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Contributory Pension and Employees Retirement Management in Federal Civil Service of Nigeria (2004-2019)

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ABSTRACT
The study tends to assess the effect of contributory pension on employee's retirement management in federal civil service of Nigeria. The research methods used in this study is "survey design". The population constitutes staff of all the 23 federal ministries in Nigeria with an estimated staff strength of 249,000. The sample size of 447 was determined using the Taro Yameni Formula of 1964 while simple random sampling method or process was adopted in this study. Quantitative data collected using a questionnaire was analyzed by the use of descriptive statistics using the Statistical Package for Social Sciences (SPSS) and presented through percentages, means, standard deviations and frequencies. Consequently, in order to test the hypotheses and establish the degree of dependence or independence of the variables under consideration, chi-square statistical tools were used. The chi-square analysis of hypothesis one showed a probability value of 0.00 which is less than 0.05 level of significance, thereby inferring that pensioners were not favoured by the old pension scheme. The chi-square analysis of hypothesis two showed that 0.05 level of significance is less than the probability value of 0.76 hence the conclusion that the implementation of Pension Reform Act 2014 has not significantly enhanced pensioners' welfare. Based on the findings of this study, it was therefore recommended that Government should help to monitor the budget made for pension and gratuities for this will help to ensure that fund created for payment of pension and gratuities are not diverted.

I. INTRODUCTION

The issue of receiving retirement benefits is becoming increasingly a nightmare to the Nigerian 'senior citizens' (retirees). Life after retirement is one of the dreaded periods of most workers in Nigeria. The fear of uncertainty after retirement is also responsible for age falsification among civil servants in Nigeria. Retirement in Nigeria is now synonymous with deprivation and suffering. Most often gratuities and pensions are not paid as and when due, consequently, retirees cannot afford three square meals a day, let alone paying school fees for their children, pay house rents or take care of other necessities of life (Global Action on Ageing, 2006 as cited inFapohunda,2013). It is observable that most often a number of these pensioners die without accessing their entitlements. In a bid to make ends meet, retirees even at very old age look for employment or jobs. Although the pension industry has witnessed series of reforms since independence, the implementation has not actually made any significant impact in the welfare of the beneficiaries – pensioners. This is because pension administration in Nigeria is poorly handled. The problem with Nigeria is that most of its laws are only good on the paper. Nigerians are recently projected globally in very bad image because of scandalous and startling revelations of massive looting and fraud masterminded by serving civil servants against their former colleagues who had left service. A staggering amount running into inestimable trillions was looted from pension funds by the stakeholders in the administration and management of pensions (Gbenga, 2012; Emewu, 2012). This was just one out of many of the massive looting and "scramble" to empty public treasury. The fraud is not only in pension funds, it is also obtainable in the entire public service. It is only in this era of societal decay and deadly quest for materialism that "a rat can conveniently eat the fish hung round its neck". It is only in today's Nigeria that public servants embezzle funds in their custody without adequate punishment. The institutionalized procedures for sanctions against fraud are treated casually as mere rituals. These precipitated neglect in the administrative accountability and transparency in daily activities of public servants.

The humiliating aspects of the pension administrators are many. They loot the pension funds. Starved and deprived pensioners are forced to queue as well as mill around the verification centres at regular intervals for verification and biometric capture across the country. These tactics create confusion, delay payment or prepare grounds for outright fraud in pension fund management. It was Balogun (2006), who affirmed that restrictive and sharp practices in the investment and management of pension funds exacerbated the problem of pension liabilities. The implication is simple to observe, huge budgetary allocations made in the past for the payment of both pensions and gratuities did not trickle down to the pensioners in general and those of Federal civil service Awka, in particular. Nigeria is fast losing its retirees due to greed and insensitivity of the government and those charged with both pension and gratuity funds. It is in the spirit of improving the economic well-being of pensioners in their post-retirement lifestyle that the Federal Government of Nigeria carried out a general overhaul of the Defined Benefit Scheme hinged on Pay-as-You-Go (PAYG) via the Pension Reform Act 2004; and how far the implementation of this Act has gone in improving the welfare of these pensioners is the worry of this study.

