The Impact of New Pension Reform on The Lives of Nigeria Retirees

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Abstract— **This research attempted to investigate the effect of new pension reform on the lives of Nigeria retirees. The purpose of this is to explore the need for better retirement welfare and ensure prompt payment of retirement benefits. A structured questionnaire was used to obtain data. Data were analyzed using the information obtained from the questionnaires. Results from data analyses suggest that pension business should not be run like government business. Stocks at the floor of the stock exchange should be allowed to compete for pension funds but with some form of 'Circuit Breaker' that stops the bidding process when the market begins to go chaotic. The new pension reform act should be fully implemented as stated in section 4(1)(c) of the Act which stipulate that after the withdrawal of a lump sum of money to be paid to a pensioner as gratuity, the amount standing to his RSA credit should be sufficient to pay him an annuity of 50% of the last salary he received before retirement. In the case of a shortfall, section 12 (1) (b) also that the 'shortfall shall immediately become a debt of the relevant employer' who shall 'issue a written acknowledgment of the debt to the relevant employee (retiree) and take steps to meet the shortfall' (Nigeria 2004). This provision should be fully implemented, so that all retirees under the CPS can, at least, receive 50% of the last salary they received before retirement.**

Index Terms— **Pension Reform, Retirement benefits and gratuity.**

I. Introduction

In general, a pension is an arrangement to provide people with an income when they are no longer earning a regular income from employment. It is a tax deferred savings vehicle that allows for the tax-free accumulation of a fund for later use as a retirement income. Pensions should not be confused with severance packages; the former is paid in regular installments, while the latter is paid in one lump sum. Pension, according to Williams (1997) 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 incase 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), the purpose of occupational pension scheme is to provide employees regular and stable income after their retirement from service. They said 'it is an arrangement an employer or a group of employers' use(s) 'to provide pension benefits for their employees when they leave or retire. They went further to say that 'these schemes are usually funded by contributions from just the employer, or from both the employer and the employees.' Labour unions, the government, or other organizations may also fund pensions. Occupational pensions are a form of deferred compensation, usually advantageous to employee and employer for tax reasons. Many pensions also contain an additional insurance aspect, since they often will pay benefits to survivors or disabled beneficiaries. Other vehicles (certain lottery payouts, for example, or an annuity) may provide a similar stream of payments.

The issue of pension has received much attention in many countries over the past decades. In fact, in recent times, pension has increasingly attracted the attention of policy makers in many countries as a means of facilitating privately funded retirement income savings by an ageing workforce (World Bank Report, 2006). Many countries have opted for various forms of contributory pension scheme where employers and their employees are supposed to pay a certain percentage of the employee's monthly earnings to a retirement savings accounts from which they would be drawing their pension benefits after retirement. Besides pension funds are now among the most important institutional investment in the world capital markets (Klumpes and Mason, 2000).

Pension (for retirement or old age and survivors' benefits arising from death) is one of the solid security attributes approved by the International Labour Organization (ILO) Convention No. 102 which has worked hard on social security matters since 1919 and more so since 1966. However, the modalities for paying pension have been fraught with damming distortions and limitations or challenges in many countries. These have persisted especially in the less developed countries with particular reference to Nigeria, until the new concerns of the government on the matter.

No doubt worried by the devastating sufferings of the vast majority of public sector pensioners who have served the nation meritoriously, the Federal government of Nigeria decided to do something positive about the matter. The dehumanizing suffering of the pensioners has been widely reported in the electronic and print media. Scholarly publications have also focused on the plight of pensioners regarding inadequacy, shoddy and irregular payment of their pension entitlements, among other problems (Ogunbameru, 1999 and Idowu, 2006). There is also the employment of the voice options, including grievance investigation through the mechanisms of Ombudsman, public opinion programmes and servicome or the conduct of service delivery surveys (Olowu, 2002). The television stations and newspapers have repeatedly shown or written on how pensioners, who are no longer in their prime on many occasions, queued for long hours, waiting to be attended to by civil servants . Some of

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them have collapsed in the process. Some other woeful experiences of pensioners had been reported to include offering bribe to civil servants, so that their files could be located and processed. It is against the above background that Omiunu (2001) aptly described civil servants as enemies to their retired colleagues. All of the above have been to the detriment of productivity, retired public servants, their dependants and a tell tale on the image of the government. The whole problem has been predicated on the inability of the government to continue to maintain its solely or fully funded defined benefits pensions scheme.

