows:

> *Any Pension Fund Administrator or Pension Fund Custodian or Person or Body, who misappropriates or diverts pension funds, commits an offence under this act ... the individual or group will ... be liable on conviction to a fine of an amount equal to three times the amount misappropriated or diverted, or to a term of not less than 10 years or both the fine and imprisonment* (Daily Trust Newspaper, 2013).

As seen above, the amendment is as a result of serious misappropriation reports coming out of the industry despite the 2004 enactment which ought to have solve that problem. Another very important amendment that was brought into effect by the new amendment Act is the introduction of a new clause instructing the Accountant-General of the Federation (AGF) to make payment of retirement benefits directly into individual bank accounts of retired persons covered under section 5 of the Act (i.e. pensioners still existing under the old pension scheme and are being managed under the Pension Transitional Arrangement). This is aimed at granting these set of retirees unrestricted access to their retirement benefits as and when due. The new clause according to the 2014 Amendment Act also require that detail of such payment to the retirees from AGF should be submitted to the pension commission and the Pension Transitional Arrangement Directorate of the Federation (PTAD; also a new initiative of the 2014 Act) and Federal Capital Territory (FCT) established under section 42 and 44 of the current Act respectively.

As promising and commendable as the move by the President to ensure effective realisation of the pension reform goals, there is certain controversial clause contained in the then proposal which have eventually scaled through. The clause amended and lower the qualification requirement bar of persons to occupy the position of Director General in the commission from the current 20 years cognate experience in pension matters to 15 years. The PRA, 2004 under section 16 provides for a Director General to have 20 years cognate experience in pension matters, while the Executive Directors and General Managers of PFAs are required to have 18 years cognate experience and their key departments' Heads are to have 10 years respectively. However, a look at the New Amendment Act reveal that the amendment bill actually replaced this section (i.e. S.16) with a new one {i.e. s.26(2)(d)}. As contained therein, "the Director

General of PenCom shall possess relevant and adequate professional qualification in pension matters with 15 years cognate experience".

Any sensible person will certainly fault the above amendment which is capable of undermining the competency level required of a person to head such an all important professional institution as PenCom. This is a body that currently control pension funds assets of over ₦2 trillion. Indeed, passage of the proposed bill into law as is now the case with this amended clause portends grave implications for the fast growing industry. The lawmakers of the current 7th National Assembly ought to have objectively look at the proposed bill and allow national interest to drive their judgement rather than bow to the forces in the presidency that smuggle this clause into the President's well thought-out vision for the industry. This become more necessary as it was intended to touch on some of the clauses as well as introduced some measures with the capacity to impact on the confidence of the employees in the pension system and its capability to determine the safety of pension funds with its adverse effect on the welfare of retirees. However, the situation can still be remedy as the act provided for periodic review overtime.

CHAPTER FIVE

DATA PRESENTATION AND ANALYSIS

5.1 Introduction

This chapter is meant for the presentation and analysis of the data as well as interpretation of results into making of findings. The bulk of the data came from the primary source; thus presentation and analysis of responses from questionnaires administered to the sampled 385 respondents cutting across the two elements of this study (i.e. employees and retirees of the two case study institutions). The questionnaire was thus designed into two sets reflecting the two elements and the two hypotheses to be tested using the primary data. Notwithstanding, raw secondary data from the field was also used for the testing of the third hypothesis. The questionnaires were distributed among the employees and retirees of the institutions adopted in proportion to the size of their population. Due to the method adopted in distributing the questionnaires, the return rate was high at 94.55%. Therefore, out of the 385 questionnaires distributed based on the sample size, 364 were successfully retrieved and of these number 347 were duly filled.

Questionnaire was not the only primary method use to generate data; interview was also conducted on some of the employees and the retirees to sort more insight into their responses in the questionnaire and some areas of the subject matter in other to corroborate the data. However, unlike the questionnaire data that were coded and processed into tabular form, the interview responses were not, but were used to boost our findings and recommendations.

5.2 Data Presentation

Below are the data garnered from the field, presented in a tabular form for easy comprehension and analysis.

Table 5.1: Summary of Responses to Questionnaires (i.e. Employees and Retirees)

Institution	Sampled Respondents (Employees/Retirees)	Number of Questionnaires Administered	Number of Questionnaires Returned & Filled
National Universities Commission	771/16	166/16	151/14
National Sports Commission	1,125/284	167/36	148/34
Total	**1,896/300**	**333/52**	**299/48**

Source: Researcher's Survey, 2014

As depicted above, out of the 385 questionnaires administered, 347 were duly returned and filled. Hence, the analysis of this study is based on this number.

Table 5.2: Sex of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Female	137	39.1	39.1	39.1
Male	210	60.9	60.9	60.9
Total	347	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

The above table revealed that 137(39.1%) of the total respondents (i.e. both sampled employees and retirees) are female while 210 (60.9%) are male. This implies that, the male gender form the bulk of the sample. Notwithstanding this scenario, the bias of the responses is ignorable as the number of the female gender in the sample is also significant enough to represent views that will have still come from the entire sample if the reverse was to be the case.

Table 5.3: Status of Respondents in the Sample

	Frequency	Percent	Valid Percent	Cumulative Percent
Junior	134	38.6	38.6	38.6
Senior	213	61.4	61.4	61.4
Total	347	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

From the above table, 134 persons representing 38.6% of the total sample are staff of junior category, while the remaining 213 (61.4%) belong to the senior category. Just as above in the gender of the respondents, the bias here is also minimal not to reflect any changes in the responses if the reserve was to be the case too.

Table 5.4: Knowledge about the 2004 Pension Reform

	Frequency	Percent	Valid Percent	Cumulative Percent
No	43	14.4	14.4	14.4
Undecided	56	18.7	18.7	18.7
Yes	200	66.9	66.9	66.9
Total	299	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

Table 5.13 above present data as regard respondents' adequate knowledge about the 2004 pension reform which put in place a contributory pension scheme for employees of public organisations. Those who chose not to respond either Yes or No (i.e. Undecided) to this inquiry are 56 (18.7%). However, 43 respondents (14.4%) responded No that they don't have adequate knowledge on the new pension scheme, while 200 (i.e. 66.9%) of them responded Yes that they have adequate knowledge about the 2004 pension reform in the pension industry. Whatever the case may be, the implication is that there are some employees in public employment who really don't know much or anything about the current practices in the pension industry. Thus, the

National Pension Commission need to step up the tempo of their awareness and enlightenment company among participants, especially in the government sector.