Section 23, Chapter 11 of the 1999 Constitution (as amended) says: "The National Ethics Shall Be: (i) Discipline (ii) Integrity (iii) Dignity of Labour (iv) Social Justice (v) Religions Tolerance (vi) Self-Reliance and (vii) Patriotism". The civil servants' attitude to work and their response to globally accepted norms control the quality of service that they render to the public. But rather sloths, delinquent, disrespectful, and negligent, were the negative traits of their performance which the citizens perceive the public service portrays. The public servants must be truly committed to hard work, sacrifice, discipline and patriotism for positive change. These are the fundamental objectives and directive principles the State Policy needs to steer and stir the ship of the New Pension Reform Act 2004 and 2014 (the Act) by all the stakeholders.

The Pension Fund Reform Act of 2014, signed into law on 1st July made Pension scheme take a different look. In line with pension fund reform, many state governments in Nigeria have come up with various pension reforms for effective pension administration in their state. In Nigeria, the type of pension scheme that is operational is contributory in nature and is managed by different Pension Fund Administrators (PFAs), and overseen by the National Pension Commission (PENCOM) (Balogun, 2006; Abdullahi, 2002; Federal Republic of Nigeria, 2008). Several governments have carried out reforms of pension schemes which have constantly experienced implementation problems that has made life difficult for retirees in their retirement life.

It was observed that many retirees in Anambra state have been facing a lot of life challenges, starting from financial challenges to health challenges. And no empirical studies have stated the severity of this challenges or the very effect of the recent pension and gratuity investment plan on the life of retirees in Anambra state. Against this backdrop, the study tends to examine effect of contributory pension on employee's retirement management in federal civil service of Nigeria (2004-2019).

RESEARCH QUESTIONS

1. Did the problems of the Old Pension Scheme negatively affect the pensioners' welfare in Nigeria federal civil service?
2. Has the implementation of the Pension Reform Act 2014 significantly enhanced the pensioners' welfare in Nigeria federal civil service?
3. What is the benefit of pension investment plan on financial status of civil service retirees?

OBJECTIVES OF THE STUDY

The general objective of this study is to systematically study the EFFECT OF contributory pension on employee's retirement management

The specific objectives are to:

1) determine whether the problems of the old pension scheme affected the welfare of pensioners in Nigeria federal civil service.
2) ascertain whether the implementation of the Pension Reform Act 2014 has enhanced the pensioners' welfare.
3) Ascertain the benefit of pension investment plan on financial status of civil service retirees

HYPOTHESES

$Ho_{1:}$ The problems of old pension scheme have not significantly affected the pensioners' welfare in Nigeria federal civil service.

Ho_2: The implementation of Pension Reform Act 2014 has not significantly enhanced the pensioners' welfare in Nigeria federal civil service.

Ho3: There is no significant benefit of pension investment plan on the financial status of civil service retirees.

II. LITERATURE REVIEW

Pension

Pension is simply the amount set aside either by an employer or an employee or both to ensure that at retirement, there is something for the employee to fall back on as income. It ensures that at old age workers will not be stranded financially. It is aimed at providing workers with security by building up plans that are capable of providing guaranteed income to them when they retire or to dependants when death occurs (Fapohunda, 2013).

Also, World Bank (2004) defines pension as a form of income that workers or their spouses receive after the workers retire, become disabled or die. Pension entails money paid at regular bases by government or any establishment to someone who is officially considered retired from active service after serving for a stipulated time usually minimum of ten years and maximum of thirty five years (Ikeji; Nwosu and Agba, 2011). Pension schemes are social security maintenance plan for workers after their disengagement as employees through retirement (Ilesami, 2006).Fapohunda (2013) also posits that the reason for pension scheme stems from the fact that first; an organization has a moral obligation to provide a reasonable degree of social security for workers especially those who have served for a long period. Second, the organization has to demonstrate that it has the interest of its employees at heart through pension schemes.

