

Pension Reforms and Employees Savings in Oyo State, Nigeria

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Chapter One

Introduction

1.1 Background to the Study

Maintaining economic security was defined as one of the basic tasks of individuals in ancient times before people evolved into states and had the administrative apparatus available for high-level political decision makers in a community to wield sovereign political authority^{1,2}. In any part of the world, for example, unemployment, disease, disability, death, and/or old age are all intrinsic challenges to economic stability².

As a result, employees' working lives follow a predictable pattern, such as from employment to advancement to retirement. While some employees are fortunate enough to have saved enough money to sustain them till retirement, the vast majority of service members leave with little or no savings. After retirement, any employee who is suitably and appropriately cared for bids a kind farewell to active employment and enters the serenity and tranquility of old age². Employees are drawn to organizations with well-established pension plans³. Pension is defined as a sum of money distributed on a regular basis by employers to former employees who have retired from their service, usually due to reaching a predetermined age limit in service or for other reasons such as sickness, widowhood, or abrupt incapacity.

More crucially, poverty has long been recognized as a major flaw in developing economies, dating back to when economists first became interested in the developing world. One of the most important ways to improve a society's livelihood and standard of life is to ensure that workers get an adequate level of welfare after retirement; this level of welfare should be sufficient to lift them over the poverty line established for the society. The pension program is

one of the most important tools in achieving the above. A pension fund is a group arrangement or scheme that has as one of its main goals the provision of retirement benefits for working people, either in the form of a regular income stream during retirement or as a lump sum payment upon retirement. Pension funds are typically established through a legal document known as a trust deed, which states that the money will be administered according to the rules spelled out in the instrument. Employers provide pension benefits to employees in order to recruit, retain, and reward them. Employees, on the other hand, look to retirement benefits for financial stability during their less productive years. A good pension plan provides a lifetime of financial security for retirees while also serving as a motivator for employees to act in the best interests of the company⁵.

Employee savings have risen to the forefront of several countries' legislative agendas in recent years. The inadequacy of the defined benefit pension scheme, also known as pay-as-you-go (PAYG) pension scheme, prompted the Federal Government of Nigeria to implement contributory pension reform through the 2004 Pension Reform Act, which aimed to harmonize the characteristics of the public and private sectors in terms of contribution rates, key players, and regulation. Furthermore, prior to 2004, the Federal Government of Nigeria's pension liability was estimated to be around three trillion naira (ARM 2004), which represents a significant share of the country's average national budget in recent years⁶.

The Pension Reform Act (PRA) of 2004 modified Nigeria's basic pension plan from defined benefit to defined contribution, while the Pension Reform Act (PRA) of 2014 increased employer and employee contributions, among other changes. The necessity for long-term retirement savings among employees, as well as the establishment of a distinct set of regulations for both private and public sector employees, were among the reforms' main goals.

The purpose of the contributory pension reforms is to serve as a mechanism for achieving the goal of savings mobilization, which can lead to capital market development, hence supporting economic growth in Nigeria. Employees contribute a minimum of 7.5 percent of their basic wage, housing and transportation allowance, and 2.5 percent for the military under the contributory system. In the case of the public sector, employers are required to contribute 12.5%. In the private sector, employers and employees will each contribute a minimum of 7.5 percent⁷. An employer may choose to contribute on behalf of employees, but the overall contribution must not be less than 15% of the employees' basic salary, housing, and transportation allowance. Employers will also contribute a minimum of 10% under the 2014 pension reform, while employees would each contribute 8%. Participants are able to open individual retirement savings accounts where payments are accumulated until retirement, which is one of the benefits of pension reform. Members can also make voluntary contributions to their individual capitalized account in the form of a percentage of their salary. The necessity that PFAs give RSA holders with regular/periodic statement of accounts ensures close monitoring of the accounts, as well as early reporting of inaccuracies and repair of such errors. Surprisingly, significant progress has been made in terms of participation and contributions to the pension changes. Between September 2011 and September 2013, the total plan membership increased by 17%. In addition, donations from the private and governmental sectors have increased by 7.15 percent over the same time period⁹. According to the African Development Bank (AFDB), total pension contributions are expected to reach \$100 billion by 2020, with a 30 percent growth rate over the last four years. Contributory pension reforms, on the other hand, are projected to mobilize savings for the development of financial markets and economic growth. Saving for retirement is a difficult task, and the stakes for assuring a sufficient

retirement income are high. The shift from defined benefit to defined contribution places far greater responsibility on individual participants, particularly in terms of how much to save and how to invest the funds generated. Many people appear to struggle with this increased duty, necessitating a review of the impact of contributory pension reforms on employee savings.

1.2 Statement of the Problem

Since the implementation of the contributory pension program in Nigeria, some have questioned whether the scheme has been able to address the issue of Nigerian employees' weak savings culture. More importantly, the link between contributory pensions and household savings is critical for important policy challenges including determining the consequences of pension reforms on employee savings behavior⁸. From a theoretical standpoint, the life-cycle paradigm implies that providing public benefits after retirement creates a negative incentive to save during one's working years.

Even within a simple theoretical framework, quantifying the resulting relationship between pension wealth and savings is difficult, because the degree of substitutability between pension and non-pension wealth is dependent on a number of factors, ranging from the presence of pension contributions on labor supply behavior. Because of the problem's intricacy, empirical rather than theoretical quantification of the relationship between pension wealth and savings is more likely⁹. Households will respond to the implicit savings accumulated in their public and private pension plans by saving less in other forms, according to economic logic based on the life cycle model. Pensions, as a result, supplant or "crowd out" household savings. Contributory pension reforms have also been emphasized as having the ability to mobilize savings for economic growth^{6,10}. However, there is concern that compulsory savings in a low-income country with widespread poverty and an inadequate complementary social security

system, such as Nigeria¹⁰, may not be desirable. Several research' empirical conclusions on the relationship between contributing pensions and employee savings are contradictory and unsatisfactory. To put it another way, there is no agreement on the extent and scale to which the former has influenced the latter. As a result, it was necessary to investigate the influence of contributory pensions on employee savings in Nigeria's Oyo state.

1.3 Aim and Objectives of the Study

The aim of this study is to examine the effect of contributory pension reforms on employees' savings in Oyo state of Nigeria. The specific objectives are to:

- i. determine the relationship between pension reforms and employees' savings in Oyo State public service.
- ii. examine the level of employees' commitment to pension reforms in Oyo State public service.
- iii. investigate whether there is significant difference between male and female employees' savings behavior towards retirement in Oyo State public service

1.4 Research Questions

Based on the above stated problem, the following research questions are raised to guide the study:

- i. is there any relationship between pension reforms and employees' savings in Oyo State public service?
- ii. what is the level of employees' commitment to pension reforms in Oyo State public service?

- iii. is there any significant difference between male and female employees' savings behavior towards retirement in Oyo State public service?

1.5 Hypotheses

H₀1: There is no significant relationship between pension reforms and employees' savings in Oyo State public service.

H₀2: There is no significant employees' commitment to Pension reform scheme in Oyo State public service.

H₀3: There is no significant difference between male and female employees' savings behavior towards retirement in Oyo State public service.

1.6 Significance of the Study

When it comes to dealing with micro and macroeconomic challenges, every country has several options. These decisions are made on a daily basis, in a more or less coordinated manner, with a long- or short-term outlook. The Pre-pension Reform Act of 2004 was a "Pay As You Go" (PAYG) pension program that was beset by problems, giving rise to new contributory pension changes. The importance of this effort cannot be overstated since it will provide stakeholders with the required and fundamental understanding of how their mutual interests will be preserved.

Contributors would understand how their Retirement Savings Account (RSA) money are managed by Pension Fund Administrators (PFAs) and kept safe by Pension Fund Custodians (PFCs), as well as the economic implications. It is also important to the Pension Commission, PENCOM, and the government at various levels since it provides a way to address the modern system's flaws.

In 2004 and 2014, respectively, new pension reform schemes were enacted. As a result, this is unquestionably a new vista that necessitates more investigation. Pension fund accounting is a new field that requires input from academics; thus, this work will benefit other pension researchers.

1.7 Scope of the Study

The study will rely on primary data to gather the essential information from Oyo State government personnel. Employees' savings remain dependent variable and contributory pension reform as an independent variable remains the variables of focus.

1.8 Limitations of the Study

The study was able to assess the effects of the new pension reform on employee savings objectively. However, the impact of external events on employee savings that occurred before, during, and after the reform were not taken into account, such as worldwide recessions in 2007 and 2012, as well as the Covid '19 pandemic. These are things that should be taken into account in future research.

1.9 Operational Definition of Terms

Contributory Pension Reform: is a reform whereby the employers and the employees contribute minimum percentages of the employees' salary to the scheme every month. The minimum contribution for the employer is 8% and 10% for the employee.

Pension: is a fund into which a sum of money is added during an employee's employment years and from which payments are drawn to support the person's retirement from work in the form of periodic payments.

Retirement: means withdrawal from working simply because one has reached a particular age; either by chronological age or by virtue of years spent in service.

Retirement Planning: means proper preparation for retirement days in terms of financial saving towards the retirement.

Savings: referred to the process of not spending money for current period in order to be used in future

Savings Behaviour: is the combination of perceptions of future needs, a saving decision and a saving action.

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Endnotes

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Chapter Two

Literature Review

This chapter looked at the impact of pension reforms on employee savings in Nigeria, as well as a theoretical overview and a review of related studies by various writers.

2.1 Conceptual Review

2.1.1 Employees’ Savings

The part of one's income that is not spent is referred to as savings. It's a broad term with many different interpretations. In economics, saving is defined as the money left over after subtracting the cost of an individual's consumption expenditures from his or her total disposable income during a certain time period^{1,2}. This word simply refers to total disposable income less the amount of money spent. After removing current spending over a period of time, it is known as residual income^{3,4}. It is the amount of money that is not spent by economic units during a period of time. It represents, for example, the portion of disposable income not spent on domestically created or imported consumption goods and services for consumers; it represents undistributed revenues for firms. It's vital to remember that savings is a time-dependent flow variable⁴. It's also worth mentioning that saving isn't the same as not spending; rather, it's the conscious act of putting money aside and building it up, usually for a specific purpose or goal. As a result, savings can also refer to the total amount of money set aside by saving⁶. This appears to imply that it is one of the key channels via which economic players decide to invest a portion of their current income in order to raise their future earning capacity⁷.

Saving, according to some authors, means foregoing current spending in order to better one's living standard and satisfy routine daily needs in the future⁸.

Similarly, most economists believe that saving and investment are vital criteria for a country's growth and development, therefore a reduction in savings will result in a reduction in investment, and hence a reduction in the country's economic growth and development. Savings are addressed in both academic and policy circles because they are critical to a country's economic growth and development. Domestic savings and investment provide the wherewithal to finance economic ventures, which affects the chances for economic progress. According to growth theories, saving is an important part of funding investment that would boost a country's output¹⁰.

In other words, a saving attitude can be defined as a set of activities linked to future requirements or needs in terms of saving decision and saving action. Various explanations have been offered regarding home saving behaviors, which have also been linked to public and private sector employees⁹. Employees saving attitudes are described in terms of the idea that employees anticipate changes in their future income and respond by smoothing their consumption to maximize their expected lifetime satisfaction¹⁰. Despite the fact that public sector employees earn more than private sector employees, most prior authors on worker wealth creation have noted that a considerable majority of employees do not save enough for retirement, assuming that they will consume at their pre-retirement levels¹¹. Employee savings rates may be calculated in the majority of industrialized and a few developing countries around the world as a result of this. Total employee savings divided by total employee disposable income yields the employee savings rate. If the result is negative, it suggests that the household regularly spends more than it makes and pays for some of it with credit (increasing debt),

earnings from asset sales (financial or non-financial), or depletion of cash and deposits. Almost every country on the planet collects and reports this data on a regular basis. Savings rates in some countries, such as Australia, Canada, Japan, Hungary, South Korea, the United Kingdom, and the United States, have been said to have remained stable from the early to mid-1990s, while declining in others - in some cases significantly - including Australia, Canada, Japan, Hungary, South Korea, the United Kingdom, and the United States. This trend reversed after the Great Recession of 2007-2008, with household saving rates increasing in many countries in 2009¹². Workers' savings rates, on the other hand, can be calculated in two ways: net and gross. The most commonly used measure is the net savings rate, which takes depreciation into account¹¹.

Employer-sponsored defined benefit (DB) and defined contribution (DCP) plans, as well as Individual Retirement Accounts (IRAs), have been the most popular options for workers to save for retirement in recent years (IRA). The 1979 pension reform in Nigeria, which was modified in 2004 by the Obasanjo government, was found to have a number of faults^{13, 14}. A contributory scheme has been adopted as part of the recently implemented pension reform initiative. According to the amendment, employers, and employees in both the private and public sectors must contribute 7.5 percent of their monthly emolument, which includes basic income, housing, and transportation allowance. Military members, on the other hand, are obliged to contribute 2.5 percent of their monthly income, with the federal government providing the remaining 12.5%¹⁵. The reform is designed to ensure that all retired workers in the private and public sectors receive their benefits on time, ensuring that the administration, management, and payment of pension funds in Nigeria are controlled by the same set of laws, regulations, and standards¹⁶.

Despite this, Nigerian employees have a negative attitude toward pension reform, as research has shown that post-retirement causes psychological and emotional problems in workers, particularly those nearing retirement age¹⁶. Existing workers are concerned about the social vulnerability that retirees face¹⁷. Those who are still serving in the military, as well as those who have retired, are battling to make ends meet. This facilitated a number of wrongdoings in Nigeria's public sector, including age fraud among Nigerian civil servants, among other things. Pensioners in Nigeria have been linked to social isolation and poverty, for example, since the tokens given to them were insufficient, making life tough for them and their families. Nigeria has seen a series of contributory pension reforms as a result^{17,18}.

2.1.2 Pension Reform in Nigeria

Traditional rulers in Nigeria had their own ways and methods of providing for the elderly and adults before the introduction of modern pension schemes that ensure the well-being of the aged and elderly who are economically inactive as well as those who have rendered meritorious service for a set period of time. In the early 1970s, the Nigerian government implemented a pension program¹⁸. Due to numerous flaws and flaws discovered, the scheme was short-lived, prompting the creation of a new public service pension scheme, which was backed and governed by the provisions of Pension Decree No. 102 of 1979, as amended¹⁸. This edict established an illegitimate and non-contributory pension program. The replacement ratio essentially means that the pension and gratuities were functions of the number of pensionable years and the income earned while in service. The government used the consolidated revenue fund to pay pension benefits. The 1979 Pension Decree raised the retirement age to 60 years or 35 years of service, with three months' written notice or three months' salary in lieu of notice¹⁹.