The positive thing that the Federal government of Nigeria has done about pension reform matter is the introduction of the contributory pension scheme through the pension reform Act 2004 which commenced in June 2004. The CPS requires a civilian employee who is not a daily paid or casual worker, and the employer in either the public or private sector organization to contribute to the scheme. The employee and the employer are to contribute a minimum of seven and a half per cent (7.5%) each of the employee's consolidated monthly emoluments (or the employer alone can contribute the minimum fifteen per cent (15%) to the employee's pension fund. For the armed forces, the government contributes twelve and a half percent (12 1/2%) and the armed forces personnel contributes two and a half percent (2 1/2%). Those exempted from the scheme are the Chief Justice of Nigeria, a Justice of the Supreme Court, President of the Court of Appeal, a Justice of the Court of Appeal, 'who retires at or after the age of sixty-five years'.

Nigeria adopted for the contributory pension scheme following her pensions reform in 2004. Pension is the amount paid by government or company to an employee after working for some specific period of time, considered too old or ill to work or have reached the statutory age of retirement. It is monthly sum paid to a retired officer until death because the officer has worked with the organization paying the sum (Adam, 2005). Pension is also the method whereby a person pays into pension scheme a proportion of his earnings during his working life. The contributions provide an income (or pension) on retirement that is treated as earned income .This is taxed at the investors' marginal rate of income tax. On the other hand, gratuity is a lump sum of money payable to a retiring officer who has served for a minimum period of term year (now sixty- five years with effect from 1/6/92).

A greater importance has been given to pension and gratuity by employers because of the belief that if employees' future needs are guaranteed, their fears ameliorated and properly taken care of, they will be more motivated to contribute positively to organization's output. Similarly various governments' organizations as well as labour union have emphasized the need for sound, good and workable pension scheme (Adebayo, 2006).

Statement of the Problem

The problems that have bedeviled the Defined Benefit Scheme that existed in Nigeria have made it increasingly unsustainable, as it is with the rest of the world. It is for these reasons of increasing public expenditure/huge deficit, arbitrary increases in salaries and pensions as well as poor administrative structures, that the need for pension reform became inevitable. The problems were further aggravated with the constant political manipulation, besides non-payment of pensions for several years, which greatly lowered the welfare of retirees. Even the promised benefits were often inadequate due to rampant inflation against which pensioners had no protection, coupled with inaccurate record keeping that gave opportunities for corruption. One key problem was the lack of adequate funding.

Objectives of the Study

The study generally sought to find out whether the contributory pension scheme has had any significant effect on the welfare of retirees from the selected Federal establishments in Nigeria. Specifically, the study is designed to:

1. Identify the challenges facing Contributory Pension Scheme.
2. Examine the effect of Contributory Pension Scheme on the welfare of Nigeria retirees.
3. Examine the effect of inflation or devaluation on the value of retiree's benefits.

Significance of the Study

Pension problems are not peculiar to Africa, Asia, Latin America or the Caribbean. It is a common denominator of all the economies of the world, irrespective of the economic status. Studies are conducted periodically by the World Bank in an attempt to develop a comprehensive and sustainable pension system for all retirees of both public and private sectors with a view to eradicating old-age poverty and its attendant consequences the world over.

The very essence of any study is its ability to enrich and add to existing knowledge and proffer solutions to perceived (social) problems. The study will in no small measure be a milestone in the quest to establish a virile and sustainable social pension scheme for the Nigerian people. The study shall also provide an insight into how other schemes around the globe work. Pension all over the world attracts the attention of both employers and employees of public and private organizations; governmental and nongovernmental bodies. The study shall be a ready material for the government, students of administration, policy makers including others who engage in other developmental and policy studies of this nature. Workers, whether in the private or public sector seek information to secure a comfortable retirement future, and therefore would find this document instructive. Nigerian government specifically and other developing nations in general will find this work as the missing link in their age-long desire to establish harmony between the public owned and privately organized retirement schemes.