The pension system was introduced into Nigeria by the Colonial Administration. The first legislative document on pension in Nigeria was the 1951 Pension Ordinance which has retroactive effect from January 1, 1946. The Ordinance provided public servants with both pension and gratuity (Ahmed, 2006).

The National Provident Fund (NPF) scheme established in 1961 was the first legislation to address pension matters of private organizations in Nigeria. This was the first social protection scheme for the non-pensionable private sector employees in Nigeria. It was mainly a saving scheme where both employee and employer contributed the sum of N4 each on monthly basis. The scheme provided for only one-off lump sum benefit (Ahmad, 2006). The NPF was followed by Armed Forces Pension Acts No 103 also of 1972 and by the Pension Acts No. 102 of 1979, 18 years later .The Pension Acts N 102 of 1976 which commenced on 1st April, 1974 encompassed the recommendation of Udoji Commission which included all consolidated enactments and circulars on pension as well as repealing existing 113 pension laws hitherto in force. Other Pension Acts included: Pension Rights of Judges Act No 5 of 1985, the Police and other Government Agencies Pension Scheme enacted under Pension Acts No.75 of 1987 and the Local Government Pension edict which culminated in the setting of the Local Government Staff Pension Board of 1987.

In 1993, the National Social Insurance Trust Fund (NSITF) scheme was set up by Decree No. 73 of 1993 to replace the defunct NPF scheme with effect from 1st July 1994 to cater for employees in private sector of the economy against laws of employment men in old age, invalidity or death (Balogun, 2006). In 1997, parastatals were allowed to have individual pension arrangements for their staff and appoint Boards of Trustees (BOT) to administer their pension plans as specified in the Standard Trust Deed and Rules prepared by the Office of Head of Service of the Federation. Each BOT was free to decide on whether to mention an insured scheme or self-administered arrangement. It must be recall that the first private sector pension scheme in Nigeria set up for the employees of the Nigerian Breweries was in 1954.The United African Company (UAC) scheme followed in 1957.

The Pensions Reform Act of 2004

The Pensions Reform Act (PRA) of 2004 is the most recent legislation of the Federal Government of Nigeria which is aimed at reforming the pensions system in the country. It encompasses employees in both the public and private sectors. The PRA of 2004 came into being with a view to reducing the difficulties encountered by retirees in Nigeria under the old pension scheme.

It is believed that the new scheme will: guarantee the prompt payment of pensions to retirees, eliminate queues of aged pensioners standing hours and days in the sun to collect their pensions and also increase their standard of living. But the fear is whether the programme will actualize the set objectives by theextended family and other traditional ways already broken down due to urbanization and increased labour and human mobility. Moreover, considering Statement of Accounting Standard (SAS) No. 8 "on accounting for employees‟ retirement benefits" the problems of the old pension scheme which led to the pensions reforms of 2004 include: wrong investment decision, wrong assessment of pension liabilities, arbitrary increases in pension without corresponding funding arrangements, nonpreservation of benefits, some were mere saving schemes and not pension schemes, and serious structural problems of non payment and non coverage. There was no adequate safeguard of the funds to guarantee prompt pension and other benefits payments to retirees.

The old scheme was characteristically defined benefits, unfunded mostly pay as you go, discriminatory and not portable. The employee was not entitled to pension benefits if he is dismissed from service. Also there was no adequate provision to secure the pension fund. Following the unsatisfying nature of the old scheme, the unpleasant experiences face by retirees and pensioners and the huge pension liabilities, it became apparent the need for reform and change. Therefore, the need for the Federal Government to guarantee workers‟ contributions and accruing interest in the event of failure of the PFA was advocated. Besides, it was estimated that over N600 billion ($4.5 billion) investible assets could be amassed annually through the pension scheme in Nigeria. Hence, the government could not only pay the retirement benefits as they become due but also utilize the saved pension fund for long-term development purposes.

The Pensions Reform Act (PRA) of 2004 is the most recent legislation of the Federal Government of Nigeria which is aimed at reforming the pensions system in the country. It encompasses employees in both the public and private sectors. The PRA of 2004 came into being with a view to reducing the difficulties encountered by retirees in Nigeria under the old pension scheme. It is believed that the new scheme will: guarantee the prompt payment of pensions to retirees, eliminate queues of aged pensioners standing hours and days in the sun to collect their pensions and also increase their standard of living. But the fear is whether the programme will actualize the set objectives by the "power and people that be" when we call to remembrance the abysmal failure of the National Housing Fund which was set up by Decree No3 of 1993. Nevertheless, before the enactment of the PRA of 2004, the three regulations in Nigerian pension industry were: Securities and Exchange Commission (SEC), National Insurance Commission (NAICOM) and the Joint Tax Broad (JTB).The new scheme is regulated and supervised by the National Pension Commission. The Commission has the power to formulate, direct and oversee the overall policy on pension matters in Nigeria. It also establishes standards, rules and regulations for the management of the pension funds. It approves, licenses, sanctions and promotes capacity building and institutional strengthening of the PFA and PFCS.

Objectives of the New Pension Scheme. The objectives of the Scheme according to Section 2, Part 1 of the PRA of 2004 include to:

1. Ensure that every person who worked in either the public service of the federation, federal capital territory or private sector receives his retirement benefits as and when due.
2. Assist improvident individuals by ensuring that they save in order to cater for their livelihood during the old age.
3. Establish a uniform set of rules, regulations and standards for the administration and payment of retirement benefits for the public service of the federation, federal capital territory or private sector.
4. Stem the growth of outstanding pension liabilities.
5. Secure compliance and promote wider coverage.

It is envisaged that the various reforms measures put in place, which also clearly spelt out in the objectives of the new PRA of 2004 , would be able to remedy the situation by adequately tackling the difficulties in the old scheme by being adequate, affordable, sustainable and robust (Balogun,2006). It must also prevent old-age poverty and able to smoothen life-time consumption for the vast majority of the population. It must be able to withstand major shocks including economic, demographic and political volatility. Ahmad (2008) remarked that as part of the implementation efforts increased registration of contributions in public and private sector, membership of Contributory Pension Fund Administrators (CPFAs) and Custodians (CPFCs), growth in total Pension Fund assets to about $6.08billion in December, 2007.

Transitional Challenges in the New Pension Scheme

According to Admad (2008), the transitional challenges in the new pension scheme include:

1. Knowledge gap and general misconceptions.
2. Widening the coverage in the informed and private sector, many of the SMEs, private, small business are not yet to buy the idea
3. Securing system wide buy- in and initial reluctance from employees for register with PFAs.
4. Capacity building in the new pension industry.
5. Quantifying and transferring legacy funds and asset managed by employees, Insurance companies and pension managers.

Balogun (2006) pointed to other areas which require further strengthening in order to make the new pension scheme effective and efficient to include:

1. Durability pension for employees who sustain minor or permanent injury/disability in the course of their duties.
2. In respect of section 71 (1) of the PRA, relevant guideline stipulated in the number of years an RSA holder is expected to contribute to be qualified for the Minimum Guarantee Pension (MGP).
3. The full involvement of state and local government in the new contribution pension scheme to include the large number of public sector employees currently not within PRA of 2004.
4. Enrichment and adequate funding of the data base by PENCOM.

Prospects of the Defined Contribution Scheme

Admad (2008) rekindles some of the prospects of the defined contributory scheme to include:

1. Intensified Public Education & Enlightenment
2. Strong Support from and collaboration with stakeholders especially social.
3. Consistent support and strong political will from the executive and legislative arms of government.
4. Federal Government of Nigeria had consistently and religiously met her obligation to the pensions fund contribution.

Gradual adoption of the new scheme by other tier of government especially state government.

Pension Reform Act 2014

According to the federal government of Nigeria, the value of pension assets in Nigeria is about 4.21 trillion Naira at the end of March 2014. Globally the figure is put at over 70 trillion dollars as at the end of 2013. On one hand, what we have achieved in Nigeria is worthy of celebration given that we were in a deficit position of over 2 trillion Naira before the 2004 pension reform. On the other hand, the revelation that there are only about 2.4 million contributors to the pension scheme leaves a lot to be desired. Based on the information by the Bureau of Statistics, there are about 60 million Nigerians of working age. Effectively, this means less than 5% of Nigerians are covered leaving over 95% exposed to social insecurity in their old age.

On 1 July 2014, President Goodluck Jonathan signed into law the new Pension Reform Act 2014 which repealed the Pension Reform Act of 2004 (repealed Act). The key objectives of the reform are to ensure contributors receive their benefits as and when due and to assist improvident individuals to save in order to cater for their livelihood during old age.

While the new act is generally a step in the right direction, some of the changes introduced appear not to have been well thought through and some of the changes appear to have been made at the last minute thereby creating some gaps, ambiguities and inconsistencies within the law. The salient changes are outlined in this article and categorised broadly under “the Good”, “the Bad” and “the Ugly”.

The Good

Exemption from tax - The Act clearly states that any interests, profits, dividends, investments and other income accruable to pension funds or asset are not taxable. In addition, withdrawal of voluntary contribution is no longer subject to tax if withdrawn within 5 years. Tax is limited only

to the returns on such contributions if withdrawn within 5 years. It should be implied however that where such returns relate to exempt income like interest on government securities, then tax should not apply.

Withdrawal from Retirement Savings Accounts - The new Act creates another condition in which a contributor may be allowed to withdraw from his retirement account. An employee who disengages from employment or is disengaged before the age of 50 and is unable to secure employment within 4 months of disengagement is allowed to make withdrawals from the account not exceeding 25% of the total amount credited to the retirement savings account.

Choice of Pension Fund Administrator - Employees continue to have the right to choose their PFA. This right has been extended to cover employees whose employers operate a closed pension scheme. Such employees now have the right to choose an external PFA. Where an employee fails to open a Retirement Savings Account (RSA) within 6 months after assumption of duty, his employer can now request a PFA to open a nominal RSA for such employee for the remittance of his pension contribution.

Investment of pension funds - The Act expands the scope of investments in which pension funds can be invested and this includes specialist investment funds and other financial instruments the Commission (Pension Commission or PenCom) may approve. While this is a good thing on one hand, care should be taken not to lose sight of the need to protect and preserve contributors’ wealth.

Offences and penalties - The Act includes a few novel provisions with respect to offences and penalties. The Act criminalises an attempt to commit an offence and imposes the same penalty as the offence itself. The penalties for misappropriation have also been increased. In addition to a prison term of 10 years and a fine of three times the amount misappropriated, a convicted person would refund the amount misappropriated as well as forfeit to the federal government any property, asset or fund with accrued interest or the proceeds of any unlawful activity under the Act in his/her possession, custody or control. In addition to the above and with particular reference to Pension Fund Custodians (PFCs), the Act imposes a penalty of at least 10 million Naira upon conviction, where the PFC fails to hold the funds to the exclusive preserve of the PFA and PenCom or where it applies the funds to meet its own financial obligations (in the case of a director, 5 million Naira or a term of 5 years imprisonment or both).

Pension protection fund - A pension protection fund has been created under the new Act to include an annual subvention of 1% of the total monthly wage bill payable to employees in the public sector, an annual pension protection levy (the percentage of which is to be determined by PenCom) and income from investments of the Pension Protection Fund. The objective of the Fund is to guarantee a minimum benefit to contributors in the event of any shortfalls in the investment of pension funds and any other use PenCom may determine from time to time.

Dispute resolution - Any employee aggrieved with his employer or PFA is obligated to approach PenCom for a redress before exploring arbitration or commencing an action at the National Industrial Court. Under the repealed Act, the avenues for dispute resolution were limited to Arbitration and the Investment and Securities Tribunal.

The Bad

Scope and coverage - The Scheme applies to employees in both the public and private sectors. Mandatory contribution is applicable to organisations in which there are 15 or more employees (previously 5 employees). This effectively reduces the number of employers and employees that are likely to benefit from the scheme. Given the low level of contributors under the Scheme, this change is counterproductive.

Basis of contribution - Contributions are now to be based on ‘monthly emoluments’ being the total emolument as defined in the employee’s contract of employment provided it is not less than the total of the employee’s basic salary, housing and transport allowance. This definition is vague and could be interpreted to mean that all items that are paid on a monthly basis (in addition to basic, housing and transport) would form part of the base on which the pension rates are applied. This potentially larger base could well mean that many employers will see an increase of over 100% in their pension contribution obligations while employees’ net pay will reduce unless their employers chose to increase their salaries to accommodate the additional contribution.

Rates of contribution - The rates of contributions to be made under the new Scheme by both the employer and employee are a minimum of 10% and 8% respectively (7.5% of the employee’s monthly basic, housing and transport allowances by both parties under the repealed Act). Again, this will increase the cost of employment and may force many employers to take drastic measures such as rationalisation of staff strength.

The Ugly

Commencement date - The Pension Reform Act 2014 (Act) was signed into law by the President on 1 July 2014. The Act does not specify a commencement date. The Interpretation Act provides that where no date of commencement is contained in an Act, the commencement day shall be the day the Act is passed or signed into law. Unless a commencement date is inserted before the Act is gazetted, the commencement date will be 1 July 2014. This does not give room for transition arrangement and proper planning by affected employers.

Gaps in coverage - Only employers with a minimum of 15 employees are required to contribute to the new Scheme. The Act provides that in the case of private organisations with less than 3 employees participation in the Scheme would be governed by guidelines issued by the National Pension Commission (PenCom). However, the Act is silent on the applicability of the Scheme to private organizations with more than 3 but less than 15 employees. Also what happens to employers with 5 to 14 employees regarding their past contributions under the old Act?

Sole contribution by employers - The new Act provides that an employer can take full responsibility of the contribution but in that case, the contribution shall not be less than 20% of the employee’s monthly emolument. This does not make sense given that the combined contribution by both parties is 18%. Employers will therefore be discouraged from taking full responsibility.

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Conclusively,PenCom should promptly issue regulations and guidelines to address the bad and the ugly sides of the new law. Where an amendment to the law is required, this should be done by the national assembly in proper consultation and engagement with stakeholders. Employees may find some satisfaction in the fact that employers would contribute at least 10% of their monthly emoluments but only for those who are lucky to keep their jobs. Employers must prepare for either an increase in their staff costs or some restructuring of staff compensation to keep the costs at affordable levels.

III. THEORETICAL FRAMEWORK

The frameworks of analysis adopted for this study are Productivity Theories of Pension propounded by (Dorsey, Cornwell and Macpherson, 1998).

Productivity theories of pension are of two sides: The demand and supply sides. Both sides of the theory however, agreed that pension schemes are established as incentives and motivation to encourage workers to increase their productivity or performance. The demand side of the theory posits that employers make payments to employees' pension funds because workers are keen or prefer pension savings to cash payments to their emoluments. This is because of the benefits attached. These include reduction in income tax of the employee, the retirement benefits, such as social security from the employer's contributions, interest earnings and dividend earnings on pension fund investment or assets that are not taxed. Others include the prospect of future enhanced and acceptable pension benefits, from awards or (increases as may be offered by the government from time to time. Yet another benefit is an insurance cover of sorts against risks that pension provides.

The demand side also states that employees, especially the high income earners, prefer pension to cash payments because of a possible annuity (fixed amount of money paid at regular intervals) for as long as the pensioner lives. There is the shifting of risk of poor asset or investment performance to the employer in Defined Benefit Pension Scheme (DBPS), which is not exactly so in the CPS where there is a PFA. In the CPS, it is the asset earnings that are distributed to contributors or pensioners. Thus, risk shifting is easier to operate in a DBPS where there is a promised or defined benefit than in CPS where the value of the benefit is a function of the value of the asset or pension fund performance. Finally, on the demand side, there is the potential of improved performance or output of the employee merely by the institution of a pension fund or scheme. The implication of this is that the pension scheme must be well articulated; involve the workers in the decision processes, well funded and sustainable, such that it can motivate the workers or employees.

The supply side of this theory posits that employees' gain from pension tends to raise the level of workforce productivity and reduce labour costs. This is because the employers' investments in the training of the workforce, improved condition of service, provision of adequate resources etc, are greatly offset by the workforce's improved output or productivity. There is also the perspective that the supply side to the theory serves as an incentive for personnel to remain in the organization for a long time. This means that there is a reduced personnel turnover as DBPS penalizes organization quits. In all this, the organization tends to gain, however, because of large workforce's high productivity and attachment to the organization. This benefit is inherent more in DBPS than CPS.

IV. RESEARCH METHODOLOGY

The research methods used in this study is "survey design" because the phenomenon under research investigation was of the present and this method ultimately deals with the situation under investigation.The study area of this research is Nigeria federal civil service. Both primary and secondary sources of data was used to generate the data for this study.

The population constitutes staff of all the 23 federal ministries in Nigeria with an estimated staff strength of 249,000. Although there are extra-ministerial departments, agencies and commission, they are not part of this study.

The sample size of 447 was determined using the Taro Yameni Formula of 1964while simple random sampling method or process was adopted in this study.

Quantitative data collected using a questionnaire was analyzed by the use of descriptive statistics using the Statistical Package for Social Sciences (SPSS) and presented through percentages, means, standard deviations and frequencies.

Consequently, in order to test the hypotheses and establish the degree of dependence or independence of the variables under consideration, chi-square statistical tools were used.

V. DATA PRESENTATION, ANALYSIS AND FINDINGS

Research Question One: Did the problems of the Old Pension Scheme negatively affect the pensioners' welfare in Nigeria federal civil service?

Table 4.1: The impact of Old Pension Scheme on pensioners' welfare.

Response options	Frequency	Percentages %	Cumulative Frequency
Strongly Agree	130	29.1	130
Agree	303	67.8	433
Disagree	14	3.1	447
Strongly Disagree	--	--	447

The result in the table 4.1 above shows that 130 (29.1%) respondents strongly agreed that the problems of the old pension scheme negatively affected the pensioners welfare, 303 (67.8%) agreed, 14 (3.1%) disagreed while none responded to strongly disagree. This shows that the problems of the old pension scheme negatively affected the pensioners' welfare. On the whole, 433 (96.9%) of the pensioners under the old and new pension schemes and active workers sampled under this research question agreed that the problems of old pension scheme negatively affected the pensioners' welfare and only 14 respondents disagreed.

Research Question Two: Has the implementation of the Pension Reform Act 2014 significantly enhanced the pensioners' welfare in Nigeria federal civil service?

Table 4.2: Implementation of the Pension Reform Act 2014 and enhancement of pensioners' welfare.

Response options	Frequency	Percentages %	Cumulative Frequency
Strongly Agree	17	4.0	17
Agree	15	3.4	32
Disagree	301	69.0	333
Strongly Disagree	103	23.6	436

The result in the table 4.2 above shows that 17 (4.0%) respondents strongly agreed that the implementation of the Pension Reform Act 2014 has significantly enhanced the pensioners' welfare in Nigeria federal civil service, 15 (3.4%) agreed, 301 (69.0%) disagreed, while 103 (23.6%) strongly disagreed that the implementation of the Pension Reform Act 2004 has significantly enhanced the pensioners' welfare in Nigeria federal civil service. Since 404 (92.7%) out of 436 pensioners under the new pension scheme and active workers sampled under this research question disagreed, it means that the implementation of Pension Reform Act 2004 has not significantly enhanced the pensioners' welfare.

Test of Hypothesis

Hypothesis One: The problem of old pension scheme has not significantly affected the pensioners' welfare in Nigeria federal civil service.

Table 4.4: Chi-Square analysis of hypothesis one

x^2 Calculated	df	Level of significance	Asymp. Sig.	Remark
283.91	3	0.05	0.00	Sig.

The result in the table 4.4 above shows the chi-square analysis of the problem of old pension scheme on pensioners' welfare in Nigeria federal civil service. The calculated chi-square was 238.91 with 3 as degree of freedom and exact probability value of 0.00. Since the exact probability value of 0.00 is less than the significance level of 0.05, the null hypothesis is rejected and inference drawn that the problems of old pension scheme has significantly affected the pensioners' welfare in Nigeria federal civil service.

Hypothesis two: The implementation of Pension Reform Act 2004 has not significantly enhanced the pensioners' welfare in Nigeria federal civil service.

Table 4.5: Chi-Square analysis of hypothesis two

x^2 Calculated	Df	Level of significance	Asymp. Sig.	Remark
2.25	3	0.05	0.76	N S

NS = Not Significant

The result in the table 45 above shows the chi-square analysis of the implementation of Pension Reform Act 2004 and the enhancement of pensioners' welfare in Nigeria federal civil service. Result shows that the calculated chi-square was 2.25 with degree of freedom of 3 and exact probability value of 0.76. Since the significance level of 0.05 is less than the probability value of 0.76, the null hypothesis is accepted and inference drawn that the implementation of Pension Reform Act 2004 has not significantly enhanced the pensioners' welfare in Nigeria federal civil service.

Hypothesis Three: HO_3: There is no significant impact of pension investment plan on the financial status of civil service retirees.

Table 4.6: Chi-Square analysis of hypothesis three

x^2 Calculated	Df	Level of significance	Asymp. Sig.	Remark
3.51	3	0.05	1.26	N S.

NS = Not Significant

The result in the table 4.6 shows the chi-square analysis of the significant impact of pension investment plan on the financial status of civil service retirees. Result shows that the calculated chi-square was 3.51 with degree of freedom of 3 and probability value of 1.26. Since the significance level of 0.05 is less than the probability value of 0.76, the null hypothesis is accepted and inference drawn that there is no significant impact of pension and gratuity investment plan on the financial status of civil service retirees.

VI. CONCLUSION AND RECOMMENDATION

The chi-square analysis of hypothesis one showed a probability value of 0.00 which is less than 0.05 level of significance, thereby inferring that pensioners were not favoured by the old pension scheme. Pensioners' welfare entails paying pensioners monthly or quarterly as and when due to meet their basic needs as well as enhanced living standard throughout their life span by their former employers. The research findings proved the contrary (that is, the old pension scheme administration did not favour the pensioners). This confirms the World Bank's report (2005), which asserted that most pension schemes in the world do not deliver on their social objectives hence its emphasis on the need for change.

The chi-square analysis of hypothesis two showed that 0.05 level of significance is less than the probability value of 0.76 hence the conclusion that the implementation of Pension Reform Act 2014 has not significantly enhanced pensioners' welfare. Akeni (2009), in Odia and Okoye (2018) in his work submitted that although there was agreement that the new scheme was applauded as far better than the old, he discovered that the new scheme may not address the difficulties currently encountered in the pension industry in Nigeria nor impact positively on the standard of living of retirees and pensioners unless there were proper coordination and supervision of Pension Fund Administrators and Pension Fund Custodians by PENCOM.

Result of hypothesis three shows that the calculated chi-square was 3.51 with degree of freedom of 3 and probability value of 1.26. Since the significance level of 0.05 is less than the probability value of 0.76, the null hypothesis is accepted and inference drawn that there is no significant impact of pension and gratuity investment plan on the financial status of civil service retirees.

VII. RECOMMENDATION

i. Based on the findings of this study, it was therefore recommended that Government should help to monitor the budget made for pension and gratuities for this will help to ensure that fund created for payment of pension and gratuities are not diverted.

ii. The government, through the instrumentality of PENCOM, Pension Fund Administrators and other stakeholders should as a matter of necessity institute a public enlightenment mechanism for the beneficiaries and the public about the operations of the new pension scheme. This will help to build up their confidence in the scheme.

iii. Pension Fund Administrators should ensure that they have a credible and competent workforce that will guarantee the issuance of accurate statement of account regularly. This will curb the embarrassment the contributors suffer by the irregularities in the issuance of the statement of account. Also, all enforceable laws should be applied by PENCOM to ensure that PFAs comply with the fund accounting guidelines by PENCOM.

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