Title Page

CONTRIBUTORY PENSION SCHEME AND ITS IMPACT ON RETIREES IN SELECTED PUBLIC ORGANIZATIONS IN NIGERIA

BY

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DECLARATION

I hereby declare that the work in this thesis titled "THE CONTRIBUTORY PENSION SCHEME AND ITS IMPACT ON RETIREES FROM SELECTED PUBLIC ORGANIZATIONS IN NIGERIA" was performed by me in the Department of Public Administration, under the supervision of Prof Ibrahim Abdulsalami and Dr. Adamu Ibrahim. The information derived from the literature has been duly acknowledged in the text and a list of references provided. No part of this work has been presented for another degree or diploma at any institution.

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Name	Sign	Date

CERTIFICATION

This Project (Dissertation) titled "CONTRIBUTORY PENSION SCHEME AND ITS IMPACT ON RETIREES FROM SELECTED PUBLIC ORGANIZATIONS IN NIGERIA" 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

I dedicate this dissertation to Almighty God who gave me the enablement to accomplish to this point.

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ABSTRACT

The contributory pension scheme was introduced to resolve pension issues such as delay in monthly pension payment, and incapacity of some retirees to cater for their needs, both occurring as a result of the failures of the old pension scheme. However, having been implemented for 10 years (2004 – 2014), by the Pensions commission, the study tends to ascertain whether any delay still exist in pension payments, and whether the pool of saving as suggested by the contributory pension scheme is able to provide the needed livelihood for retirees, This study evaluates the contributory pension scheme to find out if the scheme has resolved the delay associated with monthly pension payment and if what retirees receive as pension are sufficient for them to cater for their needs. In doing so, we used a survey research design, wherein we randomly sampled the opinions of retired beneficiaries of the pension scheme from 2008-2014, from Seven Federal Establishments in Nigeria. The opinions of these sampled beneficiaries were collected using a questionnaire and interview. Therefore, the study finds that delay to pension payment still occurs at the time when retirees retired, and that such delay is caused by the manual approval process required to get access to retirement benefit. Also, it was found that, the pool of savings as suggested by the Contributory Pension Scheme has not been able to cater for the livelihood of many retirees in the public establishments in Nigeria. Hence we recommend that the Pension Commission should automate (software) the approval process which would greatly speed up the approval process and eliminate administrative bottle-necks resulting from multiple paper movements and points of actions (number of desks and/or offices that participate in the approval process).And the stakeholders should review the contributions to increase the volume of pension benefits to enable retirees take care of their basic needs at retirement.

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ABBREVIATIONS

E.g.	**For Example**
CPS	**Contributory Pension Scheme**
CRF	**Consolidated Revenue Fund**
i.e.	**That is/for Example**
No.	**Number**
NSITF	**Nigerian Social Insurance Trust Fund**
PAYG	**Pay As You Go**
PENCOM	**National Pension Commission**
PFA	**Pension Fund Administrator**
PFC	**pension Fund Custodian**
RSA	**Retirement Saving Accounting**
SFAS	**Statement of Financial Accounting Standard**
SPSS	**Statistical Package for Social Sciences**

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Pension as a subject has witnessed reforms due to its relevance in the world today. These reforms were made possible with the increasing public interest on the issue of pension. What has brought about such increased public interest lies mostly on domestic socio economic factors such as the concerns raised about the ability of members of the older population to cater for themselves after retirement. Pension scheme is an aspect of social security scheme; it is a policy that was designed to provide retirement benefits to employees leaving an organization.

The idea of retirement benefits was introduced into Nigeria public service sector with the enactment of pension's ordinance during the British colonial era. This ordinance was enacted in 1951 and had a retrospective effect from January 1, 1946. The pension system in Nigeria has witnessed different changes since the country's independence in 1960. However, in 1979, the pension decrees No. 102, 1979 (which also had retrospective effect from April, 1974) was promulgated and it consolidated all previous enactment (Faruk, 2011).

The primary source of pension laws in Nigeria is the constitution of the Federal Republic of Nigeria (Promulgation) 1989 No. 12, Section 171, 208 and 309 which provide for the protection and regulation by law of the pension and gratuity rights of

pension of employees in the federal public services; public service of the state and service of the local government.

The management and administration of retirement benefit funds was governed by various statutes and statutory regulations. They include the pension decree No. 102, 1970, the Armed Forces pension Decree No. 103, 1979, the various state government, local government staff pension Board Edicts.

For quite a long-time, public sector pension has been the ideal scheme providing a lot of contingency benefit in addition to gratuity and pension for life, pension rights of employees of government are protected by law under the constitution and the benefits increase regularly to cope with rising cost of living. But the system has collapsed as a result of dwindling revenue of the Federal Government and the fact that the scheme was not funded and non-contributory coupled with recklessness on the part of government, mismanagement and corruption.

Nevertheless, the administration of pension in Nigeria was later confronted with a lot of structural, demographic and institutional problems. It is worthy of note, that the problems associated with pension administration are not in any way peculiar to Nigeria alone. Worldwide the administration of pension is bedevilled with a lot of problems. Consequently, there is global leaning towards pension reform as the traditional system of pay as you go (PAYG) became inadequate. Pursuant to this development, government of respective countries, in a bid to address these problems associated with pension

administration saw a general acceptance of the "Contributory Pension Scheme" as the way forward which Nigeria was not an exemption.

In Nigeria, the pension Reform Act, 2004 provides the framework within which the new contributory scheme is to be administered. The choice to replace the PAYG is attributed to the following factors:

i. Prior to 2004, the public service pension scheme was largely unfunded and wholly dependent on highly unpredictable and epileptic budgetary allocations.
ii. The annual budgetary allocation for pension has been one of the most vulnerable items in budget implementation in the light of resources constraint. Indeed, even where budgetary provision is made inadequate and untimely release of funds had adversely affected the payment of retirement benefits.
iii. It is also envisaged that in a few years to come pension salary might exceed the salary of active workers (Maiturare 2006:1-2).

The Contributory Pension Scheme is largely a private sector initiative. It is contributory in nature, fully funded based on individual accounts that are privately managed by Pension Fund Administrators (PFA). As stated in the Pension Act 2004, the contributory system requires that employees contribute 7.5% of their monthly emolument (Basic salary, housing and Transport Allowance) and the employer contributes 7.5% in the case of the public sector. While the military personnel contribute 2.5% and the employer contributes 12.5%. Employers and employees in the private sector contribute a minimum of 7.5% each, of the monthly emolument of employees. An employer is

obliged to deduct and remits contribution to a custodian within 7 days from the day the employee is paid his salary, while the custodian shall notify the PFA within 24 hours of the receipt of remitted pension funds (PenCom, 2004).

Flippo (1984; 547) observed that if the first function of a personal manager is that of procuring employee from the society for use in the organization, it is logical that the final function should be the returns of those employee to that same society.

According to Chancellor Otton Vonbismarck (Ritter 1983: 131) "whoever has pension to look forward to in his old age is much more contented and more easily taken care of than the man who has no prospect of any. On another occasion he remarked that such pension would teach even the common man to look upon the empire as a benevolent institution.

1.2 Statement of the Problem

It is possible to envision a Nigeria where the retirees through a well administrated pension scheme, would live a relatively comfortable life with the ability to afford good health care, good quality food, housing, and other personal need they desire.

The old pension scheme which was administered in Nigeria, 1951 – 2003, could not achieve this vision. The course according to Balogun, (2006) emanated from complexity in its administration which involved the long and tiring process of identification of pensioners, determination of amount of entitlements, and reconciliation of government

overall pension liability for budgetary and planning purposes. The resultant effects of these was **delay in pension payment** which could last for long period of time, and the difficulty of pensioners to cater for their needs (unavailability of their pension benefit).

The new Contributory Pension Scheme is established to solve some of these administrative problems experienced with the old schemes. One of such method is to have eligible individuals (as spelt out in the pension Reform ACT, 2004) have a RSA where their pensions will be accumulated and saved until retirement. This evidently would remove the issue of calculating entitlements of retired individuals and also remove the problem of trying to identify who are eligible pensioners. This therefore means that the delay in pension payments and the relative reduction of pensioners' inability to cater for their needs, as experienced in the old scheme will be eliminated.

However, having being implemented for 10 years (2004 – 2014), by the Pensions commission, the study tends to find out whether any delay still exist in pension payments, and whether the pool of saving as suggested by the contributory pension scheme is able provide the needed livelihood for retirees, a situation which raise questions that challenges the capacity of the Contributory Pension Scheme to achieve its objectives, which are: to ensure that all workers in both the public and private sectors receive their pensions as at when due, and to assist individuals to save in other to cater for their livelihood during old age. The pertinent question is therefore, have these objectives been realized?

Research Questions

In view of these research problems identified above, the following questions were addressed in the course of the research.

i. To what extent has the Contributory Pension Scheme ensured timely payment of retirement benefits to public services retirees in Nigeria?
ii. To what extent has the Contributory Pension Scheme ensured that the retirement benefits received are sufficient to cater for the needs of public service retirees in Nigeria?
iii. What are the challenges of the Contributory Pension Scheme of public service retirees in Nigeria?

1.3 Objective of the Study

The main objective of this work is to establish whether the Contributory Pension Scheme has provided some level of financial security for retirees.

Specific objectives of this work are:

1. To determine the extent the Contributory Pension Scheme has ensured timely payment of retirement benefits to public services retirees in Nigeria.

2. To determine the extent the Contributory Pension Scheme has ensured that retirement benefits received are sufficient to cater for the welfare of public service retirees in Nigeria.
3. To identify the challenges of the Contributory Pension Scheme of public service retirees in Nigeria.

1.4 Research Hypotheses

First Hypothesis:

H_0 The time of retirement benefits payments as provided by the Contributory Pension Scheme does not significantly affect the welfare of retirees of Federal Public Service Institutions

H_1 The time of retirement benefits payments as provided by the Contributory Pension Scheme significantly affects the welfare of retirees of Federal Public Service Institutions.

Second Hypothesis:

H_0 Welfare of Federal Public Service retirees do not significantly depend on the retirement benefits they receive from the Contributory Pension Scheme.

H_1 Welfare of Federal Public Service retirees significantly depends on the retirement benefits they receive from the Contributory Pension Scheme.

1.5 Significance of the Study

The problems of pension administration and all the negative consequences it had with retirees was not experienced in Nigeria alone, it was felt worldwide which attracted local and international attention to alleviate the negative impact it had on post retirement life. The World Bank also in her part made attempt to eradicate old age poverty through the development of a comprehensive and sustainable pension system for all retirees of both public and private. Many researches have been conducted to comparatively analyse old pension and new scheme in line with the welfare of the retirees and pension in Nigeria. Little attention has been given to viability of the Contributory Pension Scheme in Nigeria. Putting into consideration the peculiar nature of Nigeria socio-economic environment, this study has identified the significant impact of the Contributory Pension Scheme on post retirement life of retirees who have been beneficiaries of the Contributory Pension Scheme, for the past seven years. Thus, we examined the satisfactory level of these beneficiaries of the Contributory Pension Scheme, on the Contributory Pension Scheme, as well as measure the extent they can keep up with their physiological needs, with the pension been provided them by the Contributory Pension Scheme. We further analysed these data in such a way that shows us the capability of the Contributory Pension Scheme to provide a sufficient and guaranteed pensions for future retirees.

A significant aspect of this study is that it draws data from those (retirees) who are present beneficiaries of the Contributory Pension Scheme, rather than those who are still

working, as past researches have done. Therefore, the findings represent the present realities rather than anticipated realities.

Further, as Nigeria progresses towards having a comprehensive and dependable system for pension administration, this research can add to that drive, as the examination of the experiences of the current beneficiaries of the scheme as contained here, can provide a simulating evaluation on the present efficacy of the Contributory Pension Scheme, hence we can know which area of the Contributory Pension Scheme need improvements.

1.6 Scope of the Study

This dissertation studies the Contributory Pension Scheme focusing on the impact on post-retirement life in Nigeria. Hence, retirees who are beneficiaries of the scheme are the only study group of the thesis. Present employees who are part of the scheme are not studied because the study focuses on the retirees. Federal public institutions selected for the study include, the Nigerian Universities Commission, National Planning Commission, Nigerian Customs Service and Federal Inland Revenue Service.

The study covers the period from 2008-2014, which has been the main period within which the Contributory Pension Scheme has been so far implemented, at least before the commencement of this research in early 2014. The Contributory Pension Scheme was enacted into law in 2004, however the first set of retirees under the scheme

was witnessed in 2008 (PenCom, 2008). Therefore, a characteristics of the retirees studied are those who retired between 2008 and 2014.

1.7 Limitations of the Study

In carrying out this study we encountered some challenges that provided some limitations to the study. These limitations are:

1. Access: Access to participant was challenging. Retirees could not be found in one single location or at a particular time. Further, we had the problem of distinguishing those retirees who are beneficiaries of the Contributory Pension Scheme and those who are not. To overcome this however, we had to spend more days, time and money trying to meet with retirees at selected points. Hence, we visited some known pension funds administrators as well as Contributory Pension Scheme consultants who usually have contacts with the category of retirees we set out to study.
2. Research Population and Sample Structure: The way in which we initially structured the population and sample (i.e., selecting some specific Public Organisations) made the process of data collection too rigid and cumbersome. After much trial, we then modified the sample structure, to enable us examine retirees from many more Public Organisation, taking into consideration that the same pension law applies to all Public Organisations' employees.

These limitations however, do not challenge the validity of this research, but rather, as we have already explained, it provided a spring board, to bring the work to a conclusion, and perhaps makes it better.

1.8 Definition of Concepts.

i. Time of retirement benefits payments

- Time is a measure in which events can be ordered from the past through the present into the future, and also the measure of durations of events and the intervals between them. (https://en.wikipedia.org/wiki/time)
- This comes in the form of number of months or years it took to begin receiving ones pensions (one month, two months…2 years).
- Receipt of pension before the end of the month.
- Receipt of pension at the end of the month
- Receipt of pension less than 7 days of a new month
- Receipt of pension above 7 days of a new month

ii. Welfare

The state of doing well especially in respect to good fortune, happiness, well-being, or prosperity (www.merriam-webter.com/dictionary/welfare)

The state of wellbeing of an individual or group of individuals, in this case retirees. This would include, quick access to benefits, absence of undue procedures (protocols), absence of inattentions of a retiree by either his former place of work or by any of the Pension regulation or implementation institution.

iii. Retirement Benefit

Retirement benefit refers the amount of money an individual gets when he retires his services from an organisation to which he was employed. With the contributory pension scheme, this then refers to the total amount of savings an individual has accrued via his contribution and the contribution of his employer during his time of service, to provide for his welfare at retirement. It refers to the amount of money an individual gets (monthly) when he his retired.

1.9 Plan of the Study

This study is has five chapters. The first chapter, which is the introductory chapter, presents the background to this study. In this chapter we discussed the problem this study address, the objective and significance and the scope the study covers. In the second chapter, literatures related to this study are reviewed, and the theoretical framework upon which this study was structured is discussed. Chapter three contains the methodology for which the data for this study was collected and analysed. In the fourth chapter, the data collected are presented and analysed and the major findings are also presented. Finally, the last chapter, chapter five, contains the summary of this work, the conclusion, as well as, the recommendations based on the findings.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

In this chapter of the work, we discussed literatures on the subject of pension and a theory that gives us a gainful guide in this study. The literature is related in the area of interest as it is restricted in line to address the subject matter of pension. However, the literature exposes the concept of pension, reasons for the 2004 pension reform and making reference to other nation's issues on pension. And the theory to backup this study will be exposed in due course.

2.2 Literature Review

Historically, occupational pension scheme owe its origin largely to philanthropic concern on the part of employers for the welfare of workers who had long and faithful service to their companies. Pension connotes that man who contributes labour to the business where he worked substantially through out of his working life should be rewarded over a longer period than his actual service. The aggregate reward for his service should so far as he concerned, be apportioned and spread so that some of it will

be payable during his working life, while the remainder will be payable either during his period of retirement or death.

The literature will be looking at the concept of pension and enriched related literature review for quality study.

2.2.1 Concept of Pension

Pension is defined as the sum of money paid regularly to a person who no longer work because of age, disablement and so on or to his widow or dependent children by the state, by his former employers or form funds to which he and his employers have both contributed.

Pension constitutes financial obligation or financial commitment the Federal government owes public servants on retirement. Pension is paid monthly to the pensioner. To be entitled for pensions one must have served for the minimum thirty five years and duly retired (Yesufu 2002).

Pension according to Williams (1997) in Abubakar (2011: 19) is the totality of planned procedures and legal process of security and setting aside of funds to meet the social obligation of care which employers owe their employees at retirement or in the case of death.

A pension created by an employer for the benefit of an employee is commonly referred to as an occupational or employer pension. According to Okotoni and Akeredolu

(2005:1) in Abubakar (2011), the purpose of occupational pension scheme is to provide employees regular and stable income after their retirement from service.

Funds are paid at regular intervals to the employee to enable them cope with life after retirement. Pension scheme as widely known in Nigeria, UK and Ireland is called superannuation plans in Australia and retirement plan or superannuation in U.S.A. Pension in general note is an arrangement to provide people with an income when they are no longer earning a regular income from employment.

2.2.2 Types of Pension Systems

There are two types of pension systems. These are Defined benefit and Defined contribution. The defined benefit also known as pay-as-you- go system is one in which an employee's pension benefits are paid from the employers current revenues or by government out of current taxes. Before May 1981, the Chilean government like the Nigeria government operated the pay-as-you-go retirement scheme which is replaced with the private system where workers fund their own retirement through compulsory savings. The Defined contribution pension scheme Chile is administered by specialized companies, which are called Pension Fund Administration. This type is the current pension scheme in Nigeria which was established by the 2004 pension act and since then, Nigeria is practicing it till date.

2.2.3 Comparative Analysis between the New Pension Scheme and Old Scheme

The pension Act 102 of 1979 covered only public officers in Nigeria. Private sector employers under this law were sensitized by the Nigeria Social Insurance Trust Fund (NSITF) to make pension arrangement for the employee under the pension reform Act 2004. However, the law covers both the public and private sectors. This law has bought about parity of treatment between the public and the private sector employees. The policy frameworks of the two schemes are poles apart while the policy framework under the pension Act 102 of 1979 was based on unfunded non-contributory scheme. Benefit payment under this scheme is defined and paid based on the PAYG principle.

Government under this system makes budgetary provision for payment with the promulgation of the pension. Reform Act 2004, there is a major shift. This is because the new scheme has put in place a contribution scheme. It provided employer and employee money set aside by way of joint contribution to ensure benefit payment to officers on retirement. This new scheme is therefore fully funded. Benefit payment under this scheme is not defined. In essence an employee gets what he contributes.

2.2.4 Post-Retirement Life and Pension in Nigeria

Post-retirement is seen as one's departure from active service into his own private setup, the person no longer work for the government and is on his own. This connotes a successful end to a chapter and the opening up of a new chapter in one's life.

Post-retirement life is the period of your life after you have stopped work at a particular age.

In the post-retirement period in the past, things were different due to irregular, inefficient record keeping and lethargic attitude of government to employees which cause delays in effecting payment of pension. This and many other factors informed the 2004 pension act which embraced contribution from both employee and employee contribute to make pension at the end of one's service to the government or private sector.

2.2.5 Pension Administration in Nigeria

The civil service pension in Nigeria like most third world countries originated with the colonial administration. Under the colonial administration, the pension ordinance was enacted 1951 but back dated to 1946 (Williams 1997) since then, there have been several legal provision on pension administrations. These included the local trustee power Act of 1957, the income tax management Act of 1962 and the decree no 102 of 1979. All these legal initiative placed pension matter across the nation with the federal government. For instance, the decree No. 102 of 1979 guarantees the payment of pension to public officer who has retired and qualifies to earn pension and gratuity (Williams 1997).

Section 173 of the constitution provided for the pension right of public servant subjected to the public service of the federation to receive pension or gratuity shall be regulated by law.

Any benefit to which a person is entitled in withheld of altered to his disadvantage except to such extent as is permissible under many law, including the code of Conduct pension shall be review in respect of service of the federation shall not be taxed.

A reform of pension system became necessary as government could no longer adequately meet its pension obligation. Between 1998 and 2000 for instance, pension entitlement grew by about 750% this means that the pension on allowance of N10, 000 per-months in 1998 was as at 2000 receiving about N75, 000 per-months.

These increases were done with little or no thought to the fiscal consequences. As at then, the cumulative pensions owned pensioners by the government is put at two trillion naira of approximately 25% of the gross domestic product. The increase in government spending on pension currently estimated at 4.8% of the national budget and 1.5% of GDP is adequate to offset the outstanding arrears of pension liabilities.

Following the huge burden of pension benefit and allied problems in its administration the federal government in September 2003 sent a bill to the national assembly to establish a Contributory Pension Scheme for employees in both the public service of the federation and the private sector (Thisday,15/9/ 2003:p15).