Table 5.5: Owning a Retirement Savings Accounts

	Frequency	Percent	Valid Percent	Cumulative Percent
No	2	.7	.7	.7
Yes	297	99.3	99.3	99.3
Total	299	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

On whether respondents own their personal pension accounts into which their pension contributions are paid in as required by the Pension Act; 2 respondents (i.e. 1%) responded No, meaning they have no Pension Accounts dedicated for such purpose. However, 297(i.e. 99%) of them responded in agreement (Yes) that they do have an RSA. By implication, the level of implementation of the pension act which requires the existence of RSA for every employees of the public commissions is high showing 99% compliance. Notwithstanding though, it ought to be 100% compliance here, as no employee is suppose to be left out, except if the responses of these 2 respondents is to be taken to be a scenario of new staff still undergoing documentation and yet to settle down to process their pension registration.

Table 5.6: Contribution Ratio Deducted from Salary to RSA

	Frequency	Percent	Valid Percent	Cumulative Percent
No	12	4.0	4.0	4.0
Undecided	39	13.1	13.1	13.1
Yes	248	82.9	82.9	82.9
Total	299	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

On whether if only the required 7.5% of employee's salary is what is being deducted from their salary as respondent's contribution to his/her pension fund; 12 (4%) respondents responded No, implying they have being case of deductions from employees salaries as pension contribution not complying with the required 7.5%. However, while 39(13.1%) person could not tell for sure (Undecided) on the ratio of their deductions, 248 (82.9%) of them were certain (Yes) that only the required 7.5% of their salary is what is being deducted as their contribution.

Obviously, the gap between 248 and 12 as to those who affirm that only the required ratio is what is deducted is wide enough to assume high level compliance, one cannot but deduce that cases of over and/or under deductions thus exist, and such will not .... well for the future of such staff as it must have effect on their pension portfolio.

Table 5.7: Remittance of monthly Contribution to RSA

	Frequency	Percent	Valid Percent	Cumulative Percent
Don't know	26	8.7	8.7	8.7
No	7	2.3	2.3	2.3
Yes	266	89.0	89.0	89.0
Total	299	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

The above table revealed that, 7 persons representing 2.3% of the sample responded that, there is No visible evidence to show remittance of their contributions into their RSAs, while 26 (8.72) respondents affirm that they Don't know if there is remittance or not. However, 266 (89%) of them affirmed Yes that there is visible evidence of remittance of contribution.

Notwithstanding the position of these 266 respondents who agreed there are evidence of remittance, attention must be drawn to the situation of some who revealed that there are no such

evidence to show any remittance. Means ought to be device to step up surveillance as to remittance of employees' contributions.

Table 5.8: Existence of Dedicated Pension Department

	Frequency	Percent	Valid Percent	Cumulative Percent
Don't know	22	7.3	7.3	7.3
No	5	1.7	1.7	1.7
Yes	272	91	91	91
Total	299	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

On whether they exist a dedicated pension unit in their organisations to handle pension matters of the staff in liaison with each PFAs, PFCs and PenCom, the table above shows that 22 (7.3%) respondents really Don't know if such exist or not and 5 (1.7%) respondents responded No that such department don't exist in their organisation. However 272 persons representing 91% of the sample affirmed Yes that such department does exist in their organisation.

From the researchers personal exploit of the organisations during the course of this research work, the position of those 272 respondents were confirmed to be true contrary to those who says such unit does not exist. By implication, their position could be taken to mean that they have limited knowledge of the structure of their organisation, which ought not to be so.

Table 5.9: Getting Information about the Status of RSAs

	Frequency	Percent	Valid Percent	Cumulative Percent
No	35	11.7	11.7	11.7
Undecided	57	19.1	19.1	19.1
Yes	207	69.2	69.2	69.2
Total	299	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

On whether the staff can easily get information about the status of their pension account, 35 (11.7%) respondents answered No, and 57 (19.1%) were not certain (i.e. undecided) as to the easiness of get such information. But 207 respondents representing 69.2% of the sample responded Yes that information about their pension account is easy to get.

During the course of my research work, I discovered that every month, respective PFAs of employees do send information to each holder of RSA under them information about their RSA's status. Thus what the respondents disagreeing implied could be that, aside this monthly habit of sending information, any further attempt to seek for more information don't easily come handy. Therefore, means should be made to ensure that employees can access information about their RSA as that could also control fraud. Employees should also cultivate the habit of always seeking the information in order to allay any maladministration of their pension fund.

Table 5.10: Opportunity to Change PFA

	Frequency	Percent	Valid Percent	Cumulative Percent
Don't know	60	20.1	20.1	20.1
No	35	11.7	11.7	11.7
Yes	204	68.2	68.2	68.2
Total	299	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

The responses on whether an employee can change his/her PFA to another of his/her choice at any time can be deduce from the table above. 20.1% of the sample representing 60 respondents says they Don't know if someone can change PFA or not, while 35 (11.7%) respondents says No to that; meaning one cannot change. The position of these respondents could only be implying that there are aware of such opportunity of changing PFA if their current

PFA is not performing to their satisfaction. Thus, 204 person represented by 68.2% agreed Yes that an employee can change PFA if he so wish.

Table 5.11: Ever Changed PFA

	Frequency	Percent	Valid Percent	Cumulative Percent
No	234	78.3	78.3	78.3
Yes	65	21.7	21.7	21.7
Total	299	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

Respondent's responses to whether they have ever change their PFA from the initial one to another of their choice since 2004 showing in the above table revealed that 234 (78.3%) respondents have never (i.e. No) change their PFA. However, 65 (21.7%) persons affirmed Yes that they have change theirs to another of their choice since inception of the programme.

The above responses could be taken to depict two scenarios. One, that most of the PFAs are performing to the satisfaction of the RSA holders. Therefore majority have no course to change; and that they is always difficulty experience by people who tried to change, thus most will prefer to stick to their current once. The next data will help verify this position.

Table 5.12: Difficulty in Changing PFA

	Frequency	Percent	Valid Percent	Cumulative Percent
Don't know	76	25.4	25.4	25.4
No	126	42.2	42.2	42.2
Yes	97	32.4	32.4	32.4
Total	299	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

When asked whether they normal experience hitches that make changing of PFA difficulty, respondents responded thus; 76 (25.4%) of them Don't know if such difficulty does

exist or not, meaning they have never tried to change PFA. However, 126 (92.2%) respondents says (No) there is no difficulty in trying to change PFA. But 97, persons confirmed (Yes) that one will encounter difficulty in trying to change PFA. Hence, whatever may be the case, the process of changing PFA should be made easy and effective in other to give opportunity to those who what to change to effect such changes anytime in compliance to the provision of the Pension Act which give employees such option and right.

Table 5.13: Existence of any Life Insurance Portfolio

	Frequency	Percent	Valid Percent	Cumulative Percent
No	90	30.1	30.1	30.1
Undecided	130	43.5	43.5	43.5
Yes	79	26.4	26.4	26.4
Total	299	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

The above table revealed the opinion of respondents about the existence of a life insurance portfolio in their respective organisations. 90 respondents (i.e. 30.1%) responded No that such does not exist in their organisation while 130 of them (i.e. 43.5%) were indifferent (i.e. undecided) to which answer to choose between Yes or No. This only means that, they don't know if anything like that exist. However, 79 people representing 26.4% of the sample were contain (Yes) that a life insurance portfolio does exist for them.