The structure of this pension reform is PAYG with defined benefit, which implies it is mostly baseless, given that the benefits paid over a specific time were paid by the government from the consolidated fund, not by the employees⁵⁴. On the other hand, it was revealed that pension reform is not a new development, but rather a continual process that is often noticed alongside the world's ever-changing social, political, and economic processes⁵⁵.

As a result of numerous complaints and flaws, older pension Acts were phased out in 2004 and replaced by the 2004 Pension Reform Act in order to address the faults of the former. The 2004 pension is notable for being contributory, fully funded, and managed by third parties with some form of supervision and checks and balances⁵⁵.

The Pension Reform Act of 2004 mandates the implementation of a pension reform for all employees in the Federal Republic of Nigeria. It provides for the payment of retirement benefits to employees who are covered by the plan:

- (1) Employees in the public sector and
- (2) Employees in a private enterprise with more than 5 employees

The scheme's objectives are to:

- i. Ensure that the retirement program is properly funded by aiding impoverished individuals in saving for their retirement.
- ii. Ensure that employees in the commercial and public sectors receive their retirement benefits on time.
- iii. Develop a set of standardized rules, regulations, and standards for the administration and payment of retirement benefits.

Employees have requested a review of the system owing to corruption, sharp practices, and other inefficiencies in the pension administration. Also, one of the most difficult aspects of the

new plan is obtaining involvement from private sector enterprises with a limited number of employees (the scheme needs participation from firms with at least five employees)⁵⁶. The majority of these establishments, which operate in the informal sector, have little or no documentation. Most businesses with five or more employees are not registered or incorporated. All of the Pension Commission's efforts and plans failed, resulting in the passage of the 2014 Pension Reform Act.

The Pension Reform Act of 2014 was enacted to address not just the shortcomings of previous Acts, but also to strengthen them¹². In keeping with the effort to boost informal sector involvement, the newly adopted scheme improved in many respects, such as the coverage of defined contributory pension Scheme (DCP) in private sector businesses with at least three employees and above. In addition, the contribution rate has been increased from 15 to 18 percent of monthly remuneration, with employees contributing 8% and employers contributing 10%²². This adds to employees' retirement savings accounts, boosting their monthly pension income and retirement. Operators who mismanage pension funds will face a minimum of ten years in prison or a fine of three times the amount misappropriated or diverted, or both, under the new law^{21, 22}.

The recently enacted Pension Reform Act 2014, on the other hand, incorporated earlier National Assembly revisions to the 2004 Act. The Pension Reform (Amendment) Act 2011, which exempts military and security employees from the CPS, and the Universities (Miscellaneous) Provisions Act 2012, which revised the retirement age and benefits of University Professors, are two examples. In addition, the 2014 Act incorporates the Third Alteration Act, which amends the 1999 Constitution by granting the National Industrial Court jurisdiction over pension claims (FGN, 2014). It also calls for the repositioning of the Pension

Transition Arrangement Directorate (PTAD) to ensure greater efficiency and accountability in the administration of the Defined Benefits Scheme in the federal public sector, with pensions paid directly into pensioners' bank accounts, as is the Federal Government's current policy^{21.23}.

The Politics of Pension Reform

Several academics have attempted to explain the possible triggers of pension reforms conceptually. The influence of neoliberal ideas, the relationship between international demonstration effects and domestic policy choices, and the role of international organizations in cross-regional diffusion of ideas and models are among them²⁷. These variables, as well as how they apply to the Nigerian experience, are discussed below. Muller examines four Latin American and Eastern European countries, namely Argentina, Bolivia, Hungary, and Poland, and finds five possible triggers for reform — political dynamism.

Leadership, the involvement of international financial institutions, the problem in the pension system, rational reform strategy creation, and the relative power or helplessness of reform supporters and opponents are all discussed. Muller finds the function of political leadership to be significant in all four case studies out of the five factors. She discovers that new individuals becoming involved in the process frequently trigger paradigmatic reform. Furthermore, while a severe financial crisis may bolster the position of the high foreign debt, according to the finance ministry, may strengthen the case for reform made by international financial institutions. She also claims that the relationship between the state and the labor movement could help or hinder reforms. Muller's variables are important to consider while looking at the Nigerian pension reform process. Many economic reforms, such as pension reform, could not

be implemented under a military dictatorship, for example. Only a civilian political administration could make them a reality. To put it another way, it appears that an active combination of both individuals and political systems influences the viability of social policy reforms²⁷. Pension systems and debt problems, as Muller discovered, play a significant role in the pension reform process. The trade union movement's impotence was also plainly highlighted during the legislative process. Despite the fact that the Nigeria Labour Congress (NLC), the Trade Union Congress (TUC), and the Conference of Free Trade Unions (CFTU) were all opposed to the basics of the pension reform, major modifications were made in the new pension legislation without taking into account labor inputs. Similarly, the organized private sector fought the amalgamation of public and private sector pension programs. Despite existing constitutional provisions that support their viewpoint, the new law ignored the private sector's contributions to the new program²⁷. Despite their unable to prevent the passage of the Pension Reform Act of 2004, unions appear to have postponed its full implementation.

2.1.3 Contributory Pension Scheme

The nature of the CPR either in developed or developing countries is completely funded in such a way that appropriate funds are generated through a specified percentage of both employee and employer payments from monthly wages by way of a savings account. The contributory pension reform (CPR) was introduced in June 2004 by the pension reform Act, which requires a civilian employee who is not a daily paid or casual worker, as well as the employer in either the public or private sector, to contribute to the plan²⁴. The employee and the employer must both contribute a least of seven and a half percent (7.5%) of the employee's consolidated monthly emoluments (basic, rent, and transportation) to the employee's pension fund (or the employer alone can contribute a minimum of fifteen percent (15%)²⁸. The

government gives twelve and a half percent (12.5 percent) to the armed forces, while the armed forces members contribute two and a half percent (2.5 percent). The program is for businesses with five or more employees. The Chief Justice of Nigeria, a Justice of the Supreme Court, the President of the Court of Appeal, and a Justice of the Court of Appeal who retires at or after the age of sixty-five years are exempt from the system and get their salaries¹⁸. Public employees who have three years or less to retire with effect from the date of enactment of the Pension Act, which is June 30, 2004, are among the exceptions. The program superseded the pay-as-you-go or defined benefit pension reform (DBPR), which was a non-contributory, wholly, or completely funded schemes for all Nigerian government employees³⁰.

Contribution and retirement benefits, on the other hand, are tax-free²⁸. In his name, the employee registers a "Retirement Savings Account" with a Pension Fund Administrator of his choice. This is an individual account that belongs to the employee and will stay with him for the rest of his life. His employment or pension fund administrator may move, but his account remains the same²⁹. The employee can only take money out of this account when he or she reaches the age of 50 or retires. Meanwhile, every employer must hold a life insurance policy in the employee's name for a minimum of three times the employee's yearly total remuneration³⁰. Employers must bear all costs linked to life insurance for their employees, distinct from contributions made under the system, according to the recommendations of the Nigerian Pension Commission (PENCOM) and the National Insurance Commission (NAICOM). Pension funds must be retained by pension fund custodians (PECs) and privately administered by pension fund administrators under the contributory pension reform (PFAs). PFAs are private organizations that have been duly licensed to open retirement savings accounts for employees, invest and managed the pension funds in fixed income securities listed

and other instruments as the commission may from time to time prescribe, maintain books of accounts on all transactions relating to the pension funds managed by it, provide regular information on investment strategy to the employees or beneficiaries and pay retirement benefits to employees in accordance with the provision of the Act³¹. Employee contributions are any type of contribution that employees make to their own benefits programs². Employee contributions come out of workers' paychecks before taxes, allowing them to reduce their tax liability in the short term while investing in a benefit that will pay out in the long run^{1, 2}. Retirement savings plans are one of the most common types of employee contributions. The contributions are deducted at a specified rate from employees' paychecks before the company deducts income tax withholdings¹⁴. As a result, the employee's taxable income is reduced, and his or her retirement account grows. Employers can also deduct taxes if they match employee contributions to retirement programs with their own contributions. Employee contributions to retirement savings plans are subject to income taxes, but only once the funds are received by the employee². The term "savings" refers to the portion of one's income that is not spent. It's a broad term with many possible definitions. Saving is defined in economics and most social sciences as the amount of money left over after subtracting the cost of an individual's consumption expenditures from his or her total disposable income produced over a given period¹. This term simply refers to total disposable income minus how much of that revenue is spent. Saving is sometimes referred to as the remaining income after current consumption has been deducted over a period of time². It is the amount of income that is not used by economic units throughout a given time period. For example, it represents the portion of disposable income not spent on domestically manufactured or imported consumer goods and services for households; for businesses, it represents undistributed earnings. It's worth noting that savings is

a flow variable that may be measured over time^{3,4}. It's also worth noting that saving isn't synonymous with not spending; rather, it's the deliberate process of setting aside a certain amount of money and building it up, usually for a certain purpose or goal⁵. As a result, contribution can also be defined as the total amount of money saved⁶. This appears to imply that it is one of the primary channels via which economic actors make the conscious decision to invest a portion of their current income in order to increase their future earning capacity⁷. Another viewpoint holds that contribution and saving refer to depriving oneself of current consumption in order to improve one's living level and meet regular daily necessities in the future⁸.

Similarly, it should be emphasized that most economists feel that saves and investment are necessary requirements for a country's growth and development, therefore a drop in savings will lead to a drop in investment, and thus a drop in the country's economic growth and development. Contribution plays a crucial part in a country's economic growth and development; therefore, it is discussed in both academic and policy circles³³. Domestically accumulated contributions and investments provide the means for financing economic projects, which affects economic development prospects. Savings, according to growth theories, is a crucial component of financing investment that will increase a country's productivity³⁴.

In other words, a contribution attitude can be defined as a collection of behaviors relating to future requirements or needs, both in terms of saving decision and action. Various explanations have been proposed for households' saving habits, which have also been related to employees in both public and private sectors³⁵. Employees' saving attitudes are explained in terms of the concept that workers anticipate fluctuations in their future income and respond by smoothing their consumption to maximize their predicted lifetime pleasure^{34,35}. Though it has been argued

that public-sector workers earn more than private-sector workers, most previous authors on worker wealth accumulation have stated that a large number of employees do not save enough for retirement, assuming that they will continue to consume at their pre-retirement levels^{9,11}. This allowed the workers' savings rate to be calculated in the majority of industrialized and a few developing countries around the world. The savings rate for workers is calculated by dividing total savings by total disposable income. If the outcome is negative, it means that the household spends more than it earns on a regular basis and pays for some of it with credit (growing debt), earnings from the sale of assets (financial or non-financial), or by depleting cash and deposits¹⁰. Most countries in the globe collect and report this information on a regular basis. Savings rates have been argued to have remained consistent in some nations from the early to mid-1990s, while declining in others - in some cases substantially - including Australia, Canada, Japan, Hungary, South Korea, the United Kingdom, and the United States^{11,12}. Following the Great Recession of 2007-2008, this tendency reversed, and household saving rates increased in many nations in 2009¹². Workers' contribution rates, on the other hand, can be calculated on a net or gross basis. The net savings rate, which takes depreciation into account, is the most widely cited metric.

Recently, the most common ways for workers to save for retirement have been through employer-sponsored defined benefit (DB) and defined contribution (DCP) plans, as well as Individual Retirement Accounts (IRAs) (IRA)¹⁶. In Nigeria, the Obasanjo-led administration informed the public in 2004 about a wide range of flaws in the 1979 pension program^{13,14}. The recently implemented pension reform program is a contributory scheme. Employers and employees in both the commercial and public sectors are required to contribute 7.5 percent of their monthly emolument, which includes basic income, housing, and transportation allowance,

according to the change. Military personnel, on the other hand, are required to give 2.5 percent of their monthly pay, while the federal government provides 12.5 percent¹⁵. The reform has been structured in such a way that all retired workers in the private and public sectors receive their benefits when they are due, guaranteeing that the administration, management, and payment of pension funds in Nigeria are governed by the same set of rules, regulations, and standards.

Despite this, the attitude of Nigerian employees toward the reform contribution plan has not been positive, since experience has shown that after retirement causes psychological and emotional abnormalities among workers, particularly those approaching retirement age¹⁶. Existing employees are afraid of the social fragility that exists among retirees¹⁷. Those who are still serving in the military are struggling to feed themselves, not to mention the retired. This enabled several malpractices in Nigeria's public sector, such as age fabrication among Nigerian civil workers, among other things. Pensioners in Nigeria have been associated with social isolation and poverty, among other things, because the tokens supplied to them were severely insufficient, making life more difficult for them and their family. As a result, Nigeria has experienced a succession of contributory pension reforms²¹.

2.1.4 Significance of Contributory Pension Reform to Employees Savings

The Contributory Pension Reforms (CPR) has a number of benefits that make it superior to the previous system. Since its inception, CPR has ensured the timely, rapid, and consistent payment of benefits²⁹.

Individual RSAs are credited with funding on a monthly basis. Since the introduction of pension programs as a tool to enhance living standards among the elderly and to target a group that is largely unemployed. There are two common types of pension plans: private and public.

A public pension system is a type of social security payment paid to retirees, the aged, and individuals who have changed occupations in the public sector³⁹. The goal of a public pension scheme is to provide financial security, or at least a minimal income, for the elderly, rather than to increase savings rates. A private pension system, on the other hand, is a social security program managed and administered by the private sector to provide assistance and relief to old and retired employees who are no longer working. Employees save a portion of their pay in this defined benefit plan⁴⁰.

By the time they retire, they will have received it together with the profits on their investment. Nearly half of all private-sector employees are enrolled in a retirement plan, with pension expenditures accounting for around 55% of payroll for the companies that sponsor them¹⁹. As a check against inflationary impacts on contributions, the majority of private sector participation in the scheme's management has injected profit-making into pension administration and services¹⁹.

It also assures that funds are available for investment, especially in the capital market. Contributions are invested in the economy for the long run. Because an employee pays to his or her retirement fund and has the freedom to choose who manages it, it involves employee engagement.

There is also the issue of the scheme's portability, as it is increasingly easier to shift jobs. Only the details of the employee's retirement savings account must be provided to the new employer. Employees now share in the new program, which decreases government spending and commitment to payment of retirement benefits. Because administrative costs are now carried primarily by pension fund managers and pension fund firms, the government incurs less administrative expenditure³⁹. Untimely payment of benefits, which led to the accumulation of

massive pension liabilities in the public sector that have yet to be fully settled, is now a thing of the past for contributors under the new program^{39,40}.