2.2.6 The Problem of the Old Pension Administration in Nigeria

Several problem were Identified with the Old Pension administration ranging from Corruption to delay in payment of pension. The rampant corruption that has Characterized Nigerian government for most of its recent history is identified as a factor militating against pension administration in the Nigeria public service. A 2002 survey by the presidential technical committee on pension from Nigeria's government for over a decade in the department of military pension, show some of these problems, Bassey (2004):

I. The chairman of the committee Peter Ebhaleme holds that the figure includes those who have been collecting the pension under the guise of qualified pensioners. Whereas they were either dismissed soldiers or those who disappeared without official leave (as well as people who falsify claim…..medical disability. Also in the list of those were collecting pensions were… relatives (on behalf of) deceased pensioners.

II. Nigerians were not taking record keeping seriously. They were fond of asking people to produce photocopies of documents, or letter to enable them, trace the original correspondence even if they were issued the same day.

III. Delay of pension in the Nigerian public service. Many pensioners are owed pension for several months. The former senior official in the office of Nigeria union of pensioners, noted "we are not happy with what is happening to retirees generally especially with delays in paying pension Railway pensioners as at June

2002 were owned twenty months pension money. In the ministry of defence headquarters in Abuja retired military officers protested the several months of pension owed them.

According to retired commander Asuquo Bassey Chairman of the military pensioners anti-intimidation squad five retired soldiers have died in 2004 in Abuja while waiting to be paid their pensions.

2.2.7 Contributory Pension Scheme

In a paper presented at the research workshop organized by the World Bank prior to policy conference in Luxemburg helped clarify the likely triggers of a pension reform. (Holzman et al. 2003: 13) in Abubakar 2011. Studying four countries in Latin America and Eastern Europe, namely, Argentina, Bolivar, Hungary and Poland. Muller (2008: 47-78) identified five key variables that could trigger reform dynamic political leadership, the role of intelligent reform strategy.

Nigeria bought in the pension reform with some fundamental changes as this:

i. The introduction of a mandatory defined contributory system.
ii. Abolition of payment of gratuity and payment of pension for life
iii. Delay in accessing contributions
iv. An opportunity for early retirement and
v. Significant down-sizing of the pays system by limiting it to judicial officers.

Commenting on the potential impacts of Contributory Pension Scheme on the economy, Maiturare (2006:2:3) opined that conceptually the new scheme is designed to among others, provide system that is financially sustainable simple and transparent, less cumbersome and cost effective as well as encouraging saving among workers is that the golden hand shake (i.e. gratuity) is not in the new scheme, however commentator have argue that the golden hand shake of the PAYG system is replace with a diamond take-away of the Contributory Pension Scheme: while the PAYG system fixes what a workers can get as gratuity, the new scheme confers on the retirees the freedom to determine along with the pension fund administrator: what to take away as a lump sum that can equally be called gratuity.

Ahmed Rufai Mohammed (2004) in an interview with the "Analysis" asserts that the trust of the reform is wide. The pension reform Act 2004 repeals the pension Act 1990 and established mandatory pension scheme for Employees in both the public and private sector in Nigeria. He further said in the present arrangement the employer and the employees shall contribute to fund retirement benefits.

The Acts made provision for the establishment of pension fund administrators: who shall open retirement saving account for the benefit of the employee. The fund contributory shall be credited to this account and professional provision fund manager shall manage and invest the pension fund asset in accordance with the provision of the Act. It also set a regulatory body. The National pension commission which is charged

with the responsibility of regulating and supervision pension matters for effective administration of the scheme.

However, commenting on the economic, social, political and legal implications of the shift from the "defined benefit" to the "defined contribution" scheme. Ahmed Rufai Mohammed opined that the new scheme if properly implanted shall impact positively on the new lives of retirees. He said it is worthy to mention that the present arrangement shall make more money available for investment, creates employment opportunities and reduce social vice. Competition among fund administrators shall provide some incentive for investment performance and the economy shall undoubtedly receive a boost.

Obviously, the Act has some legal implications which are certainly central to the smooth implementation of the provision of the law. The National Assembly has no power to legislate on pension for the entire public service .i.e. State and local government.

This is because the National assembly has no power to legislate on the pension generally that is not paid out of the Consolidated Revenue Fund (CRF). The debate on the pension reform attracted wild comment and also generated a lot of controversy among the stakeholders in the pension industry. Contribution was made in an attempt to ensure that Nigeria has a properly studied, viable pension law. Pension matters are very sensitive and crucial.

The standard of living of workers after paid employment depend largely on the pension arrangement for them, it is gratifying to note that before the bill was finally

signed into law public hearing was conducted to give members of the public privilege to offer their view or opinion on the subject matter.

Pitch and victor (1960:21-27) opined that the practical reason for giving preference to a contributory plan is the way the burden of cost will be shared between the employers and the employee and more generous benefit can be provided for a given outlay on the part of the company.

Barira and Umar (2004) observed that in the "defined benefit" scheme, there is a pooling of resources and a form of income to support the low income group, for the peaceful growth of the society. As resources are pooled so also are the risks. With the introduction of the Contributory Pension Scheme the element of pooling resources and risk as well as income redistribution are absent.

Nevertheless, the new scheme emphasized the individual responsibility for providing income in the old age. Whatever pension benefit an employee will draw depends on how much he contributed to the scheme, it links contribution directly to benefits and has created individual property right to accumulated savings. The scheme reduces political risk by moving pension plan outside the direct control of government.

It is a simple and transparent scheme that permits individual that have enough in their account to decide when they will retire.

2.2.8 Rate of Contribution

i. The employees contribute a minimum of 7.5% of their monthly emolument and employer contributes 7.5% in the case of the public sector
ii. Military personnel contribute 2.5% and employer contributes 12.5%.
iii. Employer and employee in the private sector will contribute a minimum of 7.5% each of the monthly emolument of the employees
iv. An Employer may select to contribute on behalf of the employees such that the total contribution shall be less than 15% of the monthly emolument of the employees.

An employer is obliged to remit and deduct contribution to a custodian within 7days from the employee is paid his salary while the custodian shall notify the PFA within 24hours of the receipt of contribution and retirement benefit are taxed free.

2.2.9 Related Studies

A few studies have been conducted that likes the contributory pension scheme to retirees' welfare. One of such study was carried out by Faruk (2011). His work was directed towards finding out the extent problems such as untimely payment of benefits, lack of continuity and heterogeneity of administration of pension funds have been resolved by the contributory pension scheme. In doing so, he employed the use of multiple instruments of data collection and subjected the data to a non-parametric analytical test. Consequently, he found that the welfare of retirees depends on timely payments, voluntary saving and absence of discrimination in the treatment of retirees. However, the

work does not show us at which stage of the retirement cycle where delay in pension payment occurs or if the delay occurs constantly.

Musibau (2012) studied the impact of the contributory pension on workers savings. Using Oyo State public service workers, he found that there is no significant relationship between contributory pension scheme and savings, suggesting that the contributory pension scheme has not in any way encouraged workers to save; that, workers expect that their retirement benefits should come from the government wholly and not from a contributed savings. This study of course did not examine how the contributory pension scheme affects welfare of retirees.

Chizueze et al (2011:57) studied the contributory pension scheme, workers commitment, retention and attitude towards retirement in Nigerian Civil Service, and found that contributory pension scheme significantly affects workers attitude towards retirement. In this case they demonstrated that "workers are more confident towards retirement now than when the contributory pension scheme had not been introduced." However, the study does not evaluate the confidence level of those who are already retired as beneficiaries of the scheme.

In summary, the growing literature on the contributory pension scheme in Nigeria has been able to examine its relationship with variables such as retirement attitude, savings, and also retirees' welfare. In the aspect of retirees' welfare, variables such as time of retirement benefit receipt still needs further study, particularly in identifying the stage in the retirement cycle where delay in benefits payment occur. This study therefore

contributes to the existing literature by identifying which part of the retirement cycle that delay still exist and examine its implication for retirees' welfare.

Also, the literature has not examined those who are presently retired and are beneficiaries of the contributory pension scheme to find out if what they receive as benefit as provided by the scheme is sufficient to cater for their needs. This study further contributes to the literature by examining this factor.

2.3 Theoretical Framework

2.3.1 Deferred Wage Theory

This study adopts the **deferred wage theory** which is credited to Malaski, Firend and Capelli, (1981). The theory views a pension plan as a method to defer some compensation until an employee retires and that the employer provide a pension payment to employees in exchange for current services.

Employees' to an organization receives compensation. Such compensation comes in form of salary, allowances and pension. However, what constitute the pension fund, are deductions of deferment of part of the compensation (salary allowances) the employee receives until retirement. Retirement being the terminal point of work relationship between the employer and the employee, such deferred compensations is then paid to the retiree.

The advantages to the employer of providing a pension plan are less obvious. And it is expects by this theory that the employer must first estimate the total cost of employment over the employee's lifetime and then estimate the expected cost savings which could arise through increased employee tenure and loyalty.

Implication of the theory

This model has several implications for pension plan accounting. First is the question of expense recognition is consistent with the matching principle of accounting, since labour costs are charged to the period in which the services are performed. The costs are related to the promised pension payments and labour services are the cost savings services that the employees produce.

The shared cost savings determine the pension payment, which must be recognized as a pension expense and liability. Thus, the realization of cost savings relates to the realization of decreased accounting expenses and related liabilities. This implication contradicts the requirement of SFAS No. 87 (1985 Para. 29-34) that unrecognized net gains (and losses) be deferred, i.e., amortized subject to a 10 per cent "corridor" formula.

One of the most contentious issues involving pension plan accounting is how to recognize prior service cost liabilities, which result from benefits granted in a plan amendment. Increased pension payments are promised and determined on the basis of years of service already provided by the employees. Some accountants feel that these pension plan revisions should be recognized as present liabilities. Others feel that these liabilities should be deferred due to the expected savings from future cost sharing. The agency theory model justifies the FAS No.87 requirement that the

liability be deferred due to the expected savings from future cost savings. Gerald H. etal (2011)

According to FAS, No.87 (1985)Para. 24-27) in Gerald H. (2011) the accumulated pension benefit obligation is a component of the net pension liability (or asset). This obligation is the actuarial present value of benefits attributed to employee services to date. Prior service costs should now be amortized over existing employees' service lives, rather than at rates ranging from no amortization to a maximum of 10 per cent per year, as was required under APB No.8. Thus, SFAS No.87 better matches these expenses over the periods where the employer is expected to receive increased productivity from the employees receiving these increased benefits. However, if the employer's objective is to maximum utility, then the increased benefits would result from a revision of the cost savings sharing rate, if the employee characteristic compositions were to change. In either case, the promise of increased benefits would be in expectation of future cost savings. Thus, the current recognition of an increased benefit obligation, which is determined in expectation of future cost savings, is inconsistent with the recognition of the pension benefit obligation attributed to the employee for the cost savings services to date. To be consistent, the benefit obligation resulting from plan amendments and expressed as a function of prior years of service should be recognized as a deferred liability, amortized as future cost savings services are provided.

This analysis would also apply to the recognition of the pension expense. Thus, recognition would occur as cost savings are realized. This treatment is consistent with the accounting treatment for the other provisions of the labour contract, wages for labour services.

Relevance of the theory to the study

Deferred wage theory is relevant to the study of this kind, contributory pension scheme and its impact on retirees as it the most widely held theory explaining pension plans which suggests pension plan as a method to defer some compensation until an employee retires. The employer promises to provide a pension payment in exchange for current services which is also the view of the Contributory Pension Scheme for the employer and employee to agree to contribute certain percentage of the emolument to form a pension at retirement which is the main focus of the deferred wage theory in pension plan accounting.

The deferred wage theory serves as a theoretical umbrella to this study because it provides a guide to contributory pension as it advocates that part of the compensation of a current serving employee be kept to form part of the retirement benefits. Contributory scheme emphasized the individual responsibility for providing income in the old age. Whatever pension benefit an employee will draw depends on how much he contributed to the scheme, it links contribution directly to benefits and has created individual property right to accumulated savings. The

scheme reduces political risk by moving pension plan outside the direct control of government.

Deferred wage theory suggests per cent deductions of workers compensation as it is in the contributory pension in Nigeria. The theory is applied in the rate of contribution in accounting for pension plan in Nigeria as thus;

The employees contribute a minimum of 7.5% of their monthly emolument and employer contributes 7.5% in the case of the public sector

i. Military personnel contribute 2.5% and employer contributes 12.5%.
ii. Employer and employee in the private sector will contribute a minimum of 7.5% each of the monthly emolument of the employees
iii. An Employer may select to contribute on behalf of the employees such that the total contribution shall be less than 15% of the monthly emolument of the employees.

An employer is obliged to remit and deduct contribution to a custodian within 7days from the employee is paid his salary while the custodian shall notify the PFA within 24hours of the receipt of contribution and retirement benefit are taxed free.

Further, in relations to this study pension refers to the Contributory Pension Scheme particularly in this case the ownership of a Retirement Savings Account

(RSA). The ownership of this Account symbolizes an individual inclusion or participation in the Contributory Pension Scheme. Its operation is in the contribution from ones monthly benefits, in other word, the deferment of part of one's monthly compensation in to the RSA that partly indicates that at retirement, a pension awaits.

From this model, we can deduce the constructs that: Pensions are created through the deferment of employees' compensation

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The research design for this study is the survey method. A survey research involves the collection of information from a sample of individuals through their responses to questions. It is an efficient method for systematically collecting data from a broad spectrum of individuals (Dawson and Catherine, 2002). This factor highlights our choice for using the survey research method. Survey research studies both large and small population by selecting and studying samples chosen from the population to discover the relative incidence, distribution and interrelations between variables. (Osuala, 2005 in Abubakar 2011). Therefore, using the survey method, we identified the constituent of the study population from which we selected a portion for study.

3.2 Sources of Data

This research work exploited two types of data: primary data and secondary data. The primary data which According to Osuala (1982) in Abubakar (2011), is a collection of facts and figures relating to the population, provides empirical evidence for this work. They are classified as raw data, and they come in the form of opinions from the participants to this research. The primary data for this work is sourced from three groups, allowing for a triangular analysis. First was the group of public service retirees of selected Federal Establishments, who are beneficiaries of the Contributory Pension

Scheme. The second group is the National Pension Commission, and the third group is the Pension Fund Administrator.

Further, we sourced data from secondary sources. Secondary data are information already compiled and readily accessible to the researcher, who knows how to find and use the data (Dawson and Catherine, 2002). Our use of secondary data was so as to answer parts of our research questions, which could not be answered via primary data. In this work our secondary data are sourced from the contributory pension Act 2004, annual Reports of the PFA, and National pension commission reports.

3.3 Population of the Study

A research population is generally a large collection of individuals or objects that is the main focus of a scientific query (Dey, 1993). The study population of this research are retiree beneficiaries of the Contributory Pension Scheme, from selected Federal Establishments. The reason for using multiple establishments was to have sufficient (larger) pool of retirees who are beneficiaries of the Contributory Pension Scheme. Also, the Federal Government is the level of government which has its establishments operating the Contributory Pension Scheme, hence the use of federal establishments.

Therefore, we selected four Federal Establishments at random which are:

1. Nigerian Universities Commission, with 38 retirees;
2. National Planning Commission, with 22 retirees;
3. Nigerian Customs Service, with 75 retirees; and

4. Federal Inland Revenue Service, with 48 retirees.

Hence, we have a Population size of **183**.

3.4 Sampling Technique and Sample Size

Sampling may be defined as "the selection of some part of an aggregate or totality on the basis of which a judgment or inference about the aggregate or totality is made" (Haque, 2011). The process of sampling requires a technique and a sample size.

1.4.1 Sampling Techniques

A sampling technique is the method with which the researcher distributes, categorizes, select and meet with selected sample for data collection (Haque, 2011). In this research work we used the Random sampling technique. In this method requires that each element of the population has the equal probability to be selected as a sample. It is bias free and an element cannot come twice as a sample (Haque, 2011). This method proves best, because of the nature of the population. First, the population are tagged as a single group i.e. retirees. Second, they live in the same environment. According to Haque (2011) when these criteria's are identified, a random sampling technique can be used.

3.4.2 Sample Size Determination

Sample size Determination is the act of choosing the number of observations or replicates to include in a statistical sample. Morgan (2004) provides a formula to calculate out or determine a sample size, thus:

$$S = \frac{X^2 NP(1-P)}{d^2(N-1) + X^2 P(1-P)}$$

Where:

S = required sample size

X^2 = the value of chi-square for 1 degree of freedom at 0.05 confidence level (3.841)

N = the population size.

P = the population proportion (assumed to be .50 since this would provide the maximum sample size).

d = the degree of accuracy expressed as a proportion (.05).

Therefore:

$$S = \frac{3.841^2 * 183 * 0.50(1-0.50)}{0.05^2(183-1) + 3.841^2 * 0.50(1-0.50)}$$

S = 132

Our sample size is **132**

3.5 Method of Data Collection

Method of data collection involves the instrument and procedures in which data used for a research analysis is collected (Marshall, 2006). For this work we used the sample survey, for the collection of the primary data. A sample survey is "a process for collecting data on a sample of observation which are selected from the population of interest" (Haque, 2011).

3.5.1 Instrument for Data Collection

The primary data was collected using two instruments: questionnaire and interview. Questionnaire helps to collect data in a quantitative form that would facilitate statistical analysis. The questionnaire is designed in two sections: Section A, which is the first section, collected information so as to categorize the responses for better analysis. While section B, the second section, contains the item that measures the variables we intend to study. The questionnaire was structured using closed ended questions (see appendix 1 on page 77 for the questionnaire).

The interview provides data in qualitative form, and allows for in-depth investigation, providing data that otherwise cannot be provided by a questionnaire (see appendix 2 on page 82 for the interview guide).

3.5.2 Administration of Instrument

The process for collection data was done in three phases: Identify and locating of respondents; administration of the instrument; and collection of administered instrument.

Identifying and Locating Respondents: In other to identify and locate retirees from the selected federal establishments, we coordinated with the resource person (within the personnel department, who is responsible for pension issues) from each of the selected establishments, who informed us of the Pension Fund Administrator, which most of their retired staff uses. We approached these PFAs, and we were able to meet with some respondents to whom we administered the questionnaires. Also, working with these resources persons, we were able to administer questionnaires to retirees who paid visits to their respective organisations.

Administration of the Instrument: The instrument was administered through direct, face-to-face administration. Upon approaching a potential respondent, the researcher introduced self and asks the potential respondent of his former place of work. On confirming that the potential respondent was from any of the selected federal establishments, the researcher then presented the questionnaire to the respondent. Also, we left some questionnaires with our contact person at the various establishments, who then help distribute the questionnaire to retirees who paid visits to their respective offices.

Further, we were challenged with making up the sample number of retirees from the preselected Federal Establishments as stated in item 3.3 due to relocation and access, hence we expanded our data collection to include other Federal Establishments retirees who we came across (taking into consideration the same Contributory Pension Scheme rules applies). The distribution is presented in chapter four.

Collection of Administered Questionnaires: For those questionnaires administered face-to-face at the PFAs, we collected the questionnaire immediately. While for those we left at the various establishments, the completed questionnaires were collected, one month and two weeks later.

3.6 Method of Data Analysis

Three analytical tools were used to analyse the data collected for this research. First, we used the descriptive analysis tool of simple percentage, to describe how each option for a particular set of data is distributed among the whole for each set.

Second, we applied the analytical tool of chi-square. A chi-square test can be described as a test applied to nominal data and it is concerned with whether the differences between an observed set of frequencies and a theoretical, expected set of frequencies are significant, thus determining the likeliness that the row and column variables are related (Maben, 2004). The level of association is indicated by "p", the probability that the variables are not related. The smaller the value, the higher the chances of the variables to be related. P

must be < 0.05 in order to indicate a significant relation (95% or more) thus we reject the null hypothesis in favour of the alternative hypothesis. If p > 0.05 there is not a significant relation between the two variables, thus the null hypothesis is not rejected. Maben (2004), presents the formula for chi-square as:

$$X^2 = \sum \frac{(O-E)^2}{E}$$

Where "X^2" represents chi-square (calculated value)

"O" represents the observed frequency

"E" represents the expected frequency

Degree of freedom (df) = (R-1)(C-1)

"R" is the number of rolls on the table; and

"C" is the number of columns

Thirdly, we employed the Analysis of Variance (ANOVA) test to test the second hypothesis. ANOVA provides a statistical test of whether or not the means of several groups are all equal, and therefore generalizes *t*-test to more than two groups. Hence, since the hypothesis will be best tested by grouping the respondents into groups based on the size of benefits they receive monthly, this tool becomes the best tool for testing and analysing the hypothesis. Also, the level of difference of mean is indicated by the level of

"P". P must be < 0.05 in order to indicate a significant difference (95% or more) thus we reject the null hypothesis in favour of the alternative hypothesis. If p > 0.05 there is not a significant difference between the groups being measured, thus the null hypothesis is not rejected. This tool is given as (Myers & Arnold, 2003):

$$rho = 1 - \frac{6\varepsilon d^2}{n(n^2-1)}$$

In calculating the hypothesis we used the Statistical Package for Social Sciences (SPSS), which is a computer based calculator.