The above situations could only be interpreted to mean that while such insurance portfolio might exist in the organisations, it might not cover all categories of staff, or the employees are not even knowledgeable as to know what it meant. Notwithstanding, where such exist the management should make effort to cover every staff as that in itself is a form of retirement benefit to employees.

Table 5.14: Satisfaction with Procedure for Securing Pension

	Frequency	Percent	Valid Percent	Cumulative Percent
No	61	20.4	20.4	20.4
Undecided	54	18.1	18.1	18.1
Yes	184	61.5	61.5	61.5
Total	299	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

The table above revealed that position of respondents as to their satisfaction with the procedure laid down for securing pension under the new pension, 61 persons (i.e. 20.4%) expressed dissatisfaction (No) with the procedure laid down, while about 54 (i.e. 18.1%) respondents were indifferent (undecided) as to whether there are satisfied with the procure or not. But 184 respondents (i.e. 61.5%) express satisfaction with the procedure.

With the new amendment of the Act just signed into law by the Federal Government, such dissatisfaction expressed by some employees ought to be resolved. Hence, PenCom should take implementation of all aspect of the amended act with all the seriousness that it deserve.

Table 5.15: Growth Rate of the Value of Pension Fund

	Frequency	Percent	Valid Percent	Cumulative Percent
No	74	24.7	24.7	24.7
Undecided	57	19.1	19.1	19.1
Yes	168	56.2	56.2	56.2
Total	299	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

When the respondents were also asked if they are satisfied with the growth rate of the value of the pension fund in their RSAs, some of them (i.e. 74 representing 24.7%) responded No, while 57 (19.1%) respondents could not decide as to Yes or No. But 168 (i.e. 56.2%) felt satisfied with the growth of their RSA value.

As for those who felt dissatisfied with the current value of their RSA, the new 2014 amendment to the pension act which review contributions into the pension fund in favour of the employees ought to be pleased henceforth, provided implementation is taken seriously.

Table 5.16: Ability of Pension Fund to take One through Retirement

	Frequency	Percent	Valid Percent	Cumulative Percent
No	44	17.6	17.6	17.6
Undecided	95	31.7	31.7	31.7
Yes	160	53.4	53.4	53.4
Total	299	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

Table 5.16 above revealed the feeling of respondents when they were asked about their opinion as to if they can make good life after retirement owing to the present growth rate of their pension fund. 44 (i.e. 17.6%) respondents felt they cannot (i.e. No) make good living from it, while 160 (i.e. 53.4%) felt otherwise (Yes) that they can. However, 95 person (i.e. 31.7%) abstained from answering whether Yes or No.

From the next table (i.e. table 4.17) data containing responses to the questionnaires administered on the retirees are presented before moving into the section that the scientific analysis and interpretation will be made; however, that will also be after the presentation of the raw secondary data used for the testing of the second hypothesis.

Table 5.17: Schedule of taking Possession of Benefit after Retirement

	Frequency	Percent	Valid Percent	Cumulative Percent
1 - 6 Months Later	44	91.7	91.7	91.7
7 - 12 Months Later	4	8.3	8.3	8.3
Total	48	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

On when pensioners starts enjoying what stand in their name as pension benefit from their RSA after retirement, respondents responded as thus; 44 (i.e. 91.7%) of them says within first six (6) months after retirement (i.e. 1-6 months), they were granted full possession of their benefit. However, 4 of them (8.3%) disagreed that they started enjoying their benefits from their RSAs after the first six (6) month of their retirement.

As one was made to understand from further inquiry as to what will warrant one not being granted access to one's benefits immediately, the pensioners themselves who were interviewed responded that most pensioners who had such problem is as a result of late commencement of processing their retirement procedures like documentation, late submission of retirement letter and/or waiting to be reminded of their retirement date even after their last three(3) month notification by the pension office or Human Resource Management office. Thus, it could be taken that, delay in taking possession of benefit immediately after retirement is mostly not attributed to malfunctioning of the system, but problem emanating from the employees themselves.

Table 5.18: Delay in making Withdrawal from RSA

	Frequency	Percent	Valid Percent	Cumulative Percent
No	42	87.5	87.5	87.5
Yes	6	12.5	12.5	12.5
Total	48	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

The above table present responses of pensioners to question asked to if they experience any delay in withdrawing money from their RSA even after fulfilling all retirement processes and full possession of their pension fund have being granted to them. As presented, 42 (i.e.

87.5%) respondents responded No to that; meaning they never experience any delay in making withdrawal after taking possession of their fund. But 6 respondents (i.e. 12.5%) responded Yes that they have experience some delays in making withdrawal even after taking possession.

In the above case, PFAs are to be blamed, because after taking possession of their fund, pensioners are not suppose to experience any delay in making withdrawal. As such, PenCom should step-up their surveillance role on the activities of PFAs to allay any fear of such happening.

Table 5.19: Fund due for a Particular Month being Delayed

	Frequency	Percent	Valid Percent	Cumulative Percent
No	41	85.4	85.4	85.4
Yes	7	14.6	14.6	14.6
Total	48	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

On whether fund due for a particular month under the programmed monthly or quarterly withdrawal and/or monthly payment under the life annuity purchased is delayed to another month and/or period, virtually all of the pensioners (i.e. 41 representing 85.4% of the sample) responded No that they never experience any such delay. But 7 of them (i.e. 14.6%) responded Yes that they have experience such delay before. Therefore, just as observed above, PenCom can address such problem by stepping up its surveillance role on the PFAs.

Table 5.20: No delay in Access Benefit after Retirement

	Frequency	Percent	Valid Percent	Cumulative Percent
No	11	22.9	22.9	22.9
Undecided	1	2.1	2.1	2.1
Yes	36	75.0	75.0	75.0
Total	48	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

The above table show the responses of respondents when they were asked if they began receiving their benefit immediately, especially the monthly or quarterly payment under the life annuity purchase. 11 (i.e. 22.9%) respondents responded No that receipt of their benefits was not immediately. However, 36 pensioners (i.e. 75%) stated Yes that receiving benefits was immediate. 1 respondent (2.1%) abstained from answering.

Table 5.21: PFAs owing Funds of Pensioners

	Frequency	Percent	Valid Percent	Cumulative Percent
No	37	77.1	77.1	77.1
Yes	11	22.9	22.9	22.9
Total	48	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

Table 5.21 above revealed the experience of pensioners as to if they have ever been owed any fund by their PFA at all. 37 respondents (i.e. 77.1%) responded No to that. 11 pensioners (i.e. 22.9%) says Yes that they have ever been owed.

Thus, PenCom must as a matter of responsibility should promptly respond to pensioners with such complain by investigating and sanctioning any PFA involved in this act.

Table 5.22: Pensioners Ability to meet Family Responsibility

	Frequency	Percent	Valid Percent	Cumulative Percent
No	15	31.2	31.2	31.2
Yes	33	68.8	68.8	68.8
Total	48	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

On whether pensioners are still able to meet their family socio-economic needs like good health care, children education, clothing etc considering their pension fund. 15 pensioners

representing 31.2% responded No that they can no longer meet such needs as they use to before retirement. However, 33 of them (i.e. 68.8%) say Yes; meaning they can still meet their family's needs with their pension earning.

The implication of these responses depict a situation of individual financial management ability and/or may be size of the family (i.e. just nuclear or extended family inclusive).

Table 5.23: Pensioners still Living his Desired Life

	Frequency	Percent	Valid Percent	Cumulative Percent
No	26	54.2	54.2	54.2
Yes	22	45.8	45.8	45.8
Total	48	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

Here pensioners were asked whether they still live a comfortable life whenever a delay is experience in getting their fund. 26 pensioners (i.e. 54.2%) responded No, while 22 of them (i.e. 45.8%) stated otherwise (Yes). This situation to a large extent shows that, the means of livelihood for most pensioners is greatly dependent on their pension fund.

Table 5.24: Adjustments in Lifestyle

	Frequency	Percent	Valid Percent	Cumulative Percent
No	5	10.4	10.4	10.4
Undecided	5	10.4	10.4	10.4
Yes	38	79.2	79.2	79.2
Total	48	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

On whether they have being any adjustment in their lifestyle since becoming a pensioner. 5 pensioners (i.e. 10.4%) responded No to this while 38 (i.e. 79.2%) respondents responded Yes

that they have being some adjustments in their way of life since retirement. However, 5 (i.e. 10.4%) of them abstained (undecided) from giving answers as to Yes or No.

Table 5.25: Relocating from Preferred Residency

	Frequency	Percent	Valid Percent	Cumulative Percent
No	27	56.3	56.3	56.3
Yes	21	43.7	43.7	43.7
Total	48	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

When asked when they find it inconvenient living in their choice of locality, therefore relocating since becoming a pensioner, 27 respondents representing 56.3% of the sample responded No to this. However, 21 pensioners (i.e. 43.7%) responded in affirmative (Yes). So, while majority of the pensioners sampled felt they can still conveniently live in their choice of locality, very significant number of them have also find living in such locality difficult due largely to the pressure of retirement. Thus, with the new contribution ratio being reviewed in favour of the employees in the new amended Act, matters of this nature ought to improve. However, PenCom must monitor organisations to ensure compliance and effective implementation.

Table 5.26: Insufficiency of Pension Fund

	Frequency	Percent	Valid Percent	Cumulative Percent
No	8	16.7	16.7	16.7
Yes	40	83.3	83.3	83.3
Total	48	100.0	100.0	100.0

Source: SPSS Output from Field Survey, 2014

Table 5.26 above present the responses of pensioners when the researcher sort to know if they do source income from other avenue to supplement their pension in order to meet their

needs. 8 of them representing 16.7% of the sampled pensioners responded No, while 40 (i.e. 83.3%) went for Yes; meaning majority actually venture into activities that can generate income for them instead of just relaying only on their pension.

Pensioners must be warned that the ability of their pension fund to take them through retirement largely depend on the efficient use of the lump-sum fund remaining after setting aside programmed monthly withdrawal and purchasing of their life annuity. So, the culture of investment must be imbibed to grow on the value of their pension fund (i.e. lump-sum fund).

5.2.3 Secondary Data Presentation

the only secondary data here is a raw data from the field which shall help us in testing our second hypothesis.

Table 5.27: Quarterly Registrations of RSAs

S/N	Quarters	Total Registrations Overtime	Average Moving Registration By Quarter
1	Second quarter 2006	932,435	
2	Third quarter 2006	1,331,035	
3	Fourth quarter 2006	1,677,330	1,313,600
4	First quarter 2007	2,028,990	1,679,118
5	Second quarter 2007	2,364,352	2,023,557
6	Third quarter 2007	2,630,988	2,341,443
7	Fourth quarter 2007	2,784,273	2,593,204
8	First quarter 2008	2,969,226	2,794,829
9	Second quarter 2008	3,135,888	2,963,129
10	Third quarter 2008	3,349,897	3,151,670
11	Fourth quarter 2008	3,465,764	3,317,183
12	**First quarter 2009**	**3,546,084**	**3,453,915**
13	**Second quarter 2009**	**3,706,467**	**3,572,772**
14	**Third quarter 2009**	**3,888,491**	**3,713,681**
15	**Fourth quarter 2009**	**4,012,498**	**3,869,152**
16	**First quarter 2010**	**4,130,160**	**4,010,383**
17	**Second quarter 2010**	**4,283,417**	**4,142,025**
18	**Third quarter 2010**	**4,421,167**	**4,278,248**
19	**Fourth quarter 2010**	**4,542,250**	**4,415,611**
20	**First quarter 2011**	**4,639,009**	**4,534,142**
21	**Second quarter 2011**	**4,726,759**	**4,636,006**
22	**Third quarter 2011**	**4,824,237**	**4,730,002**
23	**Fourth quarter 2011**	**4,925,350**	**4,825,449**
24	**First quarter 2012**	**5,048,440**	**4,932,676**
25	**Second quarter 2012**	**5,165,125**	**5,046,305**
26	**Third quarter 2012**	**5,276,070**	**5,163,212**
27	**Fourth quarter 2012**	**5,393,001**	**5,278,065**
28	**First quarter 2013**	**5,516,441**	**5,395,171**
29	**Second quarter 2013**	**5,623,907**	**5,511,116**
30	**Third quarter 2013**	**5,821,365**	**5,653,904**
31	**Fourth quarter 2013**	**5,917,207**	**5,787,493**
32	First quarter 2014	5,917,207	5,787,493
33	Second quarter 2014	6,025,117	5,921,230

Source: PenCom, 2014

The above table present data on quarterly registration of public employees into the new pension scheme moving in average of not less than 90,000 and not more than 156, 000 per

quarter with the period under review (i.e. 2009-2013). This data therefore was used to test our second hypothesis whose construct is based on the use of regression analytical tool.

5.3 Data Analysis

The frequency tables above which presented data from the primary source is here analysed using the non-parametric technique of chi-square (i.e. testing of the hypotheses related to them). Likewise, the other hypothesis which is built based on the raw secondary data from the field is also tested and analysed in this section using a parametric tool (i.e. regression analysis). The results from the SPSS processed tables on these tools are further interpreted for easy understanding and making decisions that can lead us to making our findings.

5.3.2 Test of Hypotheses

Here our hypotheses were tested to determine their validity using relevant statistical tools as earlier stated in order to enable us to determine the dependences between the variables. Each of our hypotheses have two variables respectively, with one variable depending on the other. The tests are expected to reveal the level of dependency/reliance of each variable on the other. These tests were computerised using the SPSS Programme in order to minimise error and attain basic level of precision.

5.3.3 Hypothesis One

H_0: Compliance to the 2004 Pension Reform has not improved workers confidence of accessing their benefits upon retirement.

Variables

Independent variable - Compliance to the 2004 Pension Reform

Dependent variable - Employees' Confidence of Accessing Benefits

Table 5.28: Chi-square Test on First Hypothesis

	Value	d.f.	Asymp. Sig. (2-sided)
Pearson Chi-Square	482.023[a]	9	.000
Likelihood Ratio	396.598	9	.000
N of Valid Cases	299		

a. 6 cells (37.5%) have expected count less than 5. The minimum expected count is 1.02.

Source: SPSS Output from Field Survey, 2014

The SPSS table above generated our chi-square calculated value which we shall use to compare with the chi-square critical (i.e. P-value) in order to obtain our result; thus:

X^2 calculated = 482.023

While the X^2 critical value from the SPSS table above is given at:

d.f = 9

Level of sign = 0.05

Hence, X^2 critical = .000

Decision Rule

Since X^2 calculated (482.023) is greater than X^2 critical (.000) then we reject H_0 and accept H_1. Therefore, the hypothesis that compliance to the 2004 Pension Reform has not improved workers confidence of accessing their benefits upon retirement is hereby rejected. And H_1 is accepted in its stead that compliance to the 2004 Pension Reform has improved workers confidence of accessing their benefits upon retirement.

The inference here is that, indeed the confidence of employees in the ability of the new pension scheme practice since 2004 has greatly improved, and this is as a result of firm implementation of the provision of the pension reform act, 2004. Thus, ensuring and stepping up the tempo of implementation further, especially as the Act just undergo an amendment, will go a

long way in seeing to the sustenance of this confidence public servants have expressed on the current pension system.

5.3.4 Hypothesis Two

H_0: The current rate of employees' registration will not significantly ensure registration of all public employees overtime.

Variables

Independent variables - Current Rate of Employees Registration (CRER)

Dependent variables - Registration of all Public Employees (RPE)

Table 5.29: Regression Result on Current Rate of Employees' Registration and Registration of all Public Employees.

Independent Variable	Coefficient	t-statistics	Significance	Tolerance	VIF
Constant	137692.773	3.844	.001		
CRER	.997	130.736	.000	1.000	1.000
Durbin Watson	1.137				
R	.999				
R square	.999				
Adjusted R square	.999				
F Value	17091.809		.000		

Source: SPSS Computation of Secondary Data

In the above computation, the coefficient of determination which describes the relationship between the Independent Variable (CRER) and the Dependant Variable (RPE) is represented by Adjusted R square at 99.9%. This implies that, the Independent Variable (CRER) explains 99.9% variation in the Dependent Variable (RPE).

Under the t-statistics (i.e. un-standardise coefficient), our coefficient for the Independent Variable (CRER) is 0.997; which is significant at 1%. This means, a one unit change in the Independent Variable (CRER) will lead to 0.997 change in the Dependent Variable (RPE).

The fitness of our model measured by F-statistics is 17091.809; this in itself is significant at 1%. And Durbin Watson which measure serial correlation is 1.136, which is far from a zero (0). This implies, our data does not surfer from serial correlation. Therefore, our hypothesis (H_0) has been proved to be untrue, and is hereby rejected that, the current rate of employees' registration will significantly ensure registration of all public employees overtime in its stead. In other words, the commission need to maintain their current rate of employees' registration into the pension scheme. That, it is only through this that all public employees stand to be accommodated into the new scheme as they come into the public service.

5.3.5 Hypothesis Three

H_0: Prompt access to pension benefits cannot adequately guarantee retirees a comfortable life after retirement

Variables

Independent variable - Prompt access to pension benefits

Dependent variable - Retirees' comfortable life after retirement

Table 5.30: Chi-square Test on the third hypothesis

	Value	d.f.	Asymp. Sig. (2-sided)
Pearson Chi-Square	376.923[a]	4	.000
Likelihood Ratio	285.031	4	.000
N of Valid Cases	48		

a. 5 cells (55.6%) have expected count less than 5. The minimum expected count is .25.

Source: SPSS Output from Field Survey, 2014

From the above table, our chi-square calculated value is generated and shall be compared with the critical value to obtain our result.

X^2 calculated is therefore; 376.923

The critical chi-square (i.e. P-value) is also obtain from the SPSS table above under d.f. and Asymptotic Significant. Therefore:

d.f. = 4

Level of sign. = 0.05

Hence; X^2 critical = .000

Decision Rule

Since our X^2 calculated (376.923) is greater than the X^2 critical value of .000, then we reject H_0 that prompt access to benefits cannot adequately guarantee retirees a comfortable life after retirement, and accept H_1 that prompt access to benefits adequately guarantees retirees a comfortable life after retirement.

By implication, any delay longer than necessary in granting retirees access to their pension benefits will have adverse effect on their life to hinder them from living a comfortable life. This is because, haven retired, their salary and any other allowances must have cease from coming and if they have no personal saving enough to take them through the delay period, such pensioner will certainly run into debt which his/her initial pension release will be devoted to off-setting. So, all the stakeholders involved in the management of the new pension scheme must ensure that nothing on their part lead to any delay for the retirees.

5.3.6 Review of Interview Responses

The information sort through the interview revolves round the challenges mostly faced by the scheme's participants (i.e. employees and retirees), personal experiences, and how best they

think the problems normally encountered can be overcome so as to guarantee employees a hitch free retirement life where their welfare is assured.

When asked about the challenges encountered by the beneficiaries under the CPS; specifically, the Head of Pension Unit at the NUC responded as thus: that non-performance of some PFAs handling some employees RSAs is posing as a big challenge, especially as the widow to change from such PFAs has not yet being fully granted to change to another where they can have high return on their savings from investment which PFAs are meant to commit employees' RSAs. That this situation negates provisions of the pension reform act, 2004. And also that, this problem is not wholly from the PFAs, but sometimes caused by late notification and/or remittance of employees' contributions to PFAs. This situations tend to affect the value of employees RSAs negatively. This response from the interview corroborated responses from questions in the questionnaire, confirming the state of implementation challenges facing the new scheme.

As to specific experiences of employees and retirees alike, an employee responded that: generally, there are hopes among public employees that the scheme is far better compared to how pension used to be, and this despite certain challenges do faced by employees especially as it has to do with deduction from salaries as contributions which are not easily resolved on time. This corroborates the view by a retiree when he also affirmed that; the scheme is preferred compared to the past, and that most challenges encountered by his colleagues are mostly due to their negligence of certain procedures. In essence, there is confirmation of employees and pensioners alike that the new pension scheme is far considered to be in better position to serve their interest; however, certain challenges exist here and there.