2.1.5 Employees' Savings Accounts and Contributory Pension Reforms Opening of Retirement Savings Account

Every pensionable employee must open a retirement savings account (RSA) with any pension fund administrator of his choice from the State's list of registered PFAs and provide his personal identification number (PIN) to his employer for remittance of the deductible pension contributions as well as the employer's portion. Each individual's PIN is different⁴⁰. The letter PEN is followed by the number (1) for a male employee and (2) for a female employee. The RSA is portable and can be transferred to a new employer in the event of a job change. It's worth noting, though, that an employer can choose to contribute the full 18 percent on behalf of its employees³⁹. Prior to the latest announcement, an employee needed to be above fifty years old to have access to RSA. Holders can negotiate the mode of withdrawals or annuity after the announcement. There is also the option of withdrawing a lump sum payment at the start. Before retiring, an RSA holder can get temporary access to their account if they are out of work for six months, but the RSA balance must be withdrawn before they reach the age of fifty. In accordance with the terms and conditions of employment, an employee may choose to retire before the age of fifty for medical reasons⁴². According to the PENCUM, there are currently Pension Fund Administrators, Closed Pension Fund Administrators (CPFA), and Pension Fund Custodians, who are projected to catch a total of fifty million subscribers. PENCUM. According to PENCUM, pension fund assets increased from N47 billion in 2004 to N2, 029.77 billion in 2010, while public and private sector pension savings contributions increased from N15.6 billion in 2004 to N289.9 billion in 2010. Local Ordinary Shares, Federal Government

of Nigeria, State Government Securities, Corporate Bonds, Financial Institution Deposits, Open and Closed-End Funds, Foreign Money Market Securities, Real Estate Properties, Unquoted Securities, and Cash/Other Assets are among the asset classes in which these pension funds are expected to invest⁴⁰. The purpose of this study is to determine the influence of Nigeria's contributory pension program on economic growth. Pension funds offer value to global economies by contributing directly to GDP, accumulating savings, developing financial markets, alleviating old-age poverty, and acting as financial service consumers^{2,41}.

Monthly Payment of Pension Contributions

Both the employer and the employee contribute 7.5 percent of the monthly remuneration, for a total of 15 percent^{33, 41}. The employee's portion is deducted from the payroll, which includes basic salary, housing, and transportation allowances, and deposited into the employee's retirement savings account through the collecting bank of the pension fund custodian (PFC) of the pension fund administrator, along with the employer's portion⁴³. The employer must deduct and remit the contributions within seven days of the employee's pay being paid, and the custodian must notify the PFA of the contributions' receipt⁴⁴. It's worth noting that both contributions and retirement benefits are tax-free. The rate of contributions has been increased; under the Act, employers must give 12 percent of the monthly emolument, up from 7.5 percent previously, and employees must contribute 8 percent, up from 7.5 percent previously. Employers who are responsible for all of their employees' pension contributions will be obliged to contribute 20%. Only monthly emoluments are eligible for these contributions⁴⁴. The scope of participation in the contributory pension reform for private-sector employers has

been reduced from a minimum of five employees to three employees, allowing for greater participation by the informal private sector⁴⁵. This is a fantastic development for employees in small-scale jobs who are not left out of the contributory benefit to secure their future. The Pension Reform Act of 2014 decreased the six-month waiting time for benefits in the case of an employee's job termination from six to four months. This is done in order to identify with the aspirations of laborers and contributors. The importance of establishing a temporary RSA is then critical, particularly for those employees who failed to do so under the plan. The Pension Reform Act of 2014 also includes a clause requiring an employer to open a Temporary Retirement Savings Account (TRSA) on behalf of an employee who has not opened an RSA within three (3) months of starting work. Under the 2004 Act, this was not needed. It's worth noting that the scope of the monthly emolument has been expanded from what it was previously, i.e., Monthly emoluments are defined under the Act as the total emoluments as described in the employee's employment contract, but not less than the sum of basic wage, housing allowance, and transportation allowance⁴². PenCom's powers under the Pension Reform Act of 2004 only permitted it to cancel the licenses of erring pension operators; it did not allow it to take additional interim remedial actions to address identified issues with approved operators⁴¹. As a result of the Pension Reform Act 2014, PenCom now has the authority to take proactive corrective action against licensed operators whose situations, actions, or inactions undermine the security of pension assets. This safeguards the pension assets even more against mismanagement and/or systemic threats. The new pension law, among other things, calls for an increase in the penalties and sanctions imposed on pension defaulters and businesses that fail to remit deducted funds from their employees⁴⁴. The Act now allows the National Pension Commission to bring criminal charges against companies

who refuse to pay pension payments on a regular basis, subject to the approval of the Attorney General of the Federation, which will be welcomed by employees right now. The Pension Reform Act of 2004 only enabled PENCOM to terminate the licenses of erring pension operators, but it did not provide for any additional interim remedial steps that PENCOM might take to address recognized issues with licensed operators^{47, 48}.

The penalties imposed under the Pension Reform Act of 2004 were no longer effective deterrents to lawbreaking. Furthermore, the PRA 2004 does not address more complex modes of diversion of pension assets, such as diversion and/or non-disclosure of interests and commissions accruable to pension fund assets. As a result, the Pension Reform Act of 2014 included new offenses and increased punishments to prohibit mismanagement or diversion of pension funds' assets under any pretense⁴⁰. Operators who mismanage pension funds will face a minimum sentence of ten years in prison or a fine of three times the amount misappropriated or diverted, or both⁴⁰. Although it is clear that the pension benefit is substantial, some adamant employees continue to refuse to participate in the scheme. The Pension Act 2014 addresses this issue by requiring an employer to open a Temporary Retirement Savings Account (TRSA) on behalf of an employee who fails to open an RSA within three (3) months of starting work²¹.

Group Life Insurance Policy

The company must hold a life insurance policy in the employee's name for a minimum of three times the employee's yearly total remuneration. The employer will be responsible for the entire cost of the coverage. The payout from the policy will be deposited into the RSA established by the deceased employee while he or she was still employed.

Withdrawal from Retirement Savings Account

When an employee reaches the age of 50 and is no longer employed, he or she can withdraw from RSA. Employees who retire for medical or disability reasons or who are forced to retire can take a lump sum of 25% of their retirement savings account balance if they are under 50 years old at the time of retirement/withdrawal from employment and have not found a new job within three months of their retirement³². When an employee is fired for misconduct, negligence, or irregularity, the employer portion of the salary as well as all employer benefits are forfeited. However, the employee is permitted to make his own contributions. Indeterminate are the twin notions of lump sum and calculating predicted life span. What defines a lump amount in numerical terms, as well as the basis for estimating an expected life span, is a situation-dependent issue. ¹⁸ stated that the clauses showed the worker as incapable of making an educated decision about his legitimate retirement benefits while examining the same issue⁴⁹. The precise source at which the employer's and employee's contributions are deducted has also been a point of contention⁴⁹. Section 3 of the Act states that the employer must deduct the employee's monthly contribution at source and remit an amount consisting of the employee's contribution and the employer's contribution to the pension fund custodian specified by the employee's pension fund administrator not later than working days after the employee is paid his salary^{7,47}. The clause sparked a storm of debate in the Ministries, Departments, and Agencies (MDAs) regarding the source of deduction, because the Act failed to specify and identify the source. Although section 12, subsection 3 of the Act stipulates that deductions for public services must be made by the Accountant General of the Federation, there was no further information on the actual source⁴⁷. The Federal Ministry of Finance, the Budget Office, or the Office of the Accountant General of the Federation was all mentioned as possible sources⁴⁷. The source of dispute is workers' suspicions that they were being

shortchanged due to duplicate deductions across many Ministries, Departments, and Agencies (MDAs) ⁴⁷. Further deductions from an employee's wage at his place of employment by the bursary department, according to his argument, are in violation of the Act and contradict all Federal Government regulations on the subject^{20,47}. In a similar vein, it was also claimed that the budget office deducts the contributions at source from the allocations to the Ministries, Departments, and Agencies (MDAs) through the Retirements General Warrants in order to assure prompt reimbursement of the deductions. The deduction at source has the effect that the total amount sought from the budget office by the MDAs is net of the employee's pension contribution²¹. As a result, no new deductions for pension contributions are envisaged from MDAs. However, for the sake of transparency, the amount removed by the budget office should be recorded in the pay slips of employees.

Exemption from the Reform

In section 5 of the PRA 2014, there is a policy that has been criticized as discriminatory, because some professionals are exempt from the contributory pension scheme under the Act. These include the categories of people stated in Section 291 of the Federal Constitution. Members of the Armed Forces, Intelligence and secret services, Republic of Nigeria (1999) (as modified), service²¹. This clause obviously goes against the language and spirit of the Act's primary goal of establishing a unified set of rules, regulations, and standards for the administration and payment of retirement benefits²². The exemption clause inadvertently opened a window of opportunity for people to protest the PRA 2014's contributory pension reforms. The Academic Staff Union of Universities was among the first to seek an alternate pension platform (ASUU) ²¹. Pencom recently granted the ASUU pension scheme, known as

the Nigerian University Pension Management Company (NUPEMCO), an autonomous pension scheme for university lecturers at the request of the Federal Government²¹.

Sharp practices that defined prior Pension plans began to express themselves under the new Pension reform framework. The Pension office of the head of service of the federation has been collecting 5 billion Naira for the payment of pension every month which has been verified according to the report²¹. This sum was broken down into 3.3 billion Naira for pension payments to nearly 141,000 pensioners, 800 million Naira for arrears, and 900 million Naira for other expenses death benefits and gratuities, for example. However, a biometric exercise conducted by the Pension Reform Task Team found that just 825 million Naira was necessary for the payment of only 71,000 real pensioners. In other words, employees from the pension unit have been receiving 5 billion Naira monthly but only handing out 825 million Naira to retirees, pocketing roughly N4.2 billion Naira³⁰. This discovery stunned the nation, reigniting mistrust and uncertainty about the PRA 2014's ability to turn the pension system around for the better. The report also revealed that civil servants and pension office officials formed a sophisticated syndicate specializing in stealing pension funds in the most bizarre ways. The payment of ghost pensions was one of the methods utilized to embezzle the monies. This was done with the help of bank employees. The staff of the Head of Service's office would rearrange files of alive and deceased persons in order to concoct names and add them to the payroll²¹. Although corruption is widespread in Nigeria, the degree of fraud in an otherwise well-regulated and controlled institution is alarming and bizarre. The relevant institutions are expected to close the gaps in order for the PRA 2014 to prosper and for Nigeria to have a credible, dependable, and transparent pension administration. Because six civil servants stole 24 billion Naira from the police pension fund, this has become inescapably urgent, according

to a recent National Assembly public hearing on pensions. The same individuals are suspected of being involved in the illegal diversion of another 32.8 billion Naira from the same police pension fund to another unknown. Similarly, biometric data capturing exercise 20 resulted in the recovery of 151 billion Naira and six million pounds. This tremendous amount of systematic and syndicated fraud has prompted Nigeria's pension sector to declare a state of emergency. This unfortunate turn of events, if not quickly addressed, will destroy the nation's economy, obliterating the gains of the new pension scheme, worsening the situation of retirees, and jeopardizing the nation's economy.

2.1.6 Employees' Savings and Contributory Pension Reform

The relationship between worker savings and contributory pension schemes is important for policy reasons, as it demonstrates the impact of potential pension reforms on worker savings behavior. From a theoretical standpoint, the life-cycle paradigm, for example, implies that providing public benefits after retirement creates a negative incentive to acquire resources during one's working life. However, even within a simple theoretical framework, quantifying the resulting relationship between pension wealth and savings is difficult, as the degree of substitutability between pension and non-pension wealth is dependent on a number of factors, ranging from the presence of pension contributions on labor supply behavior.

Furthermore, pension reform has been observed to improve the mobilization of savings and investment, which has resulted in economic growth in Nigeria. This means that with the Pension Reform, there are interactions between the banking system, the stock market, and the macro economy. The workers are afraid of their fund being released when the time arrives because of the current interactions. However, the program is tied to tax-deferred savings accounts, and research on industrialized countries has found that tax-deferred mechanisms such

as the Individual Retirement Account (IRA) result in a net gain in savings⁵. Meanwhile, the poor performance of Nigeria's contributory pension scheme may be related directly to the bigger problems of how the banking system, stock market, and macroeconomic environment interact with the CPS. It should also be noted that the main obstacle to contributory pension reform in Nigeria remains the scarcity of investment opportunities, which has been exacerbated by the country's ongoing financial sector reform. Furthermore, the Nigerian capital market is still in its infancy. For example, the top twenty corporations in the capital market account for more than 70% of overall market capitalization, resulting in a pool of pension funds pursuing a small number of high-quality investments. The CPS faces an important problem in terms of the working population's compliance rate. Only 10 of the 36 states in the federation have fully embraced the country's pension reform, according to PENCOR. The Act requires private-sector employers with at least five employees to implement the contributory pension reform. However, due to a lack of a comprehensive database of employers in the country, which limits the scope of enforcement by regulators, compliance by the private sector has remained a severe difficulty. Employers on their own consider it as additional cost to their organization, the cause for their hesitation. Similarly, because of the chaotic structure of the informal sector in Nigeria, the integration of the informal sector has made it impossible for CPS to be effective. Because there is little or no information passed out to employees about the contributory pension reforms by the regulatory body of the reform, there is fear that their fund will be mismanaged by their pension fund administrators; the portion of the contributions deducted from workers' income on a monthly basis represents a reduction in the employee's savings. The researcher wants to analyze and conduct research on the influence of the contributory pension system on employees' savings in Nigeria as a result of this anxiety.

Obstacles to New Public Pension Reforms

Implementing substantial reforms is a political process that requires the mobilization of political resources to overcome several obstacles. This section summarizes obstacles identified in academic literature specific to implementing substantial sustainability improving pension reforms. It identifies the important role of institutions in successful (or unsuccessful) policy implementations.

Perceived Political Cost

Much of the pension literature from before the 1990s predicted that publicly funded pension benefits would avoid reform in spite of the increasing public expenditure, primarily because of potential political costs¹⁵. Unlike African pension system, European pension systems were referred to as immovable objects or as part of the frozen landscapes of welfare regimes. In summary, it was postulated that, as populations aged and the proportion of pension beneficiaries and soon-to-be pension beneficiaries increased, a significant grey vote would emerge¹⁶. This grey vote would oppose any reductions to pension benefits and the associated potential political costs would prevent such reforms from being implemented²⁶.

The impact of significant sustainability-improving pension reforms on electoral success in economically advanced countries. It was found that the probability of the incumbent government winning the elections is not significantly related to the introduction of pension reforms during its previous years of office²³. More specifically, it was noted that there existed a negative relationship in the sample used, but this negative relationship is not statistically significant when other control factors are included in their analysis. Furthermore, the electoral cost of pension reforms is lower in countries where the populations have high levels of financial literacy⁷⁷. While pension reforms have now proven to be politically feasible in many

countries, it is still the case that in most contexts such reforms, similar to other expenditure reductions or taxation increases, will erode political support⁷⁷.