II. THEORETICAL FRAMEWORK

One of the oldest documents to discuss social support was the Code of Hammurability by King Hammurabus of Babylon in the 18th century (Momoh and Idomeh, 2008). According to Bloom (2005), one of the first publicly financed social security systems was developed in the late 16th century in England from a series of legislature Acts known as "poor laws". Under these laws, local governments built large alms-house facilities that housed the people too old or unfit for work. Poor laws also established work houses and facilitated public housing for the employed. Moreover, these laws gave rise to the social insurance in Europe and social security in the United States (Momoh and Idomeh, 2008).

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 New 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, non-preservation 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.

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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 where 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.

Types of Pension Reform Options

There are two broad types: parametric and the systematic pension reforms. Parametric reforms involves adjustments to the parameters of the pension system such as retirement age, contribution rate etc. These adjustments which may be ad hoc or discretionary tend to create uncertainty and problem in the system (Rabolin, 2005). On the other hand, systematic reform involves a complete shift in the pension systems by a country for example from say, defined benefit system to the defined contributory system or social pension or voluntary pension scheme. Systematic reform could be single-pillar or multipillars depending on the contribution of the various systems, e.g Nigeria (2004), Chile (1980), Argentina (1994) but it reversed later in 2007.

Basically, Nigeria embarked on a multi-pillars, systematic pension reform changing completely from the defined benefit to the defined contributory scheme. It has an individual's Retirement Savings Accounts (RSA), valued arrangement taking various forms (individuals, employer sponsored, defined benefit and defined contributory) which are flexible and discretionary in nature and informed intra-family or inter-generational sources of both financial and non-financial support to the elderly, including adequate health care (Holzmnann and Hinz, 2005).

Other key options in the new pension scheme

1. Nature of the scheme: The new pension scheme is a Contributory Pension Scheme (Section 1 Part of PRA 2004). For the payment of retirement benefits of employees who are eligible under the scheme.

2. Rate of contribution: Section 9 (1) specifies the contribution by the individual and the employer as follows:

(a) In the case of public service of the Federation and the Federal Capital Territory a minimum of 7.5% by the employer and a minimum of 7.5% by the employee.

(b) In the case of the military, a minimum of 12.5% by the employer and a minimum of 2.5% by the employee.

(c) In other cases, a minimum of 7.5% by the employer and a minimum of 7.5% by the employee.

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.

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

Current Issues in the Pension Reform Act

President Goodluck Jonathan has recently sent a bill to the National Assembly that seeks to lower the requirements for appointing the Director General of National pension commission amongst others, the body that regulates the pension administration in the country. At the senate, where the amendment to the Act has passed the second reading stage.

The Commission submits that the:

(a) National Assembly should de-emphasis the issue of qualifying years of experience and adopt the model of the CBN Act where no requirement of specific years of post-qualification experience is stipulated by the CBN Act.

This is the position that is consistent with global best practice which emphasizes competency rather than years of post-qualification experience, which does not necessarily translate into capacity and capability.

b) Staffing and Funding of PTAD (Ss. 42 – 49 of the Bill): The Bill does not provide for the staffing and funding for the FGN and FCT PTADs. Consequently, it is recommended that additional provisions should be inserted to empower the PTADs to employ their staff and make provision for their sources of funding, which should primarily be from Government subvention.

c) Re-admission after recertification of medical fitness (S.16(3) of the Bill): The re-integration of persons certified by a medical board or suitably qualified physician upon securing another employment was made subject to Guidelines to be issued by the Commission from time to time. The purpose is to ensure that whenever such persons are employed, the onus of confirming their fitness for employment is on the employer based on extant labour laws.

Operation of the contributory pension scheme

This new pension scheme is contributory, fully funded, privately third party custody of the funds and assets and based on individual accounts. It ensures that everyone who has worked receives his/her retirement benefits as at when due. The new pension scheme covers all employees in the public service of the Federation, the Federal Capital Territory and the private sector of the economy. The only exceptions are the existing pensioners, employees who have 3 years or less to retire and the categories of persons covered by the provisions of section 291 of the Constitution of Federal Republic of Nigeria 1999 are exempted from the new pension scheme. Any employee with more than 3 years to retire comes under the new pension scheme. The new pension scheme is mandatory for all categories of employers and employees covered under the Pension Reform Act. An employee shall make monthly contributions of a minimum of 7.5% of the total of his/her monthly emoluments (i.e., monthly basic salary, transport allowance and housing allowance) into his RSA. The employer shall also contribute a minimum of 7.5% of the employee's monthly emoluments towards the retirement benefits of the employee. An employer can as well make all the contributions on behalf of the employee without making any deduction from the employee's salary except that such contribution by the employer shall not be less than 15% of the monthly emoluments of the employee.

Every employee or contributor under the new pension scheme is expected to \\\open Retirement Savings Account in his/her name with a Pension Fund Administrator of his/her choice into which all his/her contributions and returns on investment are paid. The RSA is similar to a bank account except that no contributor can withdraw money from the RSA before his/her retirement. The PFA is required to invest the money and issue statements of account at least once every quarter to the contributor. Pension contributions are paid directly to the Pension Fund Costodian to be held on the behalf of the PFA. Movement from one employment to another does not affect pension under the new scheme. The reform has removed the bottleneck associated with transfer of service from one organization or sector to another, especially with regard to qualification for pension and the sharing formula for payment of pension as between employers. There is no merger of private sector pension with that of the public sector pension since the sources of funding are not the same. However, both are now being regulated under the same rules and regulations.

Most of the old pension schemes were not fully funded. Therefore, upon retirement, there were no ready funds to pay the pensioners. The new pension scheme is fully funded. Money is contributed into individual employee's Retirement Savings Account (RSA) and when he/she retires, there will be money in his/her RSA to pay his pension. A fully funded pension scheme exists where pension funds and assets match pension liabilities at any given time. Private sector pension schemes will also be allowed to continue provided if there is evidence to show that the pension scheme is fully funded at all times, any shortfall made up within 90 days, pension funds assets are segregated from the assets of the employer/company, the pension funds assets are held by a licensed Custodian and the scheme is specifically approved by the National Pension Commission.

The data collected from the questionnaires will be grouped into basic characteristics of sex, age, qualification, work experience and marital status. After this, the questions relevant to the research will be presented and analyzed for the purpose of drawing conclusion on the research study. Analytical techniques used involved frequency distribution tables, measure of central location (Mean) and measure of dispersion (Standard Deviation), regression analysis and test of correlation.

III. METHODOLOGY

This study examines the impact of pension reform act (2004) on Nigeria public servants. This section describes the characteristics of the population of study, the respondents' characteristics and classification, the sample and sampling techniques, the instruments of data collection and how the instruments are administered. It discusses as well the validity and reliability of the data collection instrument and the technique for data analysis. It also includes the limitations of the methodology adopted.

IV. RESEARCH DESIGN

A research design is specification of the procedure for collecting and analyzing the relevant data in solving a problem. For the purpose of this study, the survey design is adopted for describing the relationship between variables, because it postulated the rate at which a variables influence another.

V. CLASSIFICATION OF RESPONDENTS

Classification of Respondents by Sex

SEX	NO. OF RESPONDENTS	PERCENTAGE (%)
Male	41	51.2
Female	39	48.8
TOTAL	80	100%

Interpretation: From the above table, 41 respondents representing 51.2% were male, while 39 respondents representing 48.8% were female. This means there were more male respondents than female respondents.

Classification of Respondent by Age

AGE RANGE	NO. OF RESPONDENTS	PERCENTAGE (%)
20 – 30	33	41.3
31 – 40	35	43.8
41 – 50	10	12.5
Above 50	2	2.5
TOTAL	80	100%

Interpretation: It can be seen from the above table that 41.3% are with the age of20 – 30years, and 31 – 40 years constitute 43.8, which were the largest groups of respondents while 12.5% are with the age of years 41 – 50, 2.5% constitute those between 50 years and above.

WORKING EXPERIENCE	NO. OF RESPONDENTS	PERCENTAGE (%)
1 – 5 Years	35	43.8
6 – 10 Years	27	33.2
11 – 15 Years	17	21
16 – 20 Years	1	1
Above 20 Years	1	1
TOTAL	80	100%

Interpretation: The analysis shows that 1% have worked between 16 – 20 years, 33.2% have worked for more than 6 years but less than 10 years or exactly 10 years, while those between 11 – 15 years constitute 21%, and those within age 1 – 5 years constitute 43.8%. The remaining 0% falls above 20 years

4.1.4Classification of Respondent by Marital Status

MARITAL STATUS	NO. OF RESPONDENTS	PERCENTAGE (%)
Single	53	66.3
Married	25	31.2
Divorced	2	2.5
TOTAL	80	100%

Interpretation: It can be seen from the above table that 66.3% are single and it constitute the largest group, while 31.2% are married. 2.5% is divorced.