CHAPTER FOUR

DATA PRESENTATION AND DATA ANALYSIS

4.1 Introduction

Data collected for this research are present and analysed in this chapter. One hundred and forty questionnaires (140) was distributed for data collection. However, One hundred and twenty four (124) questionnaires were returned, fully completed. These 124 questionnaires, which is 88.57% of the total questionnaires distributed, and 93.94% of the calculated sample size are what provides the primary data for this work, presented in this chapter.

The distribution of respondents among various federal establishments:

Nigerian Universities Commission	-	13
National Planning Commission	-	17
Nigerian Customs Service	-	57
Federal Inland Revenue Service	-	14
Ministry of Labour and Productivity	-	10
News Agency of Nigeria	-	6
Nigerian National Petroleum Commission	-	7

Thus we have **124,** completed and returned questionnaires.

4.2 Data Presentation and Analysis

To ensure organisation and sequential analysis of data we have structured this section into four sub-sections. The first sub-section analyses the demographic profile of the respondents; the second sub-section analyses the first set of data that measures the level of satisfaction with the Contributory Pension Scheme in relations to time of pension's payment of retires. The third sub-section analyses the volume of pension benefit received by retired beneficiaries of the Contributory Pension Scheme and their ability to cater for their needs. The fourth sub-section presents the finding of this investigation.

4.2.1 Demographic Classification of the Respondents

We classified the retirees into three groups i.e. gender, period of retirement, and rank held upon retirement. While sex is self-explanatory, the other two classes, each represents two groups. Therefore, period of retirement has the groups of those who retired between the period 2008 – 2010 and 2011 to 2014. The groups for "rank held upon retirement" are junior rank and senior rank.

Table 4.1 Gender of Respondents

		Frequency	Percent
Valid	Female	29	23.4
	Male	95	76.6
	Total	124	100.0

Source: Field Survey, 2014

The results in table 4.1 indicate that out of the 124 respondents, 29 (23.4%) are females and 95 (76.6%) are males. This shows a male domination of the sample, and further indicates that there are more male retirees on Nigeria than female, from the public sector.

Table 4.2 Period of Retirement of Respondents

		Frequency	Percent
Valid	2008 - 2010	55	44.4
	2011 – 2014	69	55.6
	Total	124	100.0

Source: Field Survey, 2014

In table 4.2, the respondents are categorised into those who retired at the early start of the Contributory Pension Scheme and those who retired more recently. Fifty-five (44.4%) of the respondents fall within the category of the early Contributory Pension Scheme retiree group (2008 – 2010) and Sixty-nine (55.6%) fall within the latter group (2011 – 2014). The distribution among the two groups is some worth balanced, hence this would enable us measure more accurately how the Contributory Pension Scheme has performed over the time period.

Table 4.3 Rank Upon Retirement of Respondents

		Frequency	Percent
Valid	Junior Staff	21	16.9
	Senior Staff	103	83.1
	Total	124	100.0

Source: Field Survey, 2014

The distribution in table 4.3 shows the rank of the respondents at the time of retirement. Of the total 124 respondents, 21 (16.9%) retired as junior staff, while 103 (83.1%) retired as senior staff. Although there are more senior staff than junior, this data will help us understand if there is a bias in operation of The Contributory Pension Scheme between this two categories of retirees.

4.2.2 Timely Benefit Payments and Welfare of Retirees

In other to understand how the Contributory Pension Scheme has performed in terms of the time it takes for retirees to assess their pension funds every month, we collected some data with which we can use to measures the extent the Contributory Pension Scheme has ensured timely payment of retirement benefits.

Table 4.4 At the start of retirement I began receiving my pensions on time

		Frequency	Percent
Valid	No	53	42.7
	Undecided	8	6.5
	Yes	63	50.8
	Total	124	100.0

Source: Field Survey, 2014

In table 4.4, we attempt to know if the respondents were able to begin receiving their pension funds in time, when they retired. In response, 53 (42.7%) of the respondents selected No, while 8 (6.5%) of the respondents selected undecided. The other 63 (50.8%) of the respondents selected the yes option. The data at this point is relatively balanced. At

this point we cannot make any useful sense of the data, however, we would subject the data to further analysis later on.

Table 4.5 Completion period of approval process to enable benefit access

		Frequency	Percent
Valid	One Month	12	9.7
	Two Months	13	10.5
	Three Months	26	21.0
	Four Months	54	43.5
	Five Months	15	12.1
	Above Five Months	4	3.2
	Total	124	100.0

Source: Field Survey, 2014

In table 4.5 we asked the retirees to select the length of time it took before they could access their pension benefits. In response, 12 (9.7%) selected one month, 13 (10.5) selected two months, 26 (21.0%) selected three months, 54 (43.5%) selected four months, 15 (12.1%) selected five months, and 4 (3.2%) selected the option, above five months. The bulk of the retirees are within the three to four months' time frame. Hence we can say that in average it takes about four months before a retiree can have access to his retirement benefit.

Table 4.6 Presently I collect my pension funds every month without delay

		Frequency	Percent
Valid	No	24	19.4
	Undecided	5	4.0
	Yes	95	76.6
	Total	124	100.0

Source: Field Survey, 2014

The data in table 4.6 shows the current experience of the respondents in terms of the time (if there is a delay) it takes to assess their pension funds monthly. Twenty-four (19.4%) selected the No option, Five (4.0%) selected Undecided, while Ninety-five (76.6%) selected the Yes option. The data shows that more of the respondents access their monthly pension funds without delay. However, we shall subject the data to further analysis to understand what group constitute the set of 24 respondents that selected "No".

Table 4.7 With the Contributory Pension Scheme I will always have my pensions at the right time

		Frequency	Percent
Valid	No	5	4.0
	Undecided	39	31.5
	Yes	80	64.5
	Total	124	100.0

Source: Field Survey, 2014

Table 4.7, measure the respondents' confidence level of the Contributory Pension Scheme, asking to find out, and judging from their past and present experiences if they trust the Contributory Pension Scheme to ensure that their pensions will always be provided at the right time. Accordingly, 5 (4.0%) selected No, 39 (37.5%) selected Undecided, while 80 (64.5%) selected Yes. A good number of the respondents expressed confidence in the Contributory Pension Scheme. However, there is the group of 39 respondents who show scepticism about the Contributory Pension Scheme. Again, we shall subject the data to further analysis to understand those who constitute this group.

Table 4.8 Timely payment of your monthly benefits means your welfare will improve

		Frequency	Percent
Valid	No	8	6.5
	Undecided	12	9.7
	Yes	104	83.9
	Total	124	100.0

Source: Field Survey, 2014

Table 4.8 shows the perception of retirees relating timely payment of benefits and their welfare. In response, 8 (6.5%) selected No, indicating that timely payment of monthly pension does not mean their welfare will improve, while 104 (82.9%) selected yes indicating that such timely payment has caused an increase in their welfare, the other 12 (9.7%) respondents, selected undecided. The structure of the data, strongly suggests that the spending pattern of majority of the retirees is largely dependent on how quickly they are able to access their monthly benefits.

Table 4.9 Absence of long queues at points of benefits collection has enhanced your welfare level

		Frequency	Percent
Valid	No	92	74.2
	Undecided	6	4.8
	Yes	26	21.0
	Total	124	100.0

Source: Field Survey, 2014

Table 4.9 accesses retirees' perception on if existing long queues at points of benefit collection has influence of their welfare. As shown in the table, 92 (74.2%) selected no, while 26 (21.0%) selected yes. This indicates that the presence or absence of queues does

not determine or enhances the welfare level of the retirees. Retirees are much more concerned about getting the benefits when they need it, at the time they spend on a queue before they get the benefit.

Table 4.10 Every month I am required to undergo verification process which delay access to my benefits

		Frequency	Percent
Valid	No	124	100.0
	Undecided	0	0.0
	Yes	0	0.0
	Total	124	100.0

Source: Field Survey, 2014

Table 4.10 looks to measure if there are extra administrative requirements that must be carried out by retirees to access their monthly benefits that may cause delay in accessing their benefits. The table shows that no extra monthly requirements are required (i.e. 124 respondents making 100% selected No).

4.2.2.1 Cross Tabulation Analysis Using Chi-Square Test: Timely Benefit Payments and Welfare of Retirees vs. Demography

In this sub-section, we make further analysis of the data presented above using a cross tabulation method and also applying the Chi-square test. The demographic classifications of the respondents are therefore cross tabulated with the data measuring the respondents' level of satisfaction with the Contributory Pension Scheme. This therefore, helps us

understand the data more clearly, covering the gaps we encountered at the initial stage of analysis.

Collection of pension at the Start of Retirement

Table 4.11 Gender versus Pension Collection at Start of Retirement

			Start of Retirement				P-Value
			No	Undecided	Yes	Total	
Sex	Female	Count	10	2	17	29	
		%	34.5%	6.9%	58.6%	100.0%	
	Male	Count	43	6	46	95	
		%	45.3%	6.3%	48.4%	100.0%	0.585

Source: Field Survey, 2014

The P-value for table 4.11 was calculated as $P > 0.05$. This indicates that there is no significant difference between Female and Male respondents in their opinions about collecting their pensions on time at the start of retirement. In both the female and male groups, more of the respondents 17 (58.6%) and 46 (48.4%) respectively, selected Yes, indicating they began collection their pensions on time at the start of retirement.

Table 4.12 Period of Retirement Versus Pension Collection at Start of Retirement

			Start of Retirement				P-Value
			No	Undecided	Yes	Total	
Retirement	2008 - 2010	Count	17	6	32	55	
		%	30.9%	10.9%	58.2%	100.0%	
	2011 – 2014	Count	36	2	31	69	
		%	52.2%	2.9%	44.9%	100.0%	0.025

Source: Field Survey, 2014

The P-value for table 4.12 was calculated as $P < 0.05$. This indicates that there is a significant difference between the retirement period group of 2008 – 2010 and the group 2011 – 2014 in their opinions about collecting their pensions on time at the start of retirement. More respondents in the 2008 – 2010 group indicated that they began collecting their pensions on time, while more of the 2011 – 2014 group indicated that there was some delay in the time to access their pensions at the start of retirement. However, the margin of difference between the two groups is slim, i.e., 0.025 is close to 0.05, the Contributory Pension Scheme over the years (2008 – 2014) has been able to provide pensioners their pensions at the start of retirement at an average time rate.

Table 4.13 Rank Versus Pension Collection at Start of Retirement

			Start of Retirement				P-Value
			No	Undecided	Yes	Total	
Rank	Junior Staff	Count	10	2	9	21	
		%	47.6%	9.5%	42.9%	100.0%	
	Senior Staff	Count	43	6	54	103	
		%	41.7%	5.8%	52.4%	100.0%	0.662

Source: Field Survey, 2014

The P-value for table 4.13 was calculated at $P < 0.662$. This indicates that there is no significant difference between junior staff and senior staff retirees in their opinions about collecting their pensions on time at the start of retirement.

Conclusively, the Contributory Pension Scheme administrators do not give preferential treatment to any two of the categories (junior or senior) of staff or of gender (female or male) therefore, the variations in time of assessing pension funds at the start of retirement

as indicated in table 4.8 is not as a result of ones gender or if the individual retired as a junior staff or a senior staff.

Monthly collection of Pension

Table 4.14 Gender Versus Monthly collection of Pension

			Monthly Pension Without Delay				P-Value
			No	Undecided	Yes	Total	
Sex	Female	Count	1	0	28	29	
		%	3.4%	.0%	96.6%	100.0%	
	Male	Count	23	5	67	95	
		%	24.2%	5.3%	70.5%	100.0%	0.015

Source: Field Survey, 2014

The P-value for table 4.14 was calculated as $P < 0.015$. This indicates that there is a significant difference between male and female retirees in their opinions about collecting their monthly pensions without delay. The observable difference here is that while just 1 female respondent indicated their there has been a delay, more males, 23, indicated that there has been delays. However, more of the respondents in both groups indicate that no delay exists.

Table 4.15 Period of Retirement Versus Monthly Pension Without Delay

			Monthly Pension without delay				P-Value
			No	Undecided	Yes	Total	
Retirement	2008 - 2010	Count	10	0	45	55	
		%	18.2%	.0%	81.8%	100.0%	
	2011 – 2014	Count	14	5	50	69	
		%	20.3%	7.2%	72.5%	100.0%	0.111

Source: Field Survey, 2014

The P-value for table 4.15 was calculated as $P > 0.05$. This indicates that there is no significant difference between the group of retirees who retired within 2008 -2010 and those who retired within 2011 – 2014, in their opinions about collecting their monthly pensions without delay. Both groups generally indicated that every month they have been assessing their pension funds without delay, i.e., 45 (81.8%) and 50 (72.5%) respectively.

Table 4.16 Rank Versus Monthly Pension Without Delay

			Monthly Pension Without Delay				P-Value
			No	Undecided	Yes	Total	
Rank	Junior Staff	Count	0	0	21	21	
		%	.0%	.0%	100.0%	100.0%	
	Senior Staff	Count	24	5	74	103	
		%	23.3%	4.9%	71.8%	100.0%	0.021

Source: Field Survey, 2014

The P-value for table 4.16 was calculated as $P < 0.05$. This indicates that there is a significant difference between junior staff retirees and senior staff retiree in their opinions about collecting their monthly pensions without delay. From the table, the difference is shown, as 24 (23.3%) of the senior staff retirees indicated they have experienced some delays. However, the bulk of retirees in both groups, i.e., 21 (100%) and 74 (71.8%) indicates they have not experienced delays in collecting or assessing their pension funds monthly.

Conclusively, the Pension Scheme has been able to ensure that the retirees are able to access their monthly pension funds without delays, within the period 2008 – 2014. The few cases of delays are insignificant.

Confidence in the Contributory Pension Scheme

Table 4.17 Gender versus Confidence on the Contributory Pension Scheme

			Confidence on Contributory Pension Scheme				P-Value
			No	Undecided	Yes	Total	
Sex	Female	Count	5	13	11	29	
		%	17.2%	44.8%	37.9%	100.0%	
	Male	Count	0	26	69	95	
		%	.0%	27.4%	72.6%	100.0%	0.000

Source: Field Survey, 2014

The P-value for table 4.17 was calculated as $P < 0.05$. This indicates that there is a significant difference in the confidence retirees have on the Contributory Pension Scheme to continually provide them with their pension between female and male retirees. The female retirees show lower confidence on the Contributory Pension Scheme, as a combined value of 5 (17.2%) and 13 (44.8%) of No and Undecided options respectively indicates this. On the contrary, the male show more confidence on the Contributory Pension Scheme i.e., 69 (72.6%). Few of the male retirees 26 (27.4%) indicated some doubt about the Contributory Pension Scheme.

Table 4.18 Period of Retirement Versus Confidence on the Contributory Pension Scheme

			Confidence on Contributory Pension Scheme				P-Value
			No	Undecided	Yes	Total	
Retirement	2008 – 2010	Count	5	18	32	55	
		%	9.1%	32.7%	58.2%	100.0%	
	2011 – 2014	Count	0	21	48	69	
		%	.0%	30.4%	69.6%	100.0%	0.031

Source: Field Survey, 2014

The P-value for table 4.18 was calculated as $P < 0.05$. This indicates that there is a significant difference between the group of retirees who retired within 2008 -2010 and those who retired within 2011 – 2014 in the confidence they have on the Contributory Pension Scheme to continually provide them with their pension. The group of 2008 – 2010 has some retirees who say they do not have confidence in the Contributory Pension Scheme to continually provide their pensions on time. We can also see some individuals in both groups who have some level of doubt about the Contributory Pension Scheme i.e., the 18 (32.7%) of 2008 – 2010 and 21 (30.4%) of the 2011 -2014 group who selected the undecided option. However, the bulk of the retirees from both groups selected the yes option indicating they have confidence in the Contributory Pension Scheme.

Table 4.19 Rank Versus Confidence on the Contributory Pension Scheme

			Confidence on Contributory Pension Scheme				P-Value
			No	Undecided	Yes	Total	
Rank	Junior Staff	Count	5	6	10	21	
		%	23.8%	28.6%	47.6%	100.0%	
	Senior Staff	Count	0	33	70	103	
		%	.0%	32.0%	68.0%	100.0%	0.000

Source: Field Survey, 2014

The P-value for table 4.19 was calculated as $P < 0.05$. This indicates that there is a significant difference between the junior staff retirees and senior staff retirees in the confidence retirees have on the Contributory Pension Scheme to continually provide them with their pensions. From the table, we see a relatively equal distribution of the junior staff retirees between being those who are sceptical about the Contributory Pension Scheme to continually provide them with their pensions, and those who are confident with the Contributory Pension Scheme. Conversely, for the senior staff retirees, a greater percentage of them (68.0%) are confident with the Contributory Pension Scheme, while a simple 32.0% expressed some level of scepticism about the Contributory Pension Scheme.

Conclusively, the nature of confidence held about the Contributory Pension Scheme ability to continually provide the pensions of retirees are significantly different for the various set of groups. While this is the case, what is known however, is that the majority of retirees have confidence on the Contributory Pension Scheme. This confidence they show is largely evident from their past and present experiences with using the

Contributory Pension Scheme. This vote of confidence is a clear indication that the Contributory Pension Scheme is doing well in the area of providing retirees with their pension funds every month.

With this aspect of the Contributory Pension Scheme guaranteed, we are therefore, left with the question of if the funds which the Contributory Pension Scheme is able to provide for the retirees as pensions is able to cater for their needs. Another set of data was collected to try to find this out. This data is analysed in the sub section below.

Test of Hypothesis One

H_0 The time of retirement benefits payments as provided by the Contributory Pension Scheme does not significantly affect the welfare of retirees of Federal Public Service Institutions.

H_1 The time of retirement benefits payments as provided by the Contributory Pension Scheme significantly affects the welfare of retirees of Federal Public Service Institutions.

Table 4.20 Retirees welfare Satisfaction level At Various Time of Retirement

		Welfare Satisfaction			
		No	Undecided	Yes	Total
Period	Start of Retirement	18	3	21	42
	Present time	8	1	32	41
	Future time	1	13	27	41
Total		27	17	80	124

Table 4.20 compresses the data of the three retirement period for hypothesis testing. Giving that there are three period of assessment, each set of responses from each period was divided by three to give the figures presented in the table and also to bring the total to 124 (which the total sample size). With this we are able to calculate an accurate chi-square hypothesis test which is presented in the next table.

Table 4.21 Chi-Square Tests of First Hypothesis

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	33.063	4	.000
Likelihood Ratio	35.268	4	.000
Linear-by-Linear Association	9.644	1	.002
N of Valid Cases	124		

Source: SPSS Output of Field Survey Data

In table 4.21, three variants of Chi-Square test are presented. In each variant, the significance test was calculated as 0.000, 0.000 and 0.002 for Pearson Chi-Square, Likelihood Ratio and Linear-by-Linear Association respectively. With these figures lower than the threshold of 0.05 the Null hypothesis is rejected in favour of the alternative hypothesis. Thus, the time of retirement benefits payments as provided by the Contributory Pension Scheme significantly affects the welfare of retirees of Federal Public Service Institutions.

4.2.3 Size of Retirement Benefits and Welfare of Retirees

In this sub section of the analysis, we collected data to measure the how the size of retirement benefits received by retirees affects their welfare under the contributory pension scheme. Data to enable this measurement are analysed hereunder:

Table 4.22 Monthly benefits of Respondents (In Naira)

		Frequency	Percent
Valid	< 40, 000	22	17.7
	40, 000 - 50, 000	47	37.9
	50, 000 - 60, 000	29	23.4
	60, 000 - 70, 000	18	14.5
	70, 000 - 80, 000	6	4.8
	80, 000 - 90, 000	2	1.6
	90, 000 - 100, 000	0	0.0
	> 100, 000	0	0.0
	Total	124	100

Source: Field Survey, 2014

Table 4.22 shows the data for various monthly benefits in income brackets, and distributes the respondents into each income bracket. Therefore, from the data we see that 22 (17.7%) of the respondents earn less than N40, 000 monthly as pension, 47 (37.9%) earn between N40, 000 and N50, 000, forming the majority. Very few of the respondents earn above N70, 000. No respondent earns above N90, 000. The income bracket that is most earned by retirees is the N40, 000 and N50, 000 bracket which has 47 (37.9%) of the respondents. This indicates that future retirees are likely to earn between N30, 000 to as much as N70, 000 as their monthly pensions,

Table 4.23 Welfare Assessment of Respondents

	Welfare Needs	Frequency	Percent	Mean
Valid	1	0	.0	
	2	0	.0	
	3	0	.0	
	4	22	17.7	
	5	36	29.0	
	6	29	23.4	
	7	23	18.5	
	8	8	6.5	
	9	3	2.4	
	10	3	2.4	
	Total	124	100.0	5.84

Source: Field Survey, 2014

In table 4.23 we asked the respondents to identify the maximum number of needs, from a list of ten needs, they can provide for themselves with the monthly pensions they receive. All respondents are able to provide above 3 needs with their pensions as seen in the table. We also see a sharp drop from a total of 7 needs to a total of 8 needs. And fewer still can provide up to 9 needs and 10 needs for themselves with their pensions. About 22 (17.7%) of the retirees can provide up to 4 need; 36 (29.0%) can provide up to 5 needs; 29 (23.4%) can provide up to 6 needs; while 23 (18.5%) can provide up to 7 needs. The mean number of need the retirees can provide was calculated as 5.84, which is approximately 6, with the income that they earn.

Table 4.24 Welfare Needs Satisfied by Respondents

		Respondents
Valid	Health Care	67
	Feeding of family	124
	Transportation costs	124
	Buying of Clothing	57
	House Rental	92
	Buying or Building a House	20
	Maintaining a Car	119
	Hiring Domestic Help	3
	Attending Social and Religious Functions	124
	Giving to Charity	2

Source: Field Survey, 2014

In table 4.24 we see the list of welfare needs which the respondents identified as those they usually and comfortable satisfy with their monthly pension income. From the table needs such as Feeding of family, Transportation expenses and attendance of social and religious functions where selected by all the respondents as needs which they always can satisfy. Following these, in the car maintenance need, which 119 respondents selected. Other needs such as health care, buying of clothing and house rentals where selected by 67 respondents, 57 respondents and 92 respondents respectively. The needs with the least selection are buying or building a house, hiring domestic help and giving to charity, which has 20, 3 and 2 respondent selection respectively.

Table 4.25 The percentages of contribution towards their benefits is adequate to provide a reliable retirement benefit

		Frequency	Percent
Valid	No	83	66.9
	Undecided	15	12.1
	Yes	26	21.0
	Total	124	100.0

Source: Field Survey, 2014

In table 4.25 we access retirees' perception on if the present percentage contributed towards their retirement benefits is sufficient to provide a comfortable welfare for them. In response, 83 (66.9%) selected No, 26 (21%) selected Yes, while 15 (12.1%) selected undecided. This indicate that retirees are strongly of the opinion that the current 15 % contribution of workers salary in not sufficient to provide a sufficient welfare for retirement.

Table 4.26 The size of benefit is equally a determinant of your welfare

		Frequency	Percent
Valid	No	5	4.0
	Undecided	25	20.2
	Yes	94	75.8
	Total	124	100.0

Source: Field Survey, 2014

In table 4.26 Retirees believe that the size of their benefit goes a long way to determine the level of their welfare. This is indicated in the table as 5 (4.0%) indicated No determinate, while 94 (75.8%) indicate that the size does determine better welfare. Of course this should be the obvious case, it does show us that the retirees where expecting a

larger size of benefit from the contributory pension scheme, but what they have now as benefit is far below their expectations.

Table 4.27 I rely solely on my retirement benefit for my welfare

		Frequency	Percent
Valid	No	112	90.3
	Undecided	0	0.0
	Yes	12	9.7
	Total	124	100.0

Source: Field Survey, 2014

Table 4.27 Access if beneficiaries of the contributory pension scheme rely solely on the monthly benefit they get. Majority of the respondents, 112 (90.3%) selected No, while the other 12 (9.7%) selected Yes. This demonstrates that those who are current retired beneficiaries of the contributory scheme do not rely solely on the benefits they get for their welfare. This largely is due to the fact that what they receive is not sufficient to support them as desired.

Table 4.28 A longer period of contribution could have increased the size of benefits I now receive at retirement

		Frequency	Percent
Valid	No	21	16.9
	Undecided	11	8.9
	Yes	92	74.2
	Total	124	100.0

Source: Field Survey, 2014

In Table 4.28 The retirees about 92 (74.2%) selected Yes, holding the opinion that a longer period of contribution to the savings, would in a long run increase the size of their

benefits at their present time of retirement. On the opposite side, 21 (16.9%) selected No, suggesting that the lent of contribution may not necessary have increased the size of their benefits at the present time of retirement.

Table 4.29 A significant part of my retirement benefit came from accrued interest from investment of my savings

		Frequency	Percent
Valid	No	80	64.5
	Undecided	39	31.5
	Yes	5	4.0
	Total	124	100.0

Source: Field Survey, 2014

Table 4.29 Measures retirees' perception on if they feel that part of what is their benefit comes from interest paid to their savings from investments by the PFA. In response, 80 (64.5%) selected No, another 39 (31.5%) selected Undecided, while 5 (4%) selected Yes. This data suggest that the collections of interest paid to their savings account are not significant. Perhaps what we can also make of this data is that the retirees believe that little or no interest form part of their benefits.

4.2.3.1 Cross Tabulation: Size of Retirement Benefits and Welfare of Retirees vs. Demography

In the tables below for we expanded the analysis of the Benefit Brackets Data and Retirees' Welfare Assessment Data (tables 4.21 and 4.22) to see how they are

distributed between the time periods of retirement. These are presented in tables 4.29 and 4.30.

Table 4.30 Pension Income Brackets Versus Retirement Period

Count

		Retirement Period		
		2008 – 2010	2011 – 2014	Total
Pension Income	< 40, 000	15	7	22
	40, 000 - 50, 000	21	26	47
	50, 000 - 60, 000	12	17	29
	60, 000 - 70, 000	5	13	18
	70, 000 - 80, 000	2	4	6
	80, 000 - 90, 000	0	2	2
	90, 000 - 100, 000	0	0	0
	> 100, 000	0	0	0
Total		55	69	124

Source: Field Survey, 2014

In table 4.30 we can observe that those who retired between 2008 and 2010 occupy the lower pension income bracket of N60, 000 below, with fewer numbers occupying the higher pension income brackets of N60, 000 above. Also, those who retired 2011 to 2014 occupied the lower pension income brackets of N60, 000 below. This could mean that there is no major change in the pension income received by those who retired between 2011 and 2014 and those who retired between 2011 and 2014.

Table 4.31 Welfare Assessment Versus Retirement Period

Count

		Retirement		
		2008 - 2010	2011 – 2014	Total
Welfare Assessment	1	0	0	0
	2	0	0	0
	3	13	9	0
	4	21	19	22
	5	14	15	36
	6	7	12	29
	7	0	8	23
	8	0	3	8
	9	0	3	3
	10	0	0	3
Total		55	69	124

Source: Field Survey, 2014

In table 4.31, we see that the group of retirees who retired between 2011 and 2014 are able to provide relatively more of their welfare needs than those who retired between 2008 and 2010. This is as a result of the larger pension income which the 2011-2014 are able to get, following from their longer period of contribution to the Contributory Pension Scheme than the latter group.

Test of Hypothesis Two

H_0 Welfare of Federal Public Service retirees do not significantly depend on the retirement benefits they receive from the Contributory Pension Scheme.

H_1 Welfare of Federal Public Service retirees significantly depend on the retirement benefits they receive from the Contributory Pension Scheme.

To solve this hypothesis we used the ANOVA tool of analysis as was described in chapter three.

Table 4.32 ANOVA Test of Second Hypothesis

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	523.998	7	74.857	47.719	.213
Within Groups	1123.201	716	1.569		
Total	1647.199	723			

The significance test of the *F* Test in the ANOVA table (table 4.32) is 0.213. This significance test is higher than the threshold of 0.05, thus the null hypothesis which states that welfare of Federal Public Service retirees do not significantly depend on the retirement benefits they receive from the Contributory Pension Scheme, will not be rejected. Hence, or statistically, welfare of Federal Public Service retirees do not significantly depends on the retirement benefits they receive from the Contributory Pension Scheme.

4.2.4 Challenges of the Contributory Pension Scheme

In this sub section of the analysis, we collected data to identify the challenges inherent in the implementation of the contributory pension scheme that have impact on retires. Data

to enable us make this identification are both quantitative and qualitative (interview responses) and are from varied sources. These are presented hereunder:

Table 4.33 The verification process to enable access to retirement benefit is difficult

		Frequency	Percent
Valid	No	47	37.9
	Undecided	2	1.6
	Yes	75	60.5
	Total	124	100.0

Source: Field Survey, 2014

In table 4.33 we measured retirees' perception about the difficulty of the verification process required to enable them to receive their benefits. In response, 47 (37.9%) selected No, in indicating little difficulty, while 75 (60.5%) selected Yes, indicating that the process is difficult. The high cases of difficulty suggest that this aspect of the Contributory Pension Scheme, the verification process pose some form of challenges to the retirees.

Further, in response to the follow up question: **what makes the verification process difficult?** Issues such as **multiple forms to fill**, the **time it takes** for their organisation where they worked, to transfer information to the Pension Commission notifying them of their retirement, and the **length of time** it takes for the Pension Commission to complete the approve process, were mentioned by the respondents.

Table 4.34 The verification process to enable access to retirement benefit cause delay in accessing benefits

		Frequency	Percent
Valid	No	43	34.7
	Undecided	2	1.6
	Yes	79	63.7
	Total	124	100.0

Source: Field Survey, 2014

Table 4.34 Examined if the verification process cause delay in accessing benefits. In response, 43 (34.7%) selected No, while 79 (63.7%) selected Yes. A greater percentage of the respondents says that the verification process created a delay before they were able to access their benefits. This is equally the same percentage who said the process was difficult.

To further identify the challenges of the Contributory Pension Scheme we conducted interviews with selected Pension Fund Administrators and the Pension Commission, which are presented and analysed below:

Analysis of response from Selected Pension Fund Administrators

Three Pension Fund Administrators (PFAs) were included in the study to find out what challenges they face with the implementation of the Contributory Pension Scheme. We conducted interviews with the Managing Directors of the selected.

When asked how safe the investments they carry out with pension savings, the PFAs revealed that, the Investment they engage in are safe, and are those which have

guaranteed returns. They also revealed that the Pension Commission has provided them **a list of investable options** where they invest the savings, which all three PFAs agreed was **limited**. By being limited, the PFAs argues that "we know that there is a dearth of investment platforms in the country, but there are some other investment avenues that are safe which, we can exploit and that would bring good returns, but our hands are tied; and we cannot go beyond what the Pension Commission as directed us to do."

When asked if there was a fixed rate of return on investment, the PFAs responded saying that **no fixed rate of return** exists. Each PFA has its own rate of return on investment, and also the rate changes from time to time, "depending on how well the investment performs in the market." This situation benefits the PFAs more than the potential retirees, as the PFAs are interested in getting their "cut" from the investment, and give back whatever may be left to the savings account. This is the reason why returns on investment still provide about 12% of the total in a Retirement Savings Account.

Analysis of response from the National Pension Commission

Our discussion with the Pension Commission revolved around issues relating to administrative processes that could cause delay in accessing benefits by beneficiaries of the Contributory Pension Scheme. When asked about the verification process, intimating the commission that there are complaints about the verification process as slow. The Pension Commission responded stating that, the delay that is currently experienced are caused by a number of reasons, some of which are not theirs. The commission went further to identify the challenges which they consider makes the verification process

slow: first is the issue of using manual procedure in carrying out the verification process; then issues of various institutions not bringing the list of their new retirees in time; at some times when they do, some new retirees may have problems with their documentation. The commission went on to say that "each institution has its own process of organising their newly retired or soon to be retired staff, before presenting them to us for verification and authorisation of access to benefits. The differences affect the way we work and do cause delay in authorizing access to benefits."

In response to the question on what specific challenges the Pension Commission face in implementing the Contributory Pension Scheme, the commission identified, three main challenges they have viz:

(a). Dearth of investable investment to effectively diversify pension fund portfolios;

(b). Lack of data base of Nigeria's working population.

(c). Non-automation of approval process.

These challenges are really at the heart of what makes the Contributory Pension Scheme unique. A well-diversified investment programme would give the savings significantly high returns, which would help increase the benefits that a retiree would get and thus improving his welfare. Similarly, a data base of Nigeria's work force would enable the Pension Commission measure how far it has gone to ensure that all working Nigerians have been covered by the pension programme. Also, an automated approval process

would reduce the time it takes for the Pension Commission to approve new retires to access their pension benefit.

4.4 Major Findings

i. The data indicated that the approval process required to get access to retirement benefit, takes time to complete. At present it takes an average of four months before a retiree can have access to his retirement benefits. These cases of delay are not however as a result of one's status or gender. The cause of the delay, as we found, is the manual procedures that the Pension Commission rely on to complete the approval process.

ii. The pool of savings as suggested by the Contributory Pension Scheme has not been able to cater for the livelihood of many retirees in the public establishments in Nigeria. Most retirees under the scheme rely on alternative means of income to take care of their basic needs.

iii. The research also found that there is dearth of investment portfolio and limited investment options available for PFC to invest the contributed fund making the retirement fund yield little or no returns which would have improved the pension benefits of retirees of public service in Nigeria.

iv. Further we found that, in the time span that has passed with the implementation of the Contributory Pension Scheme, individual retirees who retired at the start of the contributory pension scheme and those that retired most recently within the scope of the study have small monthly pension incomes to rely upon. The higher the amount of contribution and the length of years of service, the higher and more the retirement benefits available to retirees.

CHAPTER FIVE

SUMMARY CONCLUSION AND RECOMMENDATIONS

5.1 Summary

This study was set out to identify the perceptions retirees have of the Contributory Pension Scheme in relation to the time of pension payments. Further, the study also sought to determine if the pension funds received by retired beneficiaries of the Contributory Pension Scheme provides for those retired benefactors the ability to cater for their needs. An important significance of this study was to provide data that would enable policy makers within the pension sub-sector, evaluate how the Contributory Pension Scheme has fared within the period of its operation. Assess the opinions of the beneficiaries of the Contributory Pension Scheme thus provides the best opportunity for such evaluation by the policy makers.

Consequently, to achieve the tasks, this study collected information in two parts. The first part which is the theoretical and structural foundation of the study as contained in chapters two and three. Therein, we analysed existing literatures which pointed out gaps such as, the need to identify if the Contributory Pension Scheme has been able to provide pension to its beneficiaries at the right time, and if what the Contributory Pension Scheme provides for its beneficiaries as pension is sufficient to cater for their needs. Following this, a research design was adopted that would best fill this gaps. In the second part, chapter four, we then analysed data collected from the beneficiaries of the

Contributory Pension Scheme, from which significant findings were made, the subsequent conclusions reached.

5.2Conclusion

The Contributory Pension Scheme has come to stay as the way in which the society would use to reduce old age poverty. The scheme has put in place undeniable measures to enable investments in pensions compete at the stock market even with minimum risk (Faruk, 2011). This measure is essentially to ensure that the retirees get more income from what they have contributed during the period of employment. However, this factor is again dependent on the viability of the areas in which the pension funds are invested in.

The reality however, is that whatever the outcome from the investment, when an individual retires whatever pension he gets becomes the income he basically relies on for his onward survival (with the exclusion of other business engagement and hand out from relatives). Therefore, it is important that the pension he receives every month should help him achieve his needs. In the years that have passed since the implementation of the Contributory Pension Scheme, we have noted with this research that though the retirees affirmed that they receive their benefits relatively on time but the amount they receive cannot significantly cater for their basic needs.

What would give the Contributory Pension Scheme more credibility would be on its ability to continually ensure that retirees get their pensions at the appropriate time. The old pension regime was found wanting on this aspect, giving the large amount of cases of

complaints of non-payment of pension funds. In this aspect, we found that the Contributory Pension Scheme has done considerable well. However, there still remain cases where delay occurs. Although, the extent of such delay, or why those delay occurred are not within the scope of this study, the continued reoccurrence of such delay should as much as possible be reduced in other to improve on the confidence placed on the Contributory Pension Scheme. More so, the contributions that form the volume of pension fund should be review upward to increase the amount retirees get at retirement to enable them cater for their livelihood during old age. If this is done, the Contributory Pension Scheme can then truly be a pension system that we can rely on to enable retirees to cater for their needs at old age.

5.3 Recommendations

Following the findings and conclusions reached, we make the following recommendations:

i. The Pension Commission should automate the approval process which would greatly speed up the approval process and eliminate administrative bottle-necks resulting from multiple paper movements and points of actions (number of desks and/or offices that participate in the approval process. The automation can be done by developing software to be used by employers for easy compilation of retirees (names and required documents) and forwarding of such to the Pension Commission, via the internet.

ii. This dissertation recommend based on the major findings that the stakeholders of the contributory pension scheme should review the percentage of employers' contribution to improve on the pool of savings in the retirees RSA to enable retirees cater for their livelihood at retirement which is one the cardinal issues that prompted the establishment of the scheme.

iii. Irrespective of the evidence that shows that the longer the contribution to the Contributory Pension Scheme the more pension an individual gets at retirement, pension custodians and managers of such contribution should not rely on this in view of ensuring that retirees can provide for their needs. The pension Commission should further ensure a diverse, lucrative and safe investment portfolio to invest the contributed funds in, to improve on the returns on investment so as to increase the amount of what the individual will get during the time of his retirement.

iv. The study also recommends that the contributory pension scheme shareholders should look into the gap in the amount of pension benefits of those retirees that started the scheme and the recent retirees to further review the pension policy to alleviate the poor earnings of the recent retirees and those who would be retiring in few years.

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Appendix I

QUESTIONNAIRE

Below are a number of questions which if answered will help achieve the objectives of this research work.

We kindly request that all the questions herein be answered.

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

Section A

Q1 Gender: Male ☐ Female ☐

Q2 Period of Retirement

2008 – 2010 ☐ 2011 - 2013 ☐

Q3 Rank held upon retirement

Junior Staff ☐ Senior Staff ☐

Section B

Q4 At the start of retirement I began receiving my pensions on time

No ☐ Undecided ☐ Yes ☐

Q5 Completion period of approval process to enable benefit access

One month ☐ Two Months ☐ Three Months ☐ Four Months ☐

Five Months ☐ above Five Months ☐

Q6 Presently, I collect my pension funds every month without delays

No ☐ Undecided ☐ Yes ☐

Q7 With the Contributory Pension Scheme I will always have my pensions at the right time

No ☐ Undecided ☐ Yes ☐

Q8 Timely payment of your monthly benefits means your welfare will improve

No ☐ Undecided ☐ Yes ☐

Q9 Absence of long queues at points of benefits collection has enhanced your welfare level

No ☐ Undecided ☐ Yes ☐

Q10 Every month I am required to undergo verification process which delay access to my benefits

No ☐ Undecided ☐ Yes ☐

Section C

Q11 Please tick the Monthly pension Bracket to which you receive:

< 40, 000 ☐

40, 000 – 50, 000 ☐

50, 000 – 60, 000 ☐

60, 000 – 70, 000 ☐

70, 000 – 80, 000 ☐

80, 000 – 90, 000 ☐

90, 000 – 100, 000 ☐

> 100, 000 ☐

Q12 From the list of welfare list below tick the welfare your pension income enables you to satisfy per month

Health Care ☐

Feeding of Family ☐

Transportation costs ☐

Buying of Clothing ☐

House Rental ☐

Buying or building a House ☐

Maintaining a Car ☐

Hiring domestic help ☐

Attending social and religious functions ☐

Giving to charity ☐

Q13 The percentages of contribution towards their benefits is adequate to provide a reliable retirement benefit

No ☐ Undecided ☐ Yes ☐

Q14 The size of benefit is equally a determinant of your welfare

No ☐ Undecided ☐ Yes ☐

Q15 I rely solely on my retirement benefit for my welfare

No ☐ Undecided ☐ Yes ☐

Q16 A longer period of contribution could have increased the size of benefits I now receive at retirement

No ☐ Undecided ☐ Yes ☐

Q17 A significant part of my retirement benefit came from accrued interest from investment of my savings

No ☐ Undecided ☐ Yes ☐

Section D

Q18 The verification process to enable access to retirement benefit is difficult

No ☐ Undecided ☐ Yes ☐

Q19 If yes, what makes the process difficult?

_____

_____

_____

Q20 The verification process to enable access to retirement benefit cause delay in accessing benefits

No ☐ Undecided ☐ Yes ☐

Thank you.

APPENDIX II

Interview Guide

Interview conducted with the Managing Director of Three Pension Fund Administrators

1. How safe are the investments you carry out with pension savings?
2. What safety net exist to prevent loss of investments?
3. Is there a fixed rate of return on investments?
4. Do you often have challenges with retirees, and what kinds of challenges to you have with them?

Interview with the Commissioner (Technical) of the National Pensions Commission

1. Do employers submit list of retirees for approval after they have retired or before they are retired?
2. Are all documents needed for approval always provided by the intending retirees?
3. What specific challenges does the commission face in implementing the contributory pension scheme?

Interview with some selected retirees

1. Do you spend much time in processing your pension and if yes, at what point in the process do experience delay?
2. The amount you collect as your pension, does it take care of your basic needs?
3. What can you term as your major challenge with contributory pension scheme in Nigeria?