Legislative Constraints

Reforms of pension systems are subject to a number of legal constraints, including constitutional protection of property rights and employment law⁷⁸. As a consequence, any reform or recalibration of pension systems must have a legally sound basis. For example, in response to the financial crisis that emerged in develop countries previously, most of the legislative houses both at federal and state enacted legislation to imposed indirect temporary reductions to pensions in payment from public service occupational pension schemes (the Public Service Pension Reduction)⁷⁷.

As pensions in payment are recognized as a property right with the associated protection provided by the developed countries' constitution, opposite happened was the case in developing countries; the legality of these pension reductions relied on the existence of a financial crisis, as well as the measures being proportionate and consistent with other measures imposed; If these conditions did not exist, PSPR would not have withstood the legal challenges it faced, and the savings delivered from reduced public service pension expenditure would not have been achieved⁷⁷.

In contrast, the public service occupational pension reforms introduced in the United States in 2013 provided an example of legal constraints overturning intended pension reforms. These proposed reforms were designed to freeze and preserve the retirement benefits accrued by public servants up to the implementation date, but the accrual of pension entitlements after the implementation date would be on a less beneficial career-average basis⁷⁸.

When this reform was legislated, an exemption was incorporated that completely exempted public servants who could retire within 10 years of the implementation date⁷⁸. Also, public servants who could retire between 10 and 14 years benefitted from tapering measures. A 2018 ruling by the court of Appeal in the United Kingdom determined that these exemptions were unlawful as they discriminated on age grounds and that there was insufficient evidence to demonstrate a justifiable social or political aim required when implementing this age-based discrimination⁷⁹. Some of the pension reforms implemented by Greece serve as another example of legal constraints overturning pension reforms. Although, most of the pension reforms were legally upheld when challenged in the courts, some were found to be illegal. One example of pension reform that was not deemed to have a sufficient legal basis was the third round of pension reductions introduced in 2012 but in Nigeria in most cases, no one is ready to challenge the previous reforms. Most of the previous cases challenged were either reversed or amended. For example, the council of state concluded that there was a lack of actuarial evidence to justify these reductions⁸⁰. The then judgment contrasts with the ruling on the first round of pension reductions in 2010 in particular, where the court accepted the absence of adequate actuarial analysis due to the immediacy of the situation, however in 2012 the court found that the government had adequate time to provide clear evidence to justify reductions in pensions payable but had failed to do so⁸⁰.

Lack of Public Understanding of Pension Systems

One of the main purposes of publicly funded pension systems is to address and minimize impacts of individuals' general tendency to overvalue the short-term relative to the long-term termed myopic preferences in economic literature⁶⁷. More specifically, individuals tend to be more focused on increasing current and near-term consumption levels rather than setting aside

sufficient resources to provide for adequate levels of long-term consumption⁸. As a consequence, if public policies that required a level of saving in return for income support in retirement were not implemented, then large numbers of individuals would likely not have sufficient resources to support an adequate standard of living in old age. While publicly funded pension systems have largely been successful in increasing individuals' savings toward retirement, mostly through mandatory contribution rates, and more recently through tax reliefs or other publicly funded subsidies, they have not addressed the underlying myopic preferences of individuals. Accordingly, as individuals continue to undervalue consumption in the distant future, they are also less likely to take sufficient time to fully understand the pension systems that will fund a significant proportion of their future long-term consumption⁸². The complexity that has developed around publicly funded pension systems further contributes to a general lack of understanding of these systems⁸².

Lack of Consensus on Preferred Pension Reforms

A further difficulty to reforming pension systems has been identified as the lack of consensus on the preferred pension reform options. This is in contrast to the concentrated preference to maintain the status quo.

Within the 2004 surveys of the populations, four options of pension reform were provided, of the survey respondents that did approve of one of the four pension reform options, the preferred option tended to vary depending on personal characteristics and relativities⁶¹. For example: younger people tended to be more in favour of cutting pension benefits rather than increasing contributions, whereas older respondents preferred higher contributions rather than reducing benefits⁶⁶. Individuals with lower incomes tended to be more in favour of higher

pension contributions relative to individuals with higher incomes, who preferred pension cuts rather than higher contributions⁶⁷. Where the retirement ages were relatively low in some parts of the developed countries, people tended to prefer increasing retirement ages and, where benefits were relatively high and also tended to prefer reforms that reduce pension values in other parts of the world⁶⁸.

Existing High Public Pension Debt

Where countries have high pension debts, there is likely to be a greater need for, and benefit from, reforming pension systems. However, this greater need / benefit does not reduce the challenges to implementing such reforms²⁶. To the contrary, it has been suggested that countries with high public pension debts may face more difficulties in implementing pension reforms for the following reasons:

Where large publicly funded pension debts have developed, there are likely to be a large number of current beneficiaries, as well as near-term beneficiaries, who are more likely to resist reductions to their retirement benefits; and where large publicly funded pension debts have emerged, a large amount of public servants are likely to be employed in administering the existing pension schemes and policies²⁶. The public servants involved are also likely to resist changes to pension policy that diminish their role, budget, or perceived status. It has also been described that this behavior as institutional stickiness²⁷. It was also suggested that where very large pension debts exist, and where pension reforms are implemented, the reforms are more likely to be tweaks within existing systems structures parametric changes, rather than fundamental reforms that may be more appropriate, a finding described as path dependency in academic literature^{26,27}.

Large Public Debt (Non-Pension Related)

It had generally been noted that to explore the idea that when governments are fiscally constrained, it is possible that the extent of the pension reforms that are introduced will be constrained⁶⁵. A possible reasoning for this idea is that substantial pension reforms are commonly facilitated with transitory measures that may require short-term increases in public debt levels.

In contrast, an analysis of pension reforms implemented in European countries since the 2007 global financial crisis indicates that substantial pension reforms were implemented in highly indebted countries that required financial support from supranational organizations such as the international Monetary Fund^{26,66}. This would suggest the possibility of this obstacle is effectively bypassed when financial circumstances deteriorate to crisis levels that are a tipping point is reached where sizeable levels of public debt will induce major expenditure-reducing pension reforms. Importantly, the analysis did not find a statistically significant relationship between the levels of non-pension public debt and the probability of a country implementing a pension reform, or the extent of the pension reform that was implemented.

2.1.7 Historical Development of Pension and Pension Fund in Nigeria

The pension fund Act defines a pension fund as a pool or investment into which plan members make contributions in order to build up a lump amount that will give an income in retirement¹⁴. Similarly, the early organized workforces in the private and public sectors in the colonial era of the twentieth century can be connected to the creation of pension schemes in Nigeria¹². Nigeria was colonized by the British Empire, and as a result, the pension system was fashioned after theirs. Nigeria's first pension law was the Pension Ordinance of 1951, which went into force on January 1, 1946¹⁹. The 1951 Pension Ordinance grants full pension rights to colonial administrators and partial pension rights to Nigerian civil servants at the time, at the discretion

of the colonial Governor-General. The Pension Act of 1958 was based on this ordinance when people agreed with the aforementioned historical perspective²¹. They claimed that the Nigerian pension administration's history dates back to the early 1950s. They also believe that the issue has brought to light Nigeria's new pension program, which is a defined contributory scheme, as opposed to the previous scheme, which was mostly defined benefits¹⁵. However, only public sector employees were compelled to participate in the previous Nigerian Pension System. Not all employers in the private sector had pension plans in place. This was due to the fact that there was no legal requirement for them to do so. Those who had pay-off plans in place, which involved lump sum payments on the eve of retirement, were also exempt from the law²².

Furthermore, the National Provident Fund (NPF) system, which was formed in 1961, was the first legislation to address pension concerns for private enterprises. Pension Act No. 102 of 1979 and the Armed Forces Pension Act No. 103 of the same year 20 were passed eighteen (18) years later^{23,24}. Similarly, the police and other government agencies' pension plans were implemented by the Pension Act No. 75 of 1987, which was followed by the Local Government Pension Edict, which resulted in the foundation of the Local Government Staff Pension Board in 1987. The National Pension Fund (NPF) was abolished in 1993, and the National Social Insurance Trust Fund (NSITF) was established on July 1, 1994. The goal is to protect employees in the private sector of the economy from losing their job income due to old age, disability, or death²³. Until July 2004, these Decrees were Nigeria's operative legislation regarding public service and military pensions. Several government circulars and regulations, however, were produced to change the terms and implementations of the law. For example, in 1988, forced retirement was instituted at the age of 60 or 35 years of service, whichever came

first, and in 1992, the qualifying time for gratuity and pensions was shortened from 10 to 5 years and from 15 to 10 years, respectively²⁰.

In 1997, parastatals were also granted the option of having individual pension arrangements for their employees²¹. According to a Standard Trust Deed and Rules developed by the Office of the Head of Service of the Federation, they were also authorized to appoint Boards of Trustees (BOT) to administer their pension programs. Each BOT is free to choose whether to continue with an insured scheme or a self-administered structure²⁶.

Interestingly, there were three regulators in the pension market previous to the passage of the PRA 2004. The Securities and Exchange Commission (SEC), National Insurance Commission (NAICOM), and Joint Tax Board are among them (JTB)²⁸. The Securities and Exchange Commission (SEC) continues to license pension fund managers, while the National Association of Insurance Commissioners (NAICOM) continues to license and regulate insurance businesses in the United States²⁸. With enabling powers under Schedule 3 of the Personal Income Tax Decree 104 of 1993, the JTB is tasked with approving and regulating all private pension systems²³. A Defined Benefit (pay-as-you-go) Scheme, similar to the private pension scheme, was used by most public enterprises prior to the passage of PRA 2004. The duration of service and terminal emoluments was used to determine final entitlements²³. The Defined Benefit (DB) plan was sponsored by the federal government through financial allocation. The Pensions Department of the Office of the Head of Service of the Federation was also in charge of the DB plan²³.

In addition, the PRA of 2004 is a Federal Government law intended at resolving the problems related with the former Pension System. The PRA of 2004 changed the Fund's duty to include not just pensions but also the provision of Social Security Insurance services²⁴. It designed a

pension system that is consistent across the public and commercial sectors. When the Employee Compensation Act of 2010 was brought into law in December 2010 with the consent of then-President Goodluck Jonathan, the mission provided to NSITF by section 71(2) of the PRA was statutory backing for the Social Security Insurances services²⁴.

PenCom, which administers, supervises, and regulates all pension concerns in Nigeria, has enacted the most recent legislation, the Pension Reform Act 2014. The PRA No.2, 2004, is repealed by this Act. The PenCom will continue to oversee and supervise the administration of Nigeria's standard Contributory Pension Scheme, which applies to both the public and private sectors²³.

Pension Administration in Nigeria

In Nigeria, pension administration has been one of the most pressing concerns for the government, current employees, and retirees, not only in terms of contributions but also in terms of payment²³. It was agreed that pension administration exists to provide employees with the resources to survive in retirement while maintaining an acceptable and consistent level of life as they did while in active employment²². As a result, it refers to the entire complex of plans, procedures, and legal processes for putting money aside to meet an employee's retirement obligations. This fund was set aside and distributed to those persons concerned²³. Further stated that there are frequently reports of seniors collapsing and dying after waiting in lines for several hours or days at various pension pay offices across the country for certification or payment. Even at that age, they had to endure through difficult times and go through lengthy formalities before receiving their pension, gratuity, and other retirement benefits²⁴. This has played a significant role in the pains and challenges that retirees face once they leave active duty. The pre-2004 era of pension administration in Nigeria can thus be

divided into two categories: pre-2004 era and pension reform act of 2004. Before 2004, there was a period known as the "pre-2004 era." Until 2004, the Nigerian public sector's pension scheme was based on the Pay-As-You-Go (PAYG) system, which aligned to the Nigerian state's state-led economic model²⁰. Benefits were paid on a pay-as-you-go basis in the public sector, with significant pension and gratuity arrears, significant unfunded Federal Government pension and gratuity obligations (estimated at more than N250 billion (\$2.08 billion), and the system did not provide financial security in retirement. The Scheme shall apply to all employees in the Nigerian Federation's public service, the Federal Capital Territory, and private-sector enterprises with five or more employees, according to the Pension Reform Act of 2004. During this time, all pension plans were non-contributory, which means that employees did not contribute any money from their paychecks to the pension or gratuity²⁵. The burden lay exclusively on the government, and as more people joined the ranks of the retired, the government quickly found it impossible to meet its obligations. Among the characteristics of the pre-2004 era was the following: assisting impoverished individuals in saving for their retirement; establishing a uniform set of rules, regulations, and standards for the administration and payment of retirement benefits for federal government employees, federal capital territory employees, and private sector employees; stemming the growth of outstanding pension liabilities and ensuring compliance and promoting wider coverage²³. In the public service of the Federation and the Federal Capital Territory, a minimum of 7.5 percent by the employer and a minimum of 7.5 percent by the employee, and in the case of the military, a minimum of 12.5 percent by the employer and a minimum of 2.5 percent by the employee, whereas in other cases, a minimum of 7.5 percent by the employer and a minimum of 7.5 percent by the employee, whereas in other cases, a minimum of 7.5 percent by the employer and a minimum

of The scheme's primary focus is the fund's safety and the maintenance of reasonable returns on investment (Section 72). When selecting the quality of the instrument to invest in, the necessity for safety is highlighted, and a PFA is expected to use a risk management profile when making investment decisions, taking into account the credit ratings of firms registered under the investment and securities Acts of 1999²⁵.

However, the pre-2004 era had numerous flaws, including a lack of demarcation between the public and private sectors, bad administration, corruption, ineligible pensioners on the pension payroll, and the government's inability to pay on time due to a large number of pensioners²⁵. Furthermore, the aforementioned issues prompted revisions that resulted in the Pension Reform Act of 2004²⁶. The contributory pension act of 2004, commonly known as the pension reform act of 2004, was signed into law, ushering in a new era of pension administration ²².The act established a uniform law for both public and private pension administration, as well as making pension contributions mandatory for both employers and employees. The act ensures that everyone who has worked in the public or private sector receives their benefits on time and helps impoverished people save for the future. Prior to the passage of the Pension Reform Act of 2004, which established a contributing pension scheme for all Nigerian employees, the country had a Defined Benefit (DB) pension system that was primarily unfunded and non-contributory. Due to a lack of proper and timely financial preparations, as well as increases in salaries and pensions, the Scheme resulted in a vast accumulation of pension debt that proved unsustainable. The scheme's administration was ineffective, inefficient, opaque, and inconvenient, resulting in bureaucracy and a high risk of corruption²⁷.