4.1.5Classification of Respondent by Education Background

EDUCATION BACKGROUND	NO. OF RESPONDENTS	PERCENTAGE (%)
WAEC/NECO/GCE	13	16.2
HND	18	22.5
BSc.	25	31.2
MSc. / MBA	19	23.8
PHD	3	3.8
	2	2.5
Others specified		
TOTAL	80	100%

Source: Research Survey 2014.

Interpretation: It can be seen from the above table that 31.2% have BSc. which constitute the largest group, while 16.2% have WAEC/NECO/GCE, 22.5% have HND, 23.8% have MSc./MBA and 2.5% possess qualifications not stated in the questionnaire.

VI. ANALYSES OF DATA RELEVANT TO RESEARCH QUESTIONS

This section presents respondents perception on items measuring transformational leadership styles, transactional leadership styles, motivational policies, organizational culture and employee performance. The section is analysed with the use of frequency and mean distribution of respondents ranking to the items using the 5-point Likert Scale (1-5).

Scale: Strongly Disagree 0 ---1.49, Disagree 1.50---2.49, Undecided 2.50----3.49, Agree 3.50---4.49 Strongly Agree 4.49 ----5.0

Table 4.3.1ANALYSES OF DATA

	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree	Total Scale Mean 3.93		
	Freq (%)	Freq (%)	Freq(%)	Freq(%)	Freq (%)	Total	Mean	Standard Deviation
The new contributory pension scheme encourage employees to think outside the box (outside traditional way of doing things)	2(1.7%)	7(6.1%)	7(6.1%)	68(59.1%)	31(27.0%)	115	4.03	0.86
The level financial security put in place by employer of labour encourage employees to give their best while in service.	0(0.0%)	6(5.1%)	15(12.7%)	50(42.4%)	47(39.8%)	118	4.17	0.84
New pension reform encourages employeesto focus on what the problem is rather than whom to blame.	5(4.2%)	2(1.7%)	19(16.1%)	53(44.9%)	39(33.1%)	118	4.01	0.97
The new pension scheme assists improvident individuals to save towards old age (saving grows economy & deepens financial markets).	1(0.8%)	15(12.7%)	14(11.9%)	54(45.8%)	34(28.8%)	118	3.89	0.99
New pension reform minimize employer use of power for personal gain	3(2.5%)	18 (15.3%)	23(19.5%)	48(40.7%)	26(22.0%)	118	3.64	1.07
Employer provide special attention to each employees needs for achievement	6(5.1%)	4 (3.4%)	16 (13.7%)	53(45.3%)	38(32.5%)	117	3.97	1.03
New pension scheme as appeal to employees sense of pride, self-esteem and other intense motivation	5(4.3%)	2 (1.7%)	29(24.8%)	59 (50.4%)	22(18.8%)	117	3.78	0.92

Table 4.3.1 above shows that the new contributory pension scheme encourage employees to think outside the box (outside traditional way of doing things)that respondents agree to the fact that pension reform encourages employees to focus on what the problem is rather than whom to blame.

It was observed that the new pension scheme assists improvident individuals to save towards old age (saving grows economy & deepens financial markets), new pension scheme as appeal to employees sense of pride, self-esteem and other intense motivation with agreeing means of 4.17, 4.03, 4.01, 3.97, 3.89, 3.78 and 3.64 and standard deviations of 0.84, 0.86, 0.97, 1.03, 0.99, 0.92 and 1.07 respectively.

	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree	Total Scale Mean = 3.85		
	Freq (%)	Freq (%)	Freq (%)	Freq (%)	Freq (%)	Total	Mean	Standard Deviation
The pension scheme as reduces pensioners dying in verification queues.	0(0.0%)	0(0.0%)	27(23.3%)	63(54.3%)	26(22.4%)	116	3.99	0.68
The new pension scheme as improved the longevity of Nigeria retirees.	0(0.0%)	1(0.9%)	13(11.2%)	72(62.1%)	30(25.9%)	116	4.13	0.63
The pension scheme as reduces pensioners becoming liability to society.	0(0.0%)	1(0.8%)	10(8.5%)	71(60.2%)	36 (30.5%)	118	4.20	0.62

The pension scheme as has eliminated the syndrome of ghost retirees	2(1.7%)	1(0.9%)	20(17.1%)	61(52.1%)	33(28.2%)	117	4.04	0.80
The pension scheme as has eliminated the syndrome of "I don't care" by employees.	0(0.0%)	13(11.1%)	30(25.6%)	53(45.3%)	21(17.9%)	117	3.70	0.89
The voluntary savings made do not significantly affect the welfare of retirees from the federal public service positively.	19(16.1%)	24(20.3%)	23(19.5%)	38(32.2%)	14(11.9%)	118	3.03	1.29

Table 4.3.2 above shows that pension scheme as reduces pensioners dying in verification queues having had a high score mean of 3.85 depicting that respondents agree to the new pension scheme as improved the longevity of Nigeria retirees, pension scheme as reduces pensioners becoming liability to society, pension scheme as has eliminated the syndrome of ghost retirees, pension scheme as has eliminated the syndrome of "I don't care" by employees occur with agreeing means of 4.20, 4.13, 4.04, 3.99 and 3.70 and standard deviations of 0.62, 0.63, 0.80, 0.68 and 0.89 respectively while the respondents were undecided with the last items voluntary savings made do not significantly affect the welfare of retirees from the federal public service positively having scored a mean of 3.03 and standard deviation of 1.29.

	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree	Total Scale Mean = 4.12		
	Freq (%)	Freq (%)	Freq (%)	Freq (%)	Freq (%)	Total	Mean	Standard Deviation
New pension scheme is an extra motivating factor for Nigeria employees	2(1.7%)	8(6.8%)	28(23.7%)	40(33.9%)	40(33.9%)	118	3.92	1.00
The contributory pension scheme as induce employee to work more	2(1.7%)	16(13.6%)	7(5.9%)	64(54.2%)	29(24.6%)	118	3.86	0.99
Employment benefit and appreciation from the employer can be said to be a stimulant for higher performance	0(0.0%)	0(0.0%)	8(6.9%)	48(41.4%)	60(51.7%)	116	4.45	0.62
Employee productivity is to an extent affected by the present of retirement benefits.	0(0.0%)	1(0.9%)	7(6.0%)	59(50.4%)	50(42.7%)	117	4.35	0.63

Table 4.3.3 above shows the influence and existence of motivation policies within the organization. It was observed that the pension scheme is an extra motivating factor for Nigeria employees since respondents agree with mean of 3.92 and standard deviation of 1.00. Also, contributory pension scheme as induce employee to work more, Employment benefit and appreciation from the employer can be said to be a stimulant for higher performance, Employee productivity is to an extent affected by the present of retirement benefits with agreeing means of 4.45, 4.35, 3.92 and 3.86 and standard deviations of 0.62, 0.63 and 0.99 respectively.

	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree	Total Scale Mean = 3.58		
	Freq (%)	Freq (%)	Freq (%)	Freq (%)	Freq (%)	Total	Mean	Standard Deviation

Table 4.4.1 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.660[a]	.435	.416	.6638	.435	21.794	4	113	.000

Source: Field Survey, 2014

a. Predictors: (Constant), longevity, improved welfare, improved public-private partnership and savings.

The new pension reform act has promoted public-private partnership through investment and employment generation.	1(0.8%)	9(7.6%)	10(8.5%)	76(64.4%)	22(18.6%)	118	3.92	0.81
Uniformity in standard of payment and administration of pensions has led to improved welfare of retirees of the public service	0(0.0%)	5(4.2%)	25(21.2%)	55(46.6%)	33(28.0%)	118	3.98	0.82
Employees are able to adjust to changing circumstances in the internal environment	0(0.0%)	6(5.1%)	19(16.2%)	78(66.7%)	14(12.0%)	117	3.85	0.69
Welfare of retirees of the Federal Public Service does not significantly depend on timely payments of pensions enforced by the Defined Contributory Scheme	30(25.9%)	35(30.2%)	11(9.5%)	35(30.2%)	5(4.3%)	116	2.57	1.28

Table 4.9 above evaluates the organizational culture within the organization. It was observed that employees agreed that the new pension reform act has promoted public-private partnership through investment and employment generation, Uniformity in standard of payment and administration of pensions has led to improved welfare of retirees of the public service, Employees are able to adjust to changing circumstances in the internal environment, with agreeing means of 3.98, 3.92 and 3.85 and standard deviations of 0.82, 0.81 and 0.69 respectively while respondents disagree on Welfare of retirees of the Federal Public Service does not significantly depend on timely payments of pensions enforced by the Defined Contributory Scheme with a mean of 2.57 and standard deviation of 1.28.

REGRESSION ANALYSIS

This section presents the regression analysis of the dependent variable (contributory pension scheme) to the independent variables or predictor variables which are improved the longevity, improved welfare, improved public-private partnership and savings.

Regression analysis tends to show the size of contributions of these predictors to changes in the independent variable. A multivariate regression analysis is used since predictor variables are more than one. It therefore presents empirical relationships between these independent variables or predictors and the dependent variable in the form of a model. Analysis is carried out with the use of Statistical package for Social Scientist (SPSS, version 17) computed from the information on tables 4.3.1, 4.3.2, 4.3.3 and 4.3.4.

VII. MODEL SPECIFICATION

The regression equation model is expected to follow the form:

$Y = Ax_1 + Bx_2 + Cx_3 + Dx_4 + E$

Where Y = the dependent variable (contributory pension scheme)

$x_1 \ldots x_4$ are the independent variables (longevity, improved welfare, improved public-private partnership and savings)

A, B, C, D are coefficients and E is the Constant term within the model.

VIII. PRESENTATION OF RESULTS

The regression results present a model summary and estimate of the co-efficient of the predictors and their corresponding levels of significance.

Regression

Going by the table above, it is seen that R- Coefficient of regression is 0.660, (R –ranges between -1 to +1). This is positive and high and shows that these predictors (longevity, improved welfare, improved public-private partnership and savings) are high correlated to contributory pension scheme. Moreso, this was found to be significant at 0.05 levels of significance with returned p-value of 0.000 <0.05. This also implies that increases in value in these factors will lead to corresponding increases in retirement benefits.

The R-Squared of 0.435 in model shows that the model of these factors explains 43.5% of changes in retirement benefits. This is fairly predictive and means that a 56.5% of variations in retirement benefit is outside the scope of the model.

IX. MODEL PRESENTATION

TABLE 4.5.PRESENTATION OF MODEL COEFFICIENTS

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.042	.399	-	.106	.916
	Longevity	.266	.099	.254	2.690	.008
	Improved welfare	.287	.142	.224	2.022	.046
	Improved public-private partnership	-.206	.121	-.177	-1.699	.092
	Savings	.574	.145	.433	3.960	.000

a. Dependent Variable: Measure of Retirement Benefits

Table 4.13 above presents the returned-Coefficients of the independent variables (longevity, improved welfare, improved public-private partnership and savings) with their significant levels.

The derived model is thus:

Y (Employee Performance) = $0.266X_1 + 0.287X_2 - 0.206X_3 + 0.574X_4 + 0.042$

Findings

This section presents a synopsis of the findings made in the course of the study. The objective of this study has been on the establishing the extent to which the objectives of the contributory pension scheme have been achieved vis – a – vis its anticipated impact on retirees' welfare. Timeliness in payment may not be unconnected with determining welfare of retirees as pensioners would prefer their pay cheques handed to them at the point of exit from service.

The fact that the scheme professes its goal in ensuring that improvident individuals who have worked in the Public Service and private sector save to cater for their livelihood when they are no longer in the service elicited a huge reaction from respondents who do not see possibilities of that happening from a wage not big enough to meet their needs. Even though the study revealed that retirees agree that their savings habit had improved while in service, it was either as a result of the fear of the uncertainty of the scheme's future in the face of possible market failure. Or due to the fact that certain government organizations go as far as exceeding the expected ratio of contributions in favour of their staff. Furthermore, some organizations dictate to their staff which PFA to patronize as others allow theirs the freedom to choose from a range of other PFAs. As much as uniformity can be achieved in different ways it is important to note that fair treatment of retirees by ex-employers and PFAs cannot be compromised.

Sustaining the scheme from the market point of view is largely dependent on a virile financial system. This has been largely supported by facts from our literature. However, the sustenance of the scheme is not dependent on the strength of the financial system alone, but also on other factors like confidence in the government to keep promises (not diverting such funds meant for the scheme). It is however not surprising that with the current growth of over N11 trillion in the pension fund, the government is looking towards borrowing from the fund. If the government will service the loan and pay back as and when due, that would mean a lot to the scheme and consequently on the retirees' welfare.

X. CONCLUSION

A sustainable pension scheme is an important tissue in every society whether pure capitalist or welfare state. The Contributory Pension Scheme has come to stay in the Federal Public Service of Nigeria in spite of the few gaps observed. The scheme has put in place undeniable measures to enable investments in pensions compete at the stock market even with minimum risk. That means it is a boost for the insurance company as well as another reliable means of sustenance for the employee at retirement. Before now, payment of pensions in Nigeria was unstable and unsure as beneficiaries of the previous pension are yet to recover from their traumatic experiences from that scheme.

Although the rate of poverty is high amongst the elderly, the Contributory Pension Scheme has been one reform that has earned global recognition in its efforts to reduce the recurrent old-age poverty pervading all economies. The three major players in the scheme are Pencom, PFAs and PFCs. The PFAs operate under the supervision of the National Pension Commission (Pencom) whose sole responsibility it is to wade into grievances between the retiree and his former employer, or between the retiree and his Pension Fund Administrator (PFA). In the event of such cogent complains, PENCOM mandates the PFA to pay to the latter the entitlements of the retiree. The Pension Fund Custodian, on the other hand, manages the employer/employee contributions by investing these funds in specific blue chip stocks.

XI. Recommendations

In view of the aforementioned findings in the research work, this section seeks to make recommendations to improve the Contributory Pension Scheme. Although a time period of two months is emphasized by the Contributory Pension Scheme in which a retiree gets his/her lump sum, that is only possible subject to the employers' prompt response to the PFA confirming the status of the retiree. It is therefore recommended that an employer must send clearance to the retiree's PFA on the month of his/her retirement. And that a maximum of one month waiting period is enough for a retiree to get his/her entitlement.

The rate at which public servants make voluntary contributions/savings with the scheme has not shown an appreciable increase. If such extra savings attract more returns, it will naturally propel the public servant to make more contributions which in the long run helps the scheme to achieve its objectives. Uniformity in the management and administration of the scheme can be enforced through a periodic review and constant monitoring. A monitored scheme/project/programme is most likely to survive the test of time. Local pension offices in the various establishments should be empowered with an oversight function on the PFA so that workers/retirees benefits should have a corresponding record with theirs. For pensioners who do not know what the correct record should be, the expertise of these local pension offices would benefit them immensely. As states fully embrace the scheme, similar measures should be taken to ensure consistency and uniformity in the scheme's management.

One aspect of the management of the Contributory Pension Scheme that has stemmed the expected growth in returns has been the fact that investments of the pension contributions are not open to all stocks. A huge part of the fund is invested in insurance stocks which are about the slowest in the Nigerian stock market. The argument has been that since insurance stocks are not highly competitive, they are less prone to market risks. It is therefore important to note avoiding risks is as good as avoiding profits. Pension business should not be run like government business. Stocks at the floor of the stock exchange should be allowed to compete for pension funds but with some form of 'Circuit Breaker' that stops the bidding process when the market begins to go chaotic. These circuit breakers are soft-wares that are built to automatically halt transactions in a bidding process at specified prices. They are commonly used in Foreign Exchange (forex) markets.

The new pension reform act should be fully implemented. For example, section 4(1)(c) of the Act provides that after the withdrawal of a lump sum of money to be paid to a pensioner as gratuity, the amount standing to his RSA credit should be sufficient to pay him an annuity of 50% of the last salary he received before retirement. In the case of a shortfall, section 12 (1) (b) provides that the 'shortfall shall immediately become a debt of the relevant employer' who shall 'issue a written acknowledgment of the debt to the relevant employee (retiree) and take steps to meet the shortfall' (Nigeria 2004). This provision should be fully implemented, so that all retirees under the CPS can, at least, receive 50% of the last salary they received before retirement.

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