The interview went further to seek solution to these occurring challenges existing in the system. On this, the opinion of the Head of Pension Unit at the National Sports Commission was sort, and he responded as thus:

> *It is my firm hope that with the trend of implementation, despite the challenges, with time things will be better and the problems will be overcome. All that is required is sincerity on the part of the managers of the scheme and patience and sacrifice on the part of the employees at this initial stage, especially now that the act just undergo an amendment. So, I will advice the staff to stop expressing indifferent attitude towards this scheme, at least for the fact that it is better than the old practice.*

One quiet agree with the above view that, the challenges currently experienced in the new pension system are not far from what experts do refer to as initial procedural failure and/or malfunction occasioned mostly due to non mastery of the procedural pattern of the system by both managers and the target beneficiaries alike. Thus, with time and especially now that the reform act just went through an amendment, most of these problems will soon be thing of the past.

5.3.7 Final Inference of the Research

From the above analyses, one can draw final inference that, high rate compliance has been recorded in the implementation efforts so far, though with some cases of challenges in the process. These challenges can be attributed to initial non familiarisation with operational procedures involved in the new pension scheme by both industry managers as well as intended beneficiaries. Thus, with the commencement of the implementation journey into the second decade for the CPS in the public sector urshed by new amendments to the initial act (i.e. Pension Reform Amendment Act, 2014), the light at end of the tunnel is certainly bright for the employees; hence, the issue of retirement welfare in the public service especially in the National

Commissions is certainly assured to prospective pensioners even better than as currently experienced by retirees as expressed in this study.

5.4 Major Findings

These research has been able to deliver on its core mandates of verifying the capacity of the new pension scheme urshed into the public service since the 2004 pension reform effort of government to meet up public servants expectations at it has to do with their retirement welfare, which to a very great extent remains public workers greatest motivation in which they develop any real faith in while in service. From both our primary and secondary sources, important issues that stand to prove this points have being resolved. Some of these issues are here discuss as major findings of this research based on the research questions.

(i) It has been proven that, public organisations are complying with the provisions of the 2004 pension scheme in the course of their implementation, and this have greatly built high level of confidence among the public employees as to the capacity of the new pension system to provide them with reward benefit upon retiring from active service, which they belief will be more secure than the era of pre-2004 pension reform intervention by the government.

Notwithstanding this fit achieved in the implementation of Pension Reform Act 2004, certain lapses still exist no matter how insignificant the incidence might be. Because, this study found out that some employees are dissatisfied with some lapses like not adhering strictly to the contribution ratio, not providing them with satisfied information as to the state of their RSAs, among others. With such cases being experience by some employees, it certainly will play down their level of confidence in the system because it is something that has to do with their retirement welfare.

(ii) Stakeholders in the administration of the new pension scheme have made a very remarkable fit in their effort at ensuring that all public employees, especially in the national commissions are fully accommodated into the scheme. From the survey, their average rate of registering employees into the scheme proved to be effective in guarantying that, no public servant will be left un-accommodated into the programme at all times.

(iii) Prompt access to retirement benefits is the key factors that guarantee retirement welfare to public pensioners. Thus, retirees' desire for a comfortable life at the time of their retirement is tied to how fast they are granted leave to access their benefit (i.e. RSA). This has been proved to be true, because when the pensioners were surveyed, majority of them were of the view that, when they experience any delay in accessing their benefit, they could not guarantee their family and themselves a comfortable life as they would prefer.

It was also discovered that, any delay in accessing pension benefit from retiree's RSA immediately after his/her retirement are mostly caused by the pensioners themselves. That most prospective pensioners in the public sector mostly embark on late processing of their retirement procedures resulting in cases like late submission of retirement letters to appropriate office and/or waiting to be reminded of their retirement date even after they have been issued a notification of their last three months in service by their pension officers or Human Resource Management office, late processing of documentations, among others. In other words, the problem of not being granted prompt possession of their pension fund at times does not emanate from the employers, PFA or PFCs.

(iv) One other major discoveries by this research is that, the new pension scheme does not guarantee retirees equal value of pension fund, even though such pensioners might have retired on the same grade level and salary scale. That, what a pensioner gets as his/her final pension fund depends largely on the performance of their respective PFAs. That while some PFAs might be up and doing to improve the value of the pension fund of their RSA holders through returns on effective and safe investment venture, others are really not doing as much to achieve this fit. It could also be as a result of late notification to the PFAs as to the value of employees contributions, thus the PFAs will not committee the RSAs to any investment.

(v) And lastly, that the 2004 pension reform efforts alone has not completely addressed all the problems associated with pension matters in Nigeria as envisaged by the theory by this research. This is especially in the area of corruption still lingering with the pension transitional arrangement directorate which is a mechanism imbedded into the system by the 2004 reform to stem the tide of corruption in the pension industry.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

This last chapter is devoted to represented this work in summary and make conclusive submissions on the efforts put up through the New Pension Scheme (i.e. 2004 Pension Reform) in other to secure for prospective Pensioners, quality retirement welfare. Thus, haven made analysis to validate our hypotheses, it will be necessary to make certain recommendations that tend to remedy areas of weaknesses discovered, and proffer means to sustain the successes recorded so far. Hence, this chapter provide that avenue to make our recommendations, which are limited to our areas of findings only.

6.2 Summary

The objective of this research work has been to find out, what has happened to the status of retirement welfare of public employees as a way of impact of implementation of the 2004 pension policy since its adoption in the public sector vis-à-vis accommodating all public employees, guaranteeing retirees a comfortable life after retirement and boost their level of confidence in the pension system. On this note, this research was able to discover that though the confidence level which workers now have on the new pension is high, but there are still some lingering issues steaming from implementation or compliance which has specific negative effect on the feelings of some employees and these are capable of affecting the success achieved in boosting the confidence the employees have on the system.

Worthy of note in this work is the successes recorded in accommodating almost all the public servants into the new scheme, and this have rise the hope of every employees of the public

sector of having something to hold on to at the end of their successful career. However, the tempo of registration already achieved must be maintained at all time.

From our analysis, it was also found out that for retirees to have a guaranteed comfortable life as they will prefer, they must also join hands with the managers of the contributory pension procedure by timely fulfilling all that are required of them so as to ensure prompt access to their benefits. Thus, prompt access to pension fund by the pensioners is sine qua non to securing a comfortable life after retirement.

And as earlier underpinned in this research by adopting the Rational comprehensive theory of H.A. Simon, the 2004 Pension Reform as a way of governments policy effort aimed at overhauling all the problems of the Nigerian Pension Industry may have conform to most aspects of the theory but certainly have not solve all the problems associated with the industry especially in the areas identified in the last finding above.

6.3 Conclusion

Just as most government programmes and policies experience some form of challenges hampering attainment of its objectives, and mostly necessitating intervention to remedy the trend, also has the issue of pension in Nigeria faced with a lot of serial crises of administrative, financial and structural problems before 2004. Therefore, the year 2004 witnessed a policy decision of the government that brought about the current remedy into the pension industry through its 2004 Pension Reform Act.

The 2004 effort became necessary as the workers have completely lost faith in the system and have almost given up hope of securing any form of comfortable life after retirement through their pension. This itself was posing as another area of challenge as some employees resort to system malpractice in order to secure a future for themselves through un-sanctioned means.

Thus, haven established and implemented a new pension scheme in the public service, it is worthy to pause and reflect on its performance aimed at tackling some of the problems, especially those mentioned in this research problem in chapter one. And this is exactly what this thesis has devoted its efforts to.

After review the implementation efforts so far through review of various literature, and analysis of data generated for the purpose of inference, this study arrived at certain fundamental findings, with some suggesting that some levels of successes have being made, but revealed that there are certain lapses still present in the system.

6.4 Recommendations

Haven analysed our data, and discovered the above findings, this study here seek to make the following recommendations to them.

(1) If the current level of confidence expressed by the employees on the new pension scheme due largely to the implementation efforts so far must be maintained, further efforts needed to be made by government especially through the National Pension Commission to ensure that all the problems associated with compliance by respective government MDAs and the private sector stakeholders are resolved soonest. Such effort could be effectuated by the commission by putting in place adequate mechanism to track the level of compliance as well as rate of contributions by the employers and employees of various public organisations in order not to allow the scheme run into financial crises like in the past and/or as witnessed in other sectors of the economy.

This can be achieved by establishing PenCom Desk Officers in various MDAs and to ensure such officers report back directly to the commission on the activities, progress and problems the pension system is facing in the various MDAs. This is

achievable if sincerely done, as the same monitoring system have proved to be working in administering other government policies through SERVICOM.

(2) The current practice whereby every new employee is required to be registered into the scheme at their point of entry as part of their documentation processes should be sustained, and further effort should be made to initiate communications with the new entrants to ensure that their entry into the scheme is hitch free. This can be achieved by issuing all new entrants a feedback form designed to yield desired report, at most three months after settling down on his or her job; such assignment should be handled by the PenCom Desk Officers in collaboration with the Pension Units in the various MDAs.

(3) The issue of retirement leave should be taken seriously and enforced if need be to ensure that prospective pensioners come to terms with the reality of their impeding retirement so as to inculcate in them the habit of early processing of the retirement procedures in order to stem the trend of any form of delays normally caused by late commencement of processing which might lead to any delay in accessing their benefits after they must have eventually retired.

Also, there is need for the government through the Office of the Head of Service of the Federation and in partnership with PenCom, MDAs and private sector stakeholders to regularly organise a retirement workshop for impending retirees in order to prepare their minds and allay all fears that might arise through the anxiety of retirement life. With all these said, MDAs and relevant offices handling prospective pensioners retirement documentations/procedures must ensure diligence on the part of all their staff. It is only through means like these, that prospective pensioners could be guaranteed prompt access to their benefits in order to live a comfortable life.

(4) The process of notifying PFAs of an employee's contributions must be taken with all seriousness. Because, it is when PFAs are in the know of what an employee's contribution is that they can credit the RSA in their possession and subsequently commit same to a return yielding investment in order to grow on the eventual value of the employee's pension fund. The bulk of this assignment rest with PenCom by ensuring that MDAs contributions as well as that of the employees are deducted at source just as it now, and same should immediately be transferred to PFCs and notifications sent to PFAs simultaneously. PFAs should be made to acknowledge receipt of such contributions the way PFCs currently do.

(5) Luckily, a new amendment to the 2004 Pension Reform Act have just being signed into law by the President as the Pension Act, 2014. Fundamental in the areas of the amendment are the issues of corruption associated with Pension Transitional Arrangement by establishing a directorate to handle the task, as well as the upward review of the contribution ratio in favour of the employees in the ratio of ten percent to eight percent (i.e. 10:8) from the initial 7.5:7.5.

Therefore, if implementation of the above areas of reviews in the Act are taken with all seriousness, as well as other areas of the amendment, then the problem of most limitations of the initial pension reform of 2004 must have been addressed, and also position the pension Act in better capacity to comprehensively solve all the problems of the pension industry. This is more so because, the Act is in itself is self enhancing as it ensure periodic review of its provisions.

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APPENDIX 1

Department of Public Administration,
Faculty of Administration,
Ahmadu Bello University,
Zaria.

Dear Respondent,

Research Questionnaire on the 2004 Pension Reform

I am an M.Sc Student from the Department of Public Administration, Ahmadu Bello University Zaria, carrying out a research on the **Impact Assessment of the 2004 Pension Reform on Retirement Welfare of Public Servants of Selected National Commissions**. I trust you will make contributions that will help us get an enriched research work.

Your personal and objective views will be highly appreciated and valued. I assure you that your contribution will be treated confidentially. Thank you very much for making out time to attend to the questionnaire.

Yours Faithfully,

Isah Abdulrouf
Researcher.

APPENDIX 2

QUESTIONNAIRE I

Please tick the box that best suit your opinion from the range of options. ☑

Section A: Demographic Features of Respondents

sex: Male ☐ Female ☐

Please State the Institution you retired from_____

Level held upon retirement

Junior Staff ☐ Senior Staff ☐

Section B : Questionnaire directed at the Employees

Questionnaire directed at the employees-Hypothesis one (i.e. Compliance to the 2004 pension reform improves workers confidence of access to their entitlements upon retirement).

Questionnaires relating to the first variable (i.e. independent): Compliance to CPS.

i. Retirement Savings Account:

1. Do you own a personal pension account to which your pension contributions are paid into?
   (a) Yes [ ] (b) No [ ] (c) Undecided [ ]

ii. Contribution Ratio:

2. Only the required ratio of 7.5% is deducted from your salary
   (a) Yes [ ] (b) No [ ] (c) Undecided [ ]

iii. Contribution Remittance:

3. Are there visible evidence to show remittance of contributions into your RSA?
   (a) Yes [ ] (b) No [ ] (c) Don't Know [ ]

iv. Existence of Dedicated Pension Department:

4. In your organisation, is there a pension unit or office to handle staff pension matters?
   (a) Yes [ ] (b) No [ ] (c) Don't Know [ ]

v. Information about the Status of RSA:

5. Can you easily get information about the status of your pension account?
   (a) Yes [ ] (b) No [ ] (c) Undecided [ ]

vi. Opportunity to Change PFA:

6. Can you change from your present PFA to another at any time you want?
   (a) Yes [ ] (b) No [ ] (c) Don't Know [ ]
7. If yes to the above, since 2004 have you change your PFA to another of your choice?

(a) Yes [ ] (b) No [ ]

8. And was there any hitches in trying to change your PFA?
(a) Yes [ ] (b) No [ ]

viii. Life Insurance Portfolio:

9. Does your organisation has a life insurance portfolio for you?
(a) Yes [ ] (b) No [ ] (c) Undecided [ ]

viii. Knowledge about the CPS:

10. Do you have adequate knowledge of the contributory pension procedures?
(a) Yes [ ] (b) No [ ] (c) Undecided [ ]

Questions relating to the second variable (i.e. Dependent): Level of Confidence on the New Pension Scheme

i. Contributory Pension Procedure:

11. Do you feel satisfied with the procedure laid down for securing pension under the CPS?
(a) Yes [ ] (b) No [ ] (c) Undecided [ ]

ii Growth Rate of the Value of Pension:

12. Do you feel satisfied with the growth of funds in your pension account
(a) Yes [ ] (b) No [ ] (c) Undecided [ ]

13. With the present growth of your pension funds, do you think you can make a good life after retirement?
(a)Yes [ ](b) No [ ] (c) Undecided[ ]

APPENDIX 3
QUESTIONNAIRE II

Section C: Questionnaire Directed at the Retirees

Questionnaire Directed at the Retirees of the Organisation –Hypothesis Two (Prompt Access to Pension Benefits after Retirement Guarantees Retirees a Comfortable Life Style)

Questions relating to first variable (i.e. Independent): Prompt Access to Benefit

i. Delay in Accessing Benefits:

1. After retirement when do you begin receiving your pension benefit?
   (a) 1 to 6 months later [ ] (b) 7 to 12 months later [ ] (c) 13 – 18 months later [ ]
   (d) 19 months later and above [ ]

2. Have there been times when withdrawal from your RSA was delayed?
   (a) Yes [ ] (b) No [ ] (c) Undecided [ ]

3. Sometimes funds due for a particular month is delayed till the next month
   (a) Yes [ ] (b) No [ ] (c) Undecided [ ]

4. Upon retirement, do you immediately began receiving your pension benefit?
   (a) Yes [ ] (b) No [ ] (c) Undecided [ ]

5. Have there been times when you were owed your funds by your PFA?
   (a) Yes [ ] (b) No [ ]

Questions relating to second variable (i.e. Dependent): Retirees' Comfortable Life Style:

i. Meeting Family Responsibilities:

6. With your pension fund, do you still meet the socio-economic needs of your family like good health care, children education, clothing etc?
   (a) Yes [ ] (b) No [ ]

ii. Living Choice Life Style:

7. At times when your pension fund is delayed, do you still live a comfortable life?
   (a) Yes [ ] (b) No [ ]
8. Have there been any adjustment in your life style since becoming a pensioner?
   (a) Yes [ ] (b) No [ ] (c) Undecided [ ]

iii. Pressure of Retirement Life:

9. As a pensioner, do you find it convenient living in your choice of locality; therefore relocating?
   (a) Yes [ ] (b) No [ ]

iv. Insufficiency of Pension fund:

10. At times do you source income from other avenues to supplement your pension in order to be comfortable?
    (a) Yes [ ] (b) No [ ]

APPENDIX 4

INTERVIEW SCHEDULE

The Head, Pension Unit (NUC)

Ma'am,

1. What are the kind of challenges normally encountered by beneficiaries under the new contributory pension scheme?

Employees retiring from service under the new scheme are not guaranteed of having same retirement benefit in value; it depends on the performance of the PFAs. And PenCom has not actually granted the window where an employee under a non performing PFA can easily change his or her PFA to another one where he can have high return on his savings investment. This is one of the major challenge that both employees and retirees do complain of mostly.

Some retirees also do face a situation where they might be late notification to their PFAs as to their contributions, therefore the PFAs will not commit their RSA to any investment that will yield returns on the value of the pension fund. What normally cause this though is the problem of documentations at PenCom which are not sort out early before an employee's retirement. So those affected are only going to get their contribution at contributory value, without any net value added.

Head, Pension Unit (NSC)

Sir,

2. How do you think the challenges normally complained by staff about the new scheme can be overcome?

It is my firm hope that with the trend of implementation, despite the challenges, with time things will be better and the problems will be overcome. All that is required is sincerity on the part of the managers of the scheme and patience and sacrifice on the part of the employees at this initial stage, especially now that the act just undergo an amendment. So, I will advice the staff to stop expressing indifferent attitude towards this scheme, at least for the fact that it is better than the old practice.

A Staff of National Sports Commission

Sir,

3. What specific experience can you relate about the new pension scheme practiced in the public service?

There were about three months that contributions deducted from my salary was made above the required ratio, and up till now the issue is yet to be resolved even after my formal complaint through my pension unit here; but I hope it will be resolve soonest. So this is the big challenge in the new scheme. Aside this, the scheme is generally better compared to how pension used to be.

A Pensioner met at NUC

Sir,

4. Why is it that some pensioners complain of not accessing their benefits (RSA) upon retirement?

Most pensioners who had problem of not accessing their RSAs immediately is as a result of late commencement of processing their retirement procedures like documentations, Submission of retirement letter to appropriate offices, and waiting to be reminded of their retirement even after the last three months notification by the pension office. So, pensioners should avoid this by ensuring early processing of their retirement procedures.

APPENDIX 5

SPSS CROSSTABULATION OUTPUTS FROM THE FIELD

Contribution Remittance * Growth Rate of the Value of Pension Fund Cross tabulation

Count

		Growth Rate of the Value of Pension Fund			Total
		No	Undecided	Yes	
Contribution Remittance	Don't know	26	0	0	26
	No	7	0	0	7
	Yes	41	57	168	266
Total		74	57	168	299

Chi-Square Tests

	Value	d.f.	Asymp. Sig. (2-sided)
Pearson Chi-Square	482.023[a]	9	.000
Likelihood Ratio	396.598	9	.000
N of Valid Cases	299		

a. 6 cells (37.5%) have expected count less than 5. The minimum expected count is 1.02.

Schedule of taking Possession of Benefit after Retirement * Pensioner still Living his Desired Comfortable Life Cross tabulation

Count

		Pensioner still Living his Desired Comfortable Life		Total
		No	Yes	
Schedule of taking Possession of Benefit after Retirement	1 - 6 Months Later	22	22	44
	7 - 12 Months Later	4	0	4
Total		26	22	48

Chi-Square Tests

	Value	d.f.	Asymp. Sig. (2-sided)
Pearson Chi-Square	376.923[a]	4	.000
Likelihood Ratio	285.031	4	.000
N of Valid Cases	48		

a. 5 cells (55.6%) have expected count less than 5. The minimum expected count is .25.