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Due to a lack of valid pensioner records, a significant amount of resources were spent on what became annual verification exercises, which did not result in timely and effective payment of pension ²³. Many employees in the private sector, on the other hand, were not covered by their employers' pension plans, and many of these plans were underfunded. Furthermore, the management of the pension funds, where the schemes were funded, was full of malpractices between the fund managers and the trustees of the pension funds. The unfortunate situation required a rethink of pension administration in Nigeria by the administration of former President Olusegun Obasanjo, given that previous pension programs in the country were bedeviled by a slew of difficulties. In June 2004, the federal government implemented a pension system that is both sustainable and capable of achieving the ultimate aim of giving each worker in the country with a stable, predictable, and adequate source of retirement income. For both public and private sector employees in Nigeria, the Pension Reform Act of 2004 established a Contributory Pension Scheme (CPS) that is fully funded, privately administered, and based on individual accounts (National Pension Commission, 2006). The National Pension Commission (PenCom) was established as the sole regulator and supervisor of all pension matters in the country as a result of the Act. This new ten-year pension plan was implemented. Pension scams, insufficient levels of coverage, and non-remittances of pension deductions all contributed to the scheme's instability at this time²⁶.

Value of Pension Fund Administrators Value of Pension Fund Administrators is an accounting measure reflecting the market value of a PFA business which can fluctuate. It is the increase or decrease in operating performance; or put differently, it is increase or decrease in the present value of future investment opportunities²⁷. Net Asset Value is used to measure value of pension fund administrator. Organizational value as the measure of change in the financial state of an organization, or the financial outcomes that results from management decisions and the execution of those decisions by members of the organization²⁶.

2.1.8 Pension

Various authors have described the concept of pension in literature based on their perspectives and circumstances. The term pension has been described as the sum of all planned procedures and legal processes for securing and setting aside monies to meet the social obligation of care that businesses owe their employees upon retirement or death²⁶. While this definition looks at pension as a contractual agreement between employers and employees, it was also defined as the way by which a person contributes a percentage of his or her wages into a pension scheme during his or her working life^{27,28}. The contributions produce an income stream that is taxed as earned income in retirement. It was also confirmed that there are generally four primary classes of pensions in Nigeriawhen considering employees paying into a pension system^{29,30}. This implies that there are four types of pensions: retiring pension, compensatory pension, superannuating pension, and compassionate pension. Retiring pension is usually given to a worker who retires after completing a fixed period of quality service; compensatory pension is given to a worker whose permanent post is abolished and the government or the organization is unable to provide him with suitable alternative employment; superannuating pension is given to a worker who retires at the prescribed age limit as stated in the

Pension programs, on the other hand, are a type of social security maintenance plan for people who have left their jobs and are now retired³¹. Furthermore, it was proposed that a pension consists of a lump sum payment delivered to an employee following his disengagement from active duty, usually in monthly installments³². Contributory or non-contributory pension plans, constant or variable benefits, group or individual pension plans, insured or trustee pension plans, private or public pension plans, and single or multi-employer pension plans were all highlighted by this author.

Pension, on the other hand, is defined as a quantity of money paid on a regular basis by the government or any establishment to someone who is officially declared retired from active service after serving for a specified period of time, usually ten years to thirty-five years³³. This definition is fairly similar to the proposal that described pension as a fixed regular sum paid to a person after retirement on reaching retirement age or deciding to leave service before his or her retirement date or due to health reasons³⁴. Pension is the sum paid by the government or a corporation to an employee when they have worked for a certain period of time, are too old or ill to work, or have reached the mandatory retirement age³⁵. It is a monthly stipend paid to a retired officer till death as a result of the officer's service with the organization under a certain scheme. pension a regular payment paid to retirees by the government or private firms or organizations as a sort of social insurance against the hazards and uncertainties of old age³⁶.

Pensions are defined as the sum paid by the government or a corporation to an employee when they have worked for a certain period of time, are too elderly or ill to work, or have reached the mandatory retirement age³⁷. It can also be thought of as a monthly sum provided to a retired officer till death because the officer served for the organization that pays the sum has also made a similar submission³⁸. In addition, a pension is an amount provided by the government

or a corporation to a person who has worked for a certain period of time and is judged too old or ill to work or has reached the mandatory retirement age³⁸. It was pointed out in another comparable study that it is a contract for a specific payment to be paid to a pensioner on a monthly basis, often following retirement from service³⁹. The stated that pensions are paid not only to provide for the future needs of the elderly, but also to provide another source of motivation to workers, which helps to reduce labor turnover by making employees feel valued and motivated to work, resulting in ethical behavior and high productivity.^{40, 41, 42, 43}

The sum provided by the government or a corporation to an employee when he or she has worked for a set period of time and is either too elderly or ill to work or has reached the mandatory retirement age⁴⁴. According to their research, a pension is simply an amount placed away by a company, an employee, or both to ensure that employees have something to rely back on as income when they retire. They also confirmed that it is referred to as a sum set aside for retirement purposes⁴⁵. It is a type of agreement that aims to ensure that pensioners are not financially stranded when they reach retirement age. In another similar study, it was defined pension as the sum provided by the Government or a corporation to an employee after working for a specific period of time, either judged too old or unwell to work or having reached the statutory age of retirement⁴⁴. This definition is also not much different from the assumption that a pension is a financial plan that provides people with income when they are no longer employed⁴⁶. It's a tax-deferred savings vehicle that lets you build up a fund tax-free for later usage as retirement income.

More so, pension as a series of periodic money or amount of money payments paid to a person who retires from job due of age, disability or the completion of an agreed span of service⁴⁷. The payment is typically made for the rest of the recipient's natural life. Pensions act as a bond

between the retiree and his or her previous employer, in addition to their monetary value. It is primarily intended to provide the retiree with the ability to preserve and maintain the lifestyle he had while in the military. It was also characterized as a fund into which an amount of money is deposited during an employee's job years and from which payments are made to support the employee's retirement from work in the form of periodic payments⁴⁹. Pension systems are designed to offer employees with security by currently building on rights that will provide a guaranteed income to the employee or his dependents upon retirement or death, which is consistent with earlier findings^{2,49}. While it should be noted that a pension is a monthly sum paid to a retired officer until death as a result of the officer's service with the organization or government institution that pays the sum⁵⁰.

As a result, pension can be defined as long-term periodic regular payments made by employers to employees who have worked and met certain criteria during and after their active working years, and who will continue to receive the sum until death. Employers place a higher value on pensions because they believe that if employees' future requirements are assured, their anxieties are alleviated, and their needs are appropriately met, they will be more driven to contribute constructively to the organization's output.

Despite the numerous attributed benefits of pensions, such as the situation where employees and employers contribute to the scheme, it then serves as a general area of shared interest and cooperation, which helps to foster better employment relations; also, the scheme is a financial package that legally specifies its organization and operation, in order to provide workers with peace of mind, sustain or spur them to greater productivity, and ensure that a pensioner receives a pension; and, finally, the scheme is a financial package that legally specifies its organization. For example, most of the time, the amount issued for pension payments falls short

of the actual appropriation, causing the plan to discourage labor turnover⁵¹. Furthermore, political control over public sector pension schemes exists in most developing countries, including Nigeria, causing politicians to dip into pension funds to cushion temporary fiscal shocks^{32,52}. In circumstances where the affected pensioners worked for both the federal and state governments, improper or no records of pensioners in the public sector are preserved, and the method for payment of pension creates needless complications. In the absence of facts and numbers, corruption thrives. When verification of a military pension account led to the identification of 23,000 bogus pensioners on Army pension roll, this assertion was highlighted in stark relief⁵³. As senior persons are compelled to travel vast distances to the place of pension payment, it has recently been discovered that existing pensioners appear feeble and decrepit. Worse, they are left out in the elements for long periods of time, sometimes even days; some pensioners are said to have died while waiting for their pension money. Pension modifications were required, among other things, due to a slew of issues.

2.1.9 Regulatory Laws Governing Pension Administration in Nigeria

The Pension Reform Act of 2004 and the National Pension Commission Act of 2014, respectively, govern pension administration in the Nigerian economy. The National Pension Commission provides an ethical foundation and regulatory mechanism for pension administration in the country. The National Pension Administration, in its capacity as a regulatory body, established ethical guidelines for the minimum capital requirement for licensed funds administrations (PFAs), fund accounting guidelines, risk management guidelines for the appointment of PFAs and PFCs, and a sanctions regime. The direct and indirect regulators are the PENCOM and the Central Bank of Nigeria (CBN), respectively, while regulatory watchdogs include the Economic and Financial Crimes Commission (EFCC).

President Goodluck Jonathan also signed the new Pension Reform Act 2014 into law, which repealed the previous Pension Reform Act 2004. The reform's main goal is to ensure that contributors receive their benefits on time and to aid the unemployed. While the new act is overall a positive step forward, some of the changes made do not appear to have been properly thought out, and others appear to have been rushed at the last minute, resulting in gaps, ambiguities, and inconsistencies in the law. The following are some of the implications of the newly enacted legislation:

Withdrawal from Retirement Savings Accounts

The new Act adds other criteria that may allow a contributor to withdraw money from his retirement account. Employees who disengage from work or are disengaged before the age of 50 and are unable to find work within four months of disengagement are entitled to withdraw up to 25% of the total amount credited to their retirement savings account.

Choice of Pension Fund Administrator

Employees will continue to have the option of selecting their PFA. Employees whose employers operate a closed pension scheme are now covered by this right. Employees with this status now have the option of selecting an external PFA. If an employee fails to register a Retirement Savings Account (RSA) within six months of starting work, his employer can now request that a PFA open a minimal RSA for him to deposit his pension contribution.

Investment of Pension Funds

The Act broadens the types of investments pension funds can make, including specialist investment funds and other financial instruments approved by the Commission (Pension

Commission or PenCom). While this is a wonderful thing on the one hand, it is important not to lose sight of the need to protect and preserve the wealth of contributions.

Offences and Penalties

In terms of offenses and penalties, the Act contains a few new provisions. The Act makes attempting to commit an offence a crime and punishes it in the same way as the offence itself. The appropriation penalties have also been enhanced. A convicted person would 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 or her possession, custody, or control, in addition to a prison term of ten years and a fine of three times the amount misappropriated. In addition to the foregoing, the Act imposes a penalty of at least 10 million Naira on conviction when the PFC fails to hold the funds exclusively for the PFA and PenComor and uses 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

Under the new Act, a pension protection fund has been established, which will include an annual subvention of 1% of the total monthly wage bill payable to public sector employees, an annual pension protection levy (the percentage of which will be determined by PENCOM), and income from the Pension Protection Fund's investments. The Fund's goal is to provide a minimal benefit to contributors in the event of any deficiencies in pension fund investments or if assets are withdrawn within five years. Only other uses PenCom may choose from time to time are taxed.

Dispute Resolution

Before seeking arbitration or bringing a case to the National Industrial Court, any employee who is dissatisfied with his employer or PFA must first go to PENCOM for redress. Arbitration and the Investment and Securities Tribunal were the only options for resolving disputes under the abolished Act.

Scope and Coverage

Employees in both the public and commercial sectors are covered by the scheme. Organizations with 15 or more employees are subject to the mandatory contribution (previously 5 employees). As a result, the number of employers and employees who are likely to benefit from the scheme is reduced. This move is pointless, given the limited number of contributors to the Scheme.

Gaps in Coverage

The new Scheme just requires firms with a minimum of 15 employees to contribute. The Act stipulates that participation in the Scheme by private enterprises with less than three employees will be governed by rules established by the National Pension Commission (PENCOM).

The Sole Contribution by Employers

According to the new Act, an employer might assume complete responsibility for the payment, but the contribution must not be less than 20% of the employee's monthly remuneration. Given that the cumulative contribution of both parties is 18 percent, this makes little sense. As a result, employers will be discouraged from assuming complete responsibility.

2.1.10 Pension Reform Act 2004 Provisions, Wellbeing of Employees

Many elements of pension reform have been provided with the implementation of the contributory pension reform legislation of 2004, but it is vital to call attention to some of the ambiguities identified and those areas that are not fully defined. The National Pensions Commission (PENCOM), the Pension Fund Custodian (PFC), and the Pension Fund Administrator were established by the statute Act to ensure effectiveness (PFA). The supplies of these three institutions and their separate functions, as well as the new scheme's overarching contributory structure, were the foundation of the scheme's big promises. It is expected that the system will overcome the major flaws of previous schemes. Nigerian policymakers and supporters of the Model 23 have sought to justify it by claiming that the new system addresses some of the issues that contributed to the ineffectiveness of earlier schemes, as well as the relative success of the new plan non Chile, where it was copied from. Since its start, the issue of regulation and monitoring has given the plan some legitimacy. In its regulatory and supervisory functions, the National Pension Commission has been completely dedicated. Pension fund service charges were decreased from 3% to 2.25 percent in 2009 to guarantee that operational costs did not eat into participant savings and investment earnings. It has also conducted ongoing surveillance of licensed operators and oversight of pension asset investments in compliance with published guidelines¹⁸.

The Chilean model was used to influence Nigeria's 2004 pension reform, and Nigerian politicians have continued to cite Chile's experience with paid pensions as one of the reasons for its promises. Chile replaced the public defined benefit model (DB) that had existed for more than 50 years with a fully funded privately managed defined contribution (DC) model to ensure that workers'-built pension money was completely funded, according to the Chilean

model²⁴. It also ensured that individuals who had contributed for at least 20 years would get a minimum pension. The Chilean model's alleged success appears to be due to the speed with which it was copied and repeated under the influence of international financial institutions such as the World Bank, which have been punishing neoliberal changes since the late 1970s. The World Bank's privatization agenda favors defined contribution plans and individual accounts²⁴. Poor funding, regulation, a lack of a comprehensive regulatory framework for the pension industry, poor administrative structures for pension schemes, weak and ineffective pension administration, and unscrupulous practices in the system²⁴ are some of the weaknesses of the 2004 Act. Combining a mandatory contributory pension scheme with a universal social security program should be avoided since contributions, as in the Nigerian model, are deferred individual savings unless contributions are flat. Scholars' views that the goal of an effective pension scheme must involve ensuring a solid income for the entire population during old age, long-term illness, and disability distorts the scheme's unique qualities to those for whom it is intended²⁵. It cannot be considered a basic safety net for all elderly people, even those who have not been lucky enough to be employed or work long enough to be guaranteed a minimum pension. Corruption and unethical behaviors also pose a significant threat to the success of Nigeria's pension system. In recent years, massive losses in the pension sector have been uncovered as a result of fraudulent practices. According to the National Pension Commission's 2009 Annual Report, 1,649,045 private sector employees opened Retired Savings Accounts (RSA) (41.1 per cent). One of the most problematic aspects of the new plan is including private sector enterprises with a limited number of employees (the scheme demands participation from firms with at least five employees). The majority of these establishments, which operate in the

informal sector, have little or no documentation. Most businesses with five or more employees are not registered or incorporated.

The private sector, on the other hand, bears the key to the scheme's coverage potential. While civil servants number around 260,000 and military and paramilitary personnel number around 200,000, official and informal sector membership is estimated to total around 25 million. It asserts that the Commission lacks the capacity to collect and handle the necessary data in this regard. The Pension Commission implemented a number of mobilization techniques, including on-site workplace inspections, engagement with other regulatory and professional authorities, sending compliance letters to non-compliant firms, public education, and the imposition of penalty regimes²⁶. However, these initiatives only yielded minor gains in terms of capturing the informal sector. According to the Commission, compliance-demand letters were delivered to 5,088 private sector companies in 2009. Of these, 2,910 organizations complied within the specified date, while the remaining 2,178 were sanctioned in accordance with the processes given forth in the Sanctions Regime. 26 As a result, the issue of coverage, particularly for small businesses, remains a significant barrier to reform.

2.1.11 Pension Reform Act 2014 Provisions Overview

In keeping with the effort to enhance informal sector involvement, the 2014 Pension Act expanded the coverage of the Defined Contributory Pension reform to private sector enterprises with three or more employees. It also increased the minimum rate of pension contribution from 15% to 18% of monthly remuneration, with employees contributing 8% and employers contributing 10%. This would increase workers' monthly pension payments and retirement by providing additional benefits to their retirement savings accounts. Operators who mismanage pension funds will face a minimum of ten years in prison or a fine of three times

the amount misappropriated or diverted, or both, under the new law. The Act will impose harsher sanctions in order to prohibit mismanagement or diversion of pension fund assets under any guise. Operators who mismanage pension funds will face not less than ten years in prison or a fine of up to three times the amount misappropriated or diverted, or both, under the new law. Since its inception following the passage of the Pension Reform Act (PRA) in 2004, the National Pension Commission (PENCOM) has been charged with ensuring improved security of pension fund assets. PenCom is the agency in charge of overseeing, regulating, and assuring the proper administration of pensions in Nigeria. Prior to the implementation of the PRA 2004 and the subsequent founding of PENCOM, the polity's pension systems were plagued by issues like as underfunding and fragile budgetary allocation. The commission claimed that prior to the new law, it had recovered a total of N13.33 billion from companies that failed to remit pension deductions from their employees under the new Contributory Pension Scheme (CPS). The total comprises both the principal sum and the interest sum²⁶. Employees of private companies are also covered by the Contributory Pension Scheme under the 2014 Pension Reform Act. The Act also mandates a three-fold repayment of the amount embezzled by the criminal. Operators who mismanage pension funds will face a minimum sentence of ten years in prison and a fine of three times the amount misappropriated or diverted, or both.

As a result, the Pension Reform Act of 2014 added new offenses and increased penalties to deter mismanagement or diversion of pension funds' assets under any guise. PenCom also has the authority, subject to the approval of the Attorney General of the Federation, to bring criminal charges against employers that consistently fail to deduct and/or remit their employees' pension contributions on time. PenCom was also given the authority to take proactive remedial action against licensed operators whose acts or inactions compromise the

safety of pension assets, as opposed to the 2004 Act. The Commission "received a total of 5,634 petitions for issuance of pension clearance certificates," according to a PenCom report from 2018. Certificates were awarded to 5,427 organizations, whereas 207 organizations' applications were denied owing to non-remittance of pension contributions for the required period and/or failure to provide a group life insurance policy for employees²⁷.

The Pension Reform Act of 2014 incorporated earlier National Assembly modifications to the 2004 Act. These include the Pension Reform (Amendment) Act 2011, which exempts military and security employees from the CPS (FGN,2011), as well as the Universities (Miscellaneous) Provisions Act 2012, which evaluated the retirement age and benefits of University Professors. In addition, the 2014 Act incorporates the Third Alteration Act, which amends the 1999 Constitution by granting the National Industrial Court jurisdiction over pension claims (NIC, 2014). It also calls for the repositioning of the Pension Transition Arrangement Directorate (PTAD) to ensure greater efficiency and accountability in the administration of the Defined Benefits Scheme in the federal public sector, with pensions paid directly into pensioners' bank accounts, as is the Federal Government's current policy. The Act also included measures to allow for the formation of new permissible investment instruments to support programs for national growth, such as real-estate development and infrastructure investment. This is done without jeopardizing the primary premise of safeguarding pension fund assets. The new Act decreases the six-month waiting time for benefits from six to four months in the event of job loss. This is done in order to identify with the aspirations of laborers and contributors. The Pension Reform Act of 2014 includes a provision requiring an employer to open a Temporary Retirement Savings Account, or TRSA, on behalf of an employee who has not opened an RSA within three months of starting work. Under the 2004 Act, this was not needed. The

problematic section requiring the director general of the Pension Commission to have 20 years of post-qualification experience was reduced to 15 years. This is required in order to establish the extent to which the reform can assist retirees in securing their old age, on the one hand, and whether the reform may assist in reviving the hope of Nigerian seniors, on the other hand.

i. The Reform is Discriminatory in Nature

Certain governmental personnel, such as the military and the judiciary, are favored under the Act. Most public and private sector employees are required to contribute 7.5 percent of their salaries to a pension fund under Section 9 of the Act. Military personnel, on the other hand, have a rate of only two and a half percent. Two kinds of governmental personnel are exempt from the Pension Reform Act of 2004 [S. 8(3)]. Employees who are entitled to retirement benefits under any pension scheme that existed prior to the commencement of this Act and have 3 or less years to retire are exempted from the Scheme 8(1)]. as well as judicial officers Any of the listed judicial officers shall "be entitled to pension for life at a rate equivalent to his last annual salary and all his allowances, in addition to any other retirement benefits to which he may be entitled, provided he has been in that position "for a period not less than fifteen years" [S. 291(3) (a)]. The Nigerian constitution and the idea of equality are directly contradicted by these unfair contributions and benefit rates. The Constitution is founded on the ideas of freedom, equality, and justice, according to the Preamble.

ii. It Abolishes the Right to Gratuity

The right to a gratuity was abolished by the Pension Reform Act of 2004. A gratuity is a one-time, lump-sum payment, whereas a pension is a monthly payout for the remainder of the

pensioner's life. The elimination of the gratuity may drastically lower workers' chances of benefiting from their pension funds if their wages are low enough to shorten their lives. As a result, the gratuity's elimination discriminates against lower-paid employees. Prior to the Pension Reform Act of 2004, government servants had no direct responsibility for the supply of pensions through payroll taxes; instead, pension payments were paid through budgetary allocations held in the Consolidated Revenue Fund. Budgets are projections of revenue and spending for the fiscal years in question. It's entirely possible that the amount released falls short of the actual pension payment appropriation. For example, in fiscal year 2001, N6.4 billion was required for military pension payments, but only N2.1 billion was released for defense, leaving N4.3 billion in pension arrears.

iii. The Definition of the Minimum Retirement Age is Ambiguous

In the public sector, the statutory retirement age is either 60 years or 35 years of service, whichever comes first. In the private sector, retirement age varies between 55 and 60 years. The 35-year service factor does not apply to the private sector. Professionals with specialized talents may be hired on a contract basis after retirement. The minimum retirement age was clearly defined in Section 4(1) of the Pensions Act (CAP 436 laws of the Federation of Nigeria) 1990. However, the Pension Reform Act of 2004 makes no mention of this. It merely states that no one under the age of 50 can make any withdrawals from their retirement savings account. [Section 3(1)] [Section 3(1)] [Section 3(1)] This is the first of several instances in which the new Act makes the law less restrictive by delegating portions of pension scheme management to regulatory authorities or individual employees. As a result, employees no longer have the legal protection they once did. This is in line with neoliberal goals of

deregulation and increased labor flexibility. While Section 3(1) stipulates that no person shall be entitled to make any withdrawals from his retirement savings account before the age of 50, Section 3(2) (c) contradicts this by allowing an employee who retires before the age of 50 to withdraw from his retirement savings account. Section 3(2)(C) of the Act states: 2nd paragraph (C). Any employee who retires before the age of 50 in accordance with his or her employment terms and conditions is entitled to make withdrawals under Section 4 of this Act. As a result, the Act recognizes that employees may retire before reaching the age of 50 in line with their employment terms and conditions, and that there is no longer a common retirement age (even in the public sector). Such problems have been deregulated, and companies and employees are now obligated to negotiate and agree on a retirement age.

iv. Political Control of Pensions in the Public Sector

Concerns and intervention by political authority, such that social security pensions are jeopardized. Political dangers exist when services are supplied on a pay-as-you-go basis. There are three types of risks that are being considered. The first is politicians' habit, in order to win votes, to promise huge pension hikes that they either won't pay or will fall on regimes other than their own. The second risk is that the pension account, because it is not separate from political control, becomes easy 'prey' for politicians who dip into pension funds to cushion temporary fiscal shocks. The third point is politicians' sociopolitical indifference to the situation of retirees.

v. Delay in Payment of Retirement Benefits

One of the major issues and hardships addressed by the Pension Reform Act of 2004 was the failure to pay retirement benefits when they were due [S.2(a)]. The Act, on the other hand, legalizes delays in the distribution of retirement payments in Section 4(2). When an employee retires before the age of 50 in accordance with the terms and conditions of his employment [S.3 (2) (C)], the employee may, on request, withdraw a lump sum of money not exceeding 25% of the amount standing to the credit of the retirement savings account, provided that the withdrawal is made after six months of such retirement and the retired employee does not secure new employment [S.4 (2)]. The fact that a retired employee or members of his or her family may die inside the six-month waiting period before receiving their lump payment does not appear to bother the MPs. 2.1.11 Disbursement Errors and Pension Records.

Both the method of keeping a database of pensioners in the public sector and the system for paying pensions cause avoidable issues. In some places, there is no precise record of genuine retirees. In the absence of facts and numbers, corruption thrives. This assertion was highlighted in stark relief when verification of military pension accounts resulted in the discovery of 23,000 phony pensioners on the Army pension register, which leads to another flaw in the public sector system involving the less-than-dignified treatment of senior individuals. One can see how frail and frail-looking elderly people are forced to travel long distances to receive their pension payments. Worse, they are left out in the elements for long periods of time, sometimes even days, before receiving their stipends. Some pensioners were said to have died while waiting for their pension money in a line.

Pension Reform (Currently in Use Summary)

President Goodluck Jonathan signed the Pension Reform Act of 2014 into law on 1st July 2014. This consequentially repealed the Pension Reform Act of 2004. The new law was to ensure that:

- 1) Retirees received their pensions as at when due, and workers could be assisted to save towards their retirements;
- 2) Like the 2004 Act, it states that any interests, profits, dividends, investments, and other income accruable to pension funds or the asset is not taxable.
- 3) Voluntary contribution withdrawn by retirees is no longer subject to tax if withdrawn within 5 years.
- 4) 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 an amount not exceeding 25% of the total amount in his Retirement Savings Account.
- 5) An employee still has the liberty to open his Retirement Savings Account with any Pension Fund Administrator, and where an employee fails to open one within six months of his employment, the employer is expected to invite a Pension Fund Administrator to open one for the employee.
- 6) The act makes it a criminal offense for any Pension Fund Administrator to misappropriate the savings of an employee.
- 7) It further precludes an employee from resorting to arbitration or commencing an action at the national Industrial Court where an employee is aggrieved by his Pension Fund Administrator, without first approaching PENCOTM for redress.

- 8) Contributions are now based on “monthly emoluments” as against the basic pay; thus employees are not seeing a 100% increase in their Pensions contributions.
- 9) The rates of contributions under the new Act by both the employer and employee are a minimum of 10% and 8% respectively (against the 7.5% of the employee’s monthly basic, housing, and transport allowances by both parties under the repealed Act).
- 10) An employer is obligated to remit pension contributions to pension fund custodians within seven (7) days after payment of salaries; or he “shall be liable to a penalty” which shall not be less than 2% of the total contributions that remain unpaid, for each month of default.
- 11) There is no effective date stated in the Act. The Act however does not seem to address so many issues, for instance, it has made mandatory contributions applicable only to organizations where there are 5 or more employees (previously 5 employees), thus reducing the number of beneficiaries to the scheme.

The Legal Regime of Contributory Pensions under the New Reform

The introduction of the Contributory Pension in Nigeria was primarily to cater for retirees²⁶.

The benefits of this contributory pension include:

- 1) All employees have a Retirement Savings Account;
- 2) Employees are forced to save their earnings;
- 3) The burden of pension funds is removed from the employer and government;
- 4) Retirees will receive their retirement benefits as at when due.
- 5) Pensioner may likely earn more from the Retirement Savings Account from the interests that accrue to him, than from personal savings.

Unlike the Defined Benefit Scheme where the retirees have to wait for long hours in queues to receive their stipends, with the Contributory Pension Scheme, pensions are paid directly into

their bank accounts. Their pensions are deposited into their retirement's savings account and are being managed by their Pensions Fund Administrators²⁶. It must also be noted that where an employee changes his job, the employee can retain his account with his Pensions Fund Administrator. The employee is also at liberty to switch from one Pensions Fund Administrator to another, but not more than once a year (S. 13).

Eligibility for Gratuity and Pensions in the New Pension Scheme

- 1) An employee must have served for at least 10 years and can access his pension if he is up to forty-five (45) years of age.
- 2) Where an employee has worked for less than 5 years to 10 years, he or she will only be entitled to gratuity, but where an employee has worked for 10 years and above, he or she will be entitled to both pensions and gratuity.
- 3) If unfit to continue in service and has been so ascertained by a properly constituted Medical Board.
- 4) Where an employee has worked for 10 years and is deceased, his designated next-of-kin would be paid the gratuity he would have earned if he had lived to retirement.
- 5) Where an employee has worked on a contract or temporal basis before moving to a pensionable appointment, the number of years worked will be taken into consideration in the computation of his pensions and gratuity.
- 6) Where an employee has worked for both the State and Federal Government, the services would be merged in the computation of his or her pensions and gratuity. It is rather unfortunate that most retirees pass through a lot of hurdles to access their contributory pensions, and this has been occasioned by the different systems of government as have enumerated.

The new reform can be summarized that under the new contributory pension scheme, potential contributors are meant to choose pension fund administrators that will manage their pension fund contributions. Employers are required to deduct and remit monthly pension contributions to the Pension Fund Custodians (PFCs) of the contributors' chosen Pension Fund Administrators (PFAs). While the custodians hold the pension fund for safe keeping purposes, the administrators administer and invest the pension fund into different asset classes based on the investment guidelines issued by National Pension Commission (PENCOM), the regulatory authority of the pension industry. As at December 2017, there are twenty-one (21) licenced pension fund administrators, seven (7) closed pension fund administrators and four (4) pension fund custodians.

The total pension fund assets as at 31st December 2015 is N5.3 trillion and has grown to N7.5 trillion (\$24.6b, at official rate of ₦305 to \$1) as at 31st December, 2017⁷⁷. This implies a growth rate of 29% more than the growth rate of the Nigerian Gross Domestic Products (GDP) which is 3.1%. The pension fund assets had become critical financial assets for economic development and the assessment of its efficient management is expected to be continuous with a view to meeting the objectives of setting up the fund. An analysis of the investment of the pension fund in the financial markets showed that greater percentage of the fund were invested in Federal Government of Nigeria Securities (70.43%), followed by local money market securities (9.07%) and domestic ordinary shares (8.94%).

2.1.12 Contributory Pension Funds and Covid-19 Remedies

Governments in many nations have taken various efforts to ensure that covid-19, also known as the corona virus, do not significantly affect people's well-being, and those adults and the elderly, particularly retirees, and are not left out. As a result, the contributory pension fund and

the impacts of palliatives are considered. The Nigerian government's efforts to alleviate the impact of the coronavirus outbreak on Nigeria's poorest and most vulnerable citizens are grossly inadequate. It's also clear that Nigeria's various levels of government are unable to provide the necessary palliatives and interventions. Contributory pension funds might be used in this way to help millions of Nigerian workers in both the public and private sectors of the economy.

As of the end of 2019, there were over 8 million participants in Nigeria's contributory pension program, with over N7 trillion in contribution pension funds. As a stopgap measure until normalcy returns to the country, the government should approve the immediate release of 25 to 30 percent of the pension funds to the participants. As of the third quarter of 2019, around 9 million Nigerians are registered in the plan, totaling approximately N2 trillion. This amount and the number of direct beneficiaries will be more than 500 percent of current government cash grants and other palliatives recipients.

To do this, the regulatory framework for recovering pension contributions may need to be changed. According to the current pension regulatory framework, the 2014 Pension Reform Act, an employee who has actively participated in a contributory pension system is entitled to benefits if they lose their employment after four months. Currently, no public or private sector employee can access their pension contribution under the terms of the law because the vast majority of workers who have been forced to stay at home for the past four months have not technically lost their jobs. They are still employed, but their salaries are not being paid, particularly in the private sector.

To that aim, it may be necessary to change the requirements for recovering pension benefits (Parts 3 and 4 of PRA, 2014) to allow members to obtain up to thirty percent of their

contributions in order to mitigate the impact of the corona virus pandemic. A bill amending that clause of the 2014 Pension Reform Act should be introduced and granted an expedited hearing in the National Assembly. The president might also sign an Executive Order to put this into action. The purpose of a contributory pension, or any pension scheme for that matter, is to allow contributors to draw on their assets in times of crisis, such as the current pandemic. Allowing millions of workers to wallow in poverty and penury makes no sense when they might access their assets in contributing pension plans.

2.1.13 Key Operator of the Contributory Pension Reform

The regulator is one of four important players under the contributory pension changes. Each operator performs their duties efficiently and effectively in a professional and well-organized manner. The function of the four operators is critical in ensuring the scheme's desired success.

These significant actors' roles are as follows: Commission on National Pensions (PENCOM)

PENCOM's responsibilities, as stated in PENCOM (2004 and 2014), are as follows:

1. Effective administration of pension matters in Nigeria is regulated and overseen.
2. All pension fund administrators must be approved, licensed, and supervised.
3. Under the legislation, criteria, rules, and guidelines for the management and investing of pension funds are established.

Pension fund administrators (PFAs)

Administrators of pension funds (PFAs)

According to the pension reform act of 2004, pension funds must only be managed by Pension Fund Administrators (PFAs) licensed by PENCOM to undertake the following functions from the start of the plan or scheme:

- i. Create a Retirement Savings Account (RSA) (RSA)

- ii. Manage and invest pension funds and assets in compliance with the Act's provisions.
- iii. Keep accounting records for the pension funds it manages.
- iv. Provide PENCOM and workers with regular updates on investment strategy, results, and other performance metrics.
- v. Retirement benefits are paid in accordance with the Act's provisions.

Custodians of pension funds (PFCs)

The PENCOM Act of 2004 mandates that pension funds and assets be held solely in custody by an independent Pension Fund custodian for the benefit of the Pension Fund Administrators (PFAs) (PFC). The following are the responsibilities of the PFC:

- i. Receiving the whole contributions remitted by the employer within 24 hours, notifying the PFA, and holding the pension funds in trust for the employee and RSA beneficiaries.
- ii. Dealing with transactions and carrying out activities related to the administration of pension fund investments, such as dividend collection.
- iii. Executing a relevant proxy in the PFAs' favor for the purpose of voting on the investments.

The PFCs provide some oversight of the PFAs' activities and operate as a safeguard against unauthorized access or trade. The custodian has no authority to use any pension fund assets in its custody to meet its own or the third party's financial obligations, company that provides life insurance (Annuity service provider).

The Life Insurance Company is to underwrite or handle the group life insurance to give a benefit/cover of at least 300 percent of an employee's total annual emolument in the event of an employee's death while on the job⁵⁵. The group life insurance policy is usually an annual contract that begins once the premium is paid. In the policy document, the number of members covered and the benefits payable to each employee must be explicitly indicated. The contract is

renewed on the policy's anniversary date⁵⁷. The death benefit payment profits should be placed in the name of the deceased employee's PFA/PFC and handed to the employer for transfer into the deceased retirement savings account. The Insurance Company also provides annuity, which is an option in the Act, as a manner of paying a monthly stipend to a retiree for as long as he lives after retirement (Annuity for Life). The National Insurance Company licenses and supervises the life Insurance Company (or composite of Insurance Companies) (NAICOM).

Specific Challenges of Operators of the New Contributory Pension Scheme

The challenges of the new contributory Pension Scheme to include, but not limited to the following:

- i. Difficulty in the Remittance of the retirement benefits to the Retirements Savings Account (RSA) by the employers and employees;
- ii. Authenticity of our licensed Pension Fund Administrators;
- iii. Lack of an authentic legal framework by the government that will be sustainable;
- iv. No modalities have been put in place by PRNCOM to supervise, monitor, and enforce compliance with the provisions of the Act. 3.

The Pension Acts and the Dilemma of the Retirees Retirement ordinarily means to withdraw and retreat. Today's retirees and potential retirees, however, are facing retirement without adequate psychological/emotional and economic preparation⁶⁶. Payment of pension entitlements to retirees in organized nations of the world is taken very seriously. Every government that is accountable to its citizens knows the importance of the pensioners because it appreciates their contributions to the development of the nation, for instance, in the United Kingdom, pension usually forms part of the campaign manifestoes of the political parties⁶⁶. On the contrary, retirement in Nigeria is characterized by unsubstantiated fears leading to negative

deviances like complacency, falsification of records, and large-scale corruption. Retirement in Nigeria also goes with self-isolation and poverty; consequently, retirees even at very old age seek employment or menial jobs to maintain themselves⁶⁷. This only confirms that the insufficient amount received by pensioners is not adequate to sustain the retirees and their dependents.

The Dilemma of Retirees

The dilemma of retirees can be enumerated as follows:

Sharp Practices by Employers

The delay in the release of funds by employers to their retired staff is a thing of great concern. The laxity in the enforcement mechanism has made many employers debit and not remit the monies to the Retirement Savings Account of employers. The National Pension Commission had in 2018 attempted to penalize companies and forced them to remit over N6 billion in penalties for the default.

Lack of Trustworthy Insurance Policy for Employees' Funds

The Sections 85-91 of the Pensions Reform Act 2014 provides for the investment of the pensions fund by the Pension Fund Administrator, however, there is however no provision made in the Act for an insurance cover for workers' funds with the Pensions Fund Administrators⁶⁹. This has increased the fears of some contributors in the new systems, who are worried about the safety of their contributions. This fear is compounded also with the Senate Committee's discovery of idle cash worth ₦273.9 billion in seven major pension offices⁷⁰. The affected offices in the military, parastatals, the police, and universities felt the impact. Commercial banks were also indicted in the report for collaborating in the looting of pension

funds⁷⁰. This would inevitably work against the retirees in event of a crash or other financial difficulties that may befall the Pensions Fund Administrators another danger to the Contributory Pension Scheme. There is also widespread fear of inflation, charges, and other depletions that may likely arise in the process of managing and investing the pension funds over the years; coupled with the devaluation of the Naira, which may impend the value of contributions and this could make the whole policy seem like a joke⁷¹.

Delays in Payments of Pensions Benefits

Nigerian media have been oversupplied with news of pensioners who slump in several parts of the country; some have died in queues to collect their monthly rituals-like pensions. It has been posited that the story remains the same for the civilian, military, and paramilitary⁶⁴. Some of these pensioners have endured abuses and an unconducive work environment while in service and now have to put up with months of waiting for their paltry lump sum payment of 50% of their savings⁶⁶. Presently, staff who retired from January 2021 has received no form of payment despite all the lofty assurances by the government. The verification exercise had been delayed because of the COVID 10 pandemic; it was only concluded on December 31, 2021, and in the past three months of 2022, many others have retired. Yet those who retired since January 2021 have not received any kind of payment.

Non-Remittances of Contributions

There have always been the cases of Non-Remittances of Contributions to the Retirement Savings Account of Employees by the Employers A noticeable challenge with Contributory Pension Scheme is the non-remittance of contributions by some employers⁷⁰. This act is criminal, and some employees only discover this fact when they eventually receive their RSA Statement of Account after they have been verified and enrolled for Pensions⁷¹. They become

confused and do not know who to blame, where to run to, and can keep writing to their employers and PENCOM for years, and most times, they settle for whatever is available. Section 11(5) of the Revised Guidelines for Retirement Savings Account Registration of 2019 has mandated employers to open a temporary RSA to deposit pension remittances of employees who have failed to open one, there are no known sanctions for such default, there is a dearth of reported cases where such employers have been sanctioned by either the courts or PENCOM⁷². It is also appalling to note that many workers have retired and discovered that notwithstanding that their salaries were debited monthly, no money was remitted to their Pension Funds Administrator⁷³.

Lack of adequate Public Education and Enlightenment on Pensions of the Pension Reform Act. Even more bothersome is the fact that some retired workers at the end of their employment just realize that their contributions were either never remitted to their Pension Fund Administrators (PFA) or worst still, were remitted in some other person's names⁷³. Many contributors also do not have any idea that they could demand their account statements from the pension funds administrators and that it is their right to know how their contributions are invested and managed. Workers are still not adequately enlightened to become aware of the pension system, nor their accrued rights⁷⁴. The only time a contributor is given any form of education about pension, by way of Seminar, is at the point of his exit, in which case it becomes very difficult to change the hands of time. The situation is made worse by the COVID 19 realities in recent times, where each parastatal is saddled with the responsibility of verifying their retirees, some have never read the Pension Acts, some do not know which of the Acts is applicable and those who have read are confused with the provisions⁷⁷. The employee's registration with Pension Fund Administrator is done without any form of education and the employee/contributor most

times only realizes that the fund managers were not making enough profit at the point of exit^{77,78}.

Non-Registration with a Pension Fund Administrator

It is incredible to note that many workers have died in active service without registering with any of the Pension Fund Administrators. Notwithstanding the proviso in Section 11(5) of the Pensions Reform Act 2014, for employers to call for a Pension Fund Administrator to open a Retirement Savings Account for staff who have been employed for six months without opening a Retirement Savings account, this is not heeded to, neither are the sanctions for such defaulting employers⁸⁰. Most Staff only rush to open one at the point of exit and then begin the battle of finding out where their debited contributions were remitted to. In worst-case scenarios, where the staff is dead, the designated next-of-kin only discovers that the deceased did not open a Retirement Savings Account on request for a letter of introduction to the Pension Funds Administrator⁸⁰. This scenario becomes pitiable given the fact that the window earlier opened by the regulating body (PENCOM) for such death benefits application (DBA), has been closed for obvious reasons. However, beneficiaries may write to the Benefits Application Unit (BAU) of PENCOM with supporting documents, and request access to the funds⁸⁰.

Lack of Enforcement Machinery

The successive pension Acts have also not indicated how compliance can be enforced where there is no machinery put in place to monitor the performances of the different Pension Fund Administrators at close ranges⁷⁹. The age of the organisation refers to the length of time that a organisation has existed, usually expressed in years and considered as important determinant of performance. Sometimes, the age of the pension fund is synonymous with the age of the Pension Fund Administrators managing the fund⁷⁹. Most of the previous work established that

the older a Pension Fund Administrator is, the more financially sustainable it is expected to be. The length of time in operation may be associated with learning curve. Older firms most probably have learned much from their experiences than newcomers. It was agreed with this and defined firm age as the experience of an organization in the market which is computed as number of years the firm has been in operations in that particular industry. It has also been noted that length of time in operation was significantly linked to business success. Firm age is the length of life of a company since it was established until the period of time as long as the company still exists. They opined that a long-established company would have more experience in carrying out business activities in its industrial sector and it is better known to the broader community rather than newcomers

2.1.14 General Challenges of the Newly Introduced Reform

Limited Investment Opportunities

The new defined contribution individual accounts systems were supposed to provide fresh investment capital to help domestic capital markets expand⁶³. However, one of the most significant challenges for the new pension funds has been the restricted number of viable investments in local capital markets. Investments by pension funds are often restricted to investment-grade assets, which are scarce in emerging capital markets^{63,64}.

Insufficient coverage

The contributory system continues to underserve a substantial segment of the population. Despite the apparent benefits of the Nigerian DC program, it has been plagued by a number of difficulties. While workers' initial reluctance and skepticism about joining PFAs has subsided, a sizable segment of the working population remains outside the plan, particularly in the

private sector's informal market⁸¹. Several years after its launch, the system is still beset by widespread misunderstandings and a knowledge gap. The most major obstacle is potential contributors' lack of trust in the system, which stems from prior pension administration policies' failures. Furthermore, there is concern about the scheme's continuity and long-term viability as successive administrations change, as prior programs are occasionally abandoned².

Misappropriation of Funds

Mismanagement and theft of funds meant for employee pensions, particularly in the public sector, is another issue. There have recently been revelations of multi-billion Naira pension fund scams at the Office of the Head of Civil Service of the Federation's Pensions Unit and the Nigeria Police Pensions.

Management of Risks

The program also comprises the transfer of retirement fund investment risks to employees, with the employee choosing who handles his or her retirement savings account and so taking full responsibility for the risks involved.

Coverage

For the majority of Nigerians laboring in the informal sector, the reform has failed to provide basic social security in old life⁶⁴. The adequacy of the modified pension system's institutional framework is widely debatable. Nigeria has the world's lowest GDP per capita among countries having paid pension systems⁶⁵. Furthermore, the system's basic functionality is questioned due to high levels of financial volatility and a lack of adequate investment outlets for pension resources. Fourth, the Nigerian Pension Commission (PenCom) has been lax in ensuring regulatory compliance in terms of real management of the current system⁶⁵. PenCom, for

example, failed to enforce requirements requiring PFAs to report the value of their retirement savings accounts in a timely manner (RSAs). As a result, the 'competition' regime between PFAs is meaningless, because pension savers are unable to weigh the benefits and drawbacks of investing with various PFAs⁶⁵.

The interaction between and among the independent variable (Pension Reform) and the dependent variable (Pension Reform) is depicted in Figure 1.1. (Employees savings). The model displays a relationship between the important factors in an attempt to explain the interaction between the variables, with contributory pension reform itemized as an independent variable having a positive influence on workers savings as a dependent variable. The concept argues that a contributing pension scheme encourages workers to save.

2.2 Theoretical Review

In order to investigate the contribution of pension schemes to household saving in Nigeria, all the theories have been determined to be extremely important to this research. Welfare Analysis of Pension Reform, life-cycle theory, deferred wage theory and Productivity Theory of Pension are examples of these theories. However, the study is based on only the Productivity Theory of Pension.

2.2.1 Welfare Analysis of Pension Reform

Pension reform is frequently debated within a neoclassical economic framework, in which utility maximization and efficiency gains are the primary justifications for reform. The basic justification for pension reform in the neoclassical theory is that pay-as-you-go and fully funded pensions have different effects on savings. A moderately funded system has no long-run effect on capital accumulation, but if the funded system is enlarged to a higher level, capital supply increases owing to forced savings, but a pay-as-you-go system has a negative

effect on saves and hence reduces capital supply⁵⁸. The Golden Rule of Growth has been derived from Solow's in growth model, where the capital-labour ratio is such that the marginal product of capital equals the economic growth rate, which is the sum of population growth rate (n) and productivity growth rate (g), to maximize consumption per capita now and forever: $f'(k) = n + g$ ⁵⁹. According to the OLG (overlapping generations) model with capital, the economy is dynamically inefficient when the population growth rate exceeds the steady state marginal product of capital, or when the economy continually invests more than it earns in profit⁶⁰. In a dynamically inefficient economy, where capital's marginal output is smaller than the rate of economic growth, a pay-as-you-go system will boost consumption per capita in the long and short run. A fully financed system, on the other hand, is optimal in a dynamically efficient economy since it generates greater savings⁶⁰.

2.2.2 The Life-Cycle Theory

This has to do with the individual in charge of implementing a plan's consumption pattern and saving decisions. The theory is mostly linked to some specified consumption function which stated that consumption is a function of one's lifetime wealth^{61,62}. Changes in the pattern of income that comes to one throughout time, as well as the pattern of consumption, have no effect on this wealth (financial, real assets, and estimated value of future income). The hypothesis makes one exception to the foregoing assertion, claiming that consumption can be influenced on one ground. That pension reform strategy has the potential to alter a pension plan participant's fortune. According to the life cycle hypothesis, pension reform might alter a pension plan participant's saves rate by affecting their average wealth. This is because a long-term pension plan can generate considerable financial resources for future investment gains, resulting in significant income redistribution and increasing wealth for pension participants.

This may inspire people to save more frequently or for longer periods of time. While the idea suggests that large amounts of money can be created and redistributed to participants or donors, resulting in increasing wealth, it also requires that the pension plan be institutionalized and long-term, with the ability to influence or affect the life cycle. However, the PFA's, regulatory organizations', and security agents' dependability is thus highlighted. The final argument is a warning that the theory is unaffected by economic depressions such as global economic recessions and management.

Using the life cycle theory, it was determined that a pension fund's development may be divided into three stages: start-up, growth, and maturity. The life cycle hypothesis covers the three stages of development of pension fund managers, as well as their funding requirements. According to the life-cycle hypothesis, the sources of funding for pension fund administrators are linked to their separate stages of development and, as a result, economic growth^{63, 64}.

2.2.3 The Deferred Wage Theory

According to the Deferred Wage Theory, a pension plan is a way for a person to defer some compensation until they retire⁶⁶. In exchange for current services, the employer promises to provide a pension. Individual tax benefits are frequently realized when earnings are deferred. The benefits of giving a pension plan to an employer are less clear. Firms offer pension plans under the delayed wage theory because of economies of scale in administrative, portfolio management, and other costs, e.g.,^{67, 68, 69}. If the present value of postponed pay exceeds the required funding, the employer enjoys cash flow benefits (especially as now required by ERISA). The endogenous growth hypothesis, on the other hand, emphasizes that if productivity is to rise, the labor force must be continually given with greater resources, which is why it is appropriate for this research. Physical capital is one of the resources in this situation

(Technology). The assumption behind this theory is that growth is fueled by the accumulation of factors of production, which in turn is fueled by private sector investment. This means that, at least in the long run, the only way a government can influence economic growth is through its impact on capital investment, education, and research and development. In these models, growth is stifled by government spending, which either creates tax wedges beyond what is required to finance investments or removes incentives to serve and accumulate capital. The deferred pay theory assumes that the employer and employee have an implied long-term or lifelong work contract, which has a number of ramifications for the employer⁷⁰. Employee turnover costs may be reduced if pension plans vest later, according to numbers^{71, 72}. It should be noted that corporations have an incentive to increase training costs as a result of delayed vesting because it leads average employees to stay with the company longer, resulting in a higher payback of these training costs⁷³.

2.2.4 Productivity Theories of Pension

The productivity theories of pension in 1998 emphasized two main components, the demand and supply⁷⁰. Pension schemes are established as incentives and motivation to urge workers to raise their productivity, production, or performance, according to both sides of the notion. Employers make payments to employees' pension plans because workers prefer pension savings to cash payments to their emoluments, according to the demand side of theory. This is due to the accompanying advantages. This includes a reduction in the employee's income tax, retirement benefits such as social security from the employer's payments, interest and dividend returns on pension fund investments, and non-taxable assets⁷⁰.

Employees, particularly high-income earners, prefer pensions to cash payments because they can get an annuity (a fixed amount of money received at regular intervals) for the rest of their life, according to the demand side of the pension productivity theory.

Employees' pension benefits, according to the supply side of this theory, tend to increase workforce productivity and lower labor costs. This is because employers' investments in worker training, improved working conditions, enough resources, and so on are significantly offset by the workforce's improved production or productivity. There's also the argument that the supply side of the theory works as a motivator for employees to stay with the company for a long period. Some decisions, according to the notion, can be appropriately made based in part on subjective appraisal. It considers a high-risk, unproven option that, despite its promise, does not enjoy consumer, user, or beneficiary acceptability⁷⁰. The high-risk decision with guaranteed utility, that is, inherent quality or value is possibly more assured to stay consistent, would be preferred above the low risk decision with uncertain utility⁷⁰. The hypothesis increases a pensioner's average worth, especially when assets are invested to generate considerable amounts of revenue for redistribution to participants. According to the beliefs and principles, a good pension system drives employees to do their best at work because they anticipate a satisfying retirement era⁷¹. Despite all the advantages of the theory, it has however been criticized for not taken the time value of money into consideration and this in most cases demoralize the interest of the employees⁷¹.

2.3 Review of Empirical Studies

This section reviews various empirical studies by other authors who previously analyzed the role of pension reform scheme on employees saving in different countries.

2.3.1 Empirical Studies of Pension Reform on Employees Savings

Between 1982 and 2018, the study used secondary data to investigate the trends and effects of pension reforms on national employee savings in Ghana. The study used the overlapping generation model as well as the Ordinary Least Squares (OLS) to establish the linear relationship and the Vector Error Correction Model (VECM) as the estimation technique. According to the study's findings, one of the scheme's major issues is a lack of appropriate monthly benefits. Also, a percentage unit increase in financial deepening causes a fall in national savings, and there is a positive association between pension contribution and saves, according to the data. As a result of the findings, it was advised that employers raise retirees' monthly benefits in order to smooth consumption during their retirement years ⁸¹.

In order to demonstrate the impact of pension reforms on employee savings in Nigeria, the study distributed questionnaires to Oyo state public servants, who returned 143 questionnaires. The researcher discovered a significant relationship between respondents' level of awareness and their savings, but no significant relationship between pension reforms and employee savings. Although, the author investigated the features, prospects, and issues of pension management in Nigeria as an important component of retirement planning nearly a decade after the new reforms began, this conclusion contradicts the findings of other studies. The research provides an overview of the plan, analyzes important issues that the scheme faces in Nigeria, and proposes solutions. The findings show that the importance of pension provision will continue to grow as people become less reliant on family to care for them in old age and realize that they must care for themselves, and that the success of pension reforms is largely dependent on the sincerity, collaboration, and commitment of all stakeholders⁸².

The effects of pension reforms on the Kenyan pension industry are being investigated. Kenyans will benefit from these measures because they will improve their social welfare situations. A contribution rate model was used to assess the effects of a provision of the contributory pension reform Act of 2017. In addition, questionnaire analysis was used to examine Kenyans' attitudes on the yet-to-be-implemented contributory pension reform Act of 2020. These reforms are inextricably related to the country's overall economic progress. According to the report, the stated contribution of 6% is sufficient to cover Kenyans' welfare needs. The majority of stakeholders (scheme members, administrators, and fund managers, among others) favor this; nevertheless, good implementation tactics must be put in place for the public to see the positive effects. The Kenyan pension market continues to grow at a rapid pace, necessitating fundamental reforms in management and governance to keep up with the ever-changing needs of members. The contributory pension reform Act of 2020 is built on this foundation. With a critical theoretical look at the recently established contributory pension reform Act of 2020, the study aims to identify the main social welfare reforms in situ, as well as find out the consequences and obstacles of implementing these reforms on the industry's performance⁸³.

Using Marxist theory to evaluate the topic, evaluating the impact of the 2004 pension reform act on workers' savings and the well-being of Nigerian pensioners. The findings revealed that the Policy may not be able to fulfill its stated goal to a significant extent. They compared the old pension scheme to the pre-Pension Reform Act 2004 pension arrangement. To analyze and contrast the pre-2004 pension scheme with the Pension Reform Act of 2004, the study used a comparative analysis method. The study discovered that the Pension Reform Act of 2004 is superior to the pre-2004 pension scheme, and that the Pension Reform Act of 2004 is expected

to aid in the remediation of the old pension plan's shortcomings and inadequacies. The study concentrated on older people, children, and women since they are considered vulnerable groups that require government care. According to the report, various attempts by different governments in the country to meet the requirements of older members of society have failed until the hope of older people was restored in 2004 with the adoption of a new pension reform strategy. The study also looked at the impact of the government's 2004 pension policy on the well-being of Nigerian pensioners, leading the authors to urge tighter coordination, oversight, and regulation of the pension business in Nigeria⁸⁴.

In Nigeria, we're looking at pensions and pension reform. Pension reform is one of the welfare systems that has been undergoing transformation in most developing nations, according to the authors, and it is a major component of the IMF/World Bank structural reform program for emerging economies. The study used an error correction model, and the findings revealed that there is an inverse association between employee welfare and pensions, as well as a negative relationship between employee years of service and employee welfare. The government of Nigeria claims to be using the pension system to alleviate the pain of retired public employees, so that they do not have to suffer after retirement or disengagement from public service. The gratuity provided to public sector employees, on the other hand, is linked to their well-being. The study also revealed that pension reform and employee welfare have a long-term relationship. As a result, the country now experiencing a rapid adjustment of employee welfare to the pension reform⁸⁵.

Using the specified Ricardian equivalency model, model the consequences of the overall public deficit created by Chile's pension reforms. The data demonstrate that the coefficients of voluntary saving in response to government saving range from -0.36 to -0.57, which is

considerably different from zero (the extreme case of no consumption) and -1.0. (Extreme case of Ricardian equivalence). The authors defined a realistic range and an intermediate coefficient (-0.47) to evaluate the voluntary saving response of families (and thus private saving) to changes in governmental savings using these two calculated coefficients. They multiply the compensation coefficient by the rise in the public deficit as a result of the pension reform to get the response. They discovered a variety of results, from no increase in voluntary saving when fiscal adjustment is 100% to 1.45% of GDP when fiscal adjustment is 25% and the compensation coefficient is at its greatest level (-0.57)⁸⁶.

The authors evaluated the outcome using equation for the period 1960-2001 in Chile to determine the likely effects on domestic investment of the shift in domestic saving resulting from pension reforms. They discovered that the coefficient has a point estimate of 0.51, with a standard error of 0.089 and a strong statistical significance. The saving/investment coefficient declined from approximately 0.99 in the 1960s and 1970s to 0.4 in the 1980s and 1990s, according to estimates based on a sliding window of twenty-year sub sampling, beginning with 1960-1980 and ending with 1981-2001. The pension reform was blamed for the increase in investment rate, which ranged from a low of 0.28 percent of GDP (when the increase in saving from pension reform is at its lowest and the saving-investment coefficient is 0.42) to a high of 2.76 percent of GDP (when the increase in saving is 4.6 percent of GDP and the saving-investment coefficient is 0.6). However, the authors constructed a theoretical model to examine how various forms of pension schemes affect retirement incentives. Their findings suggest that defined benefit plans provide a strong incentive to retire sooner, but defined contribution plans encourage workers to stay on the job longer. As a result of this finding, they concluded that

evidence from other countries will show that the decision to retire sooner is closely tied to the type of pension plan in place⁸⁷.

In another study where authors focused on the supported views of the employees' savings and contributory pension scheme, which was introduced during the reform in Nigeria, noting that despite the scheme's acceptability by some workers, it was demonstrated that some workers objected to the feature of the scheme where contributions are sent to pension fund administrators (PFAs) for credit of employees' Retirement Savings Accounts (RSAs). Credits in these accounts are invested and used to plan monthly pension payouts for employees when they retire. Credits in these accounts are invested and used to plan monthly pension payouts for employees when they retire. Employer compliance with the new plan, pension fund investment, and general knowledge were all evaluated in the study. The results of the hypothesis testing revealed that employers' compliance and workers' awareness are low, and pension fund investments have yet to start yielding fair returns. The study also stated that while the scheme will benefit workers greatly, it must be properly monitored, and the author recommended that more severe penalties be imposed on erring employers, the inclusion of contributors from the informal sector, and an increase in the rate of contribution from employers, as well as that the investment be made in less risky financial assets and that more sensitization campaigns be launched to raise the level of awareness⁸⁸.

Examining working people's retirement planning habits and legal proposals for a new Malaysian pension system. In this study, retirement planning behavior was assessed by a series of questions about retirement planning behavior. A total of 500 working people in the private sector, aged 40 and up, took part in the study. Persons with higher levels of education, higher levels of income, financial literacy, retirement goal clarity, and attitude toward retirement were

identified as significant variables in the prediction of retirement planning among working individuals in Malaysia. There is a link between retirement planning and putting money aside for old age. As a result of the survey's findings, a law proposal has been proposed to address issues of pension during retirement among private-sector employees; the study concluded that the majority of private-sector employees, particularly those in higher-ranking positions, were in favor of the reform⁸⁹.

Examining a more recent study that provides a new insight into the effect of widespread contributory pension reform on Norwegian public workers savings, which may result in a transition from defined benefit to defined contributory pension plans, as well as in support of a system that quantifies the role of selection by exploiting a natural experiment at a single employer level, in which an employee's probability of transitioning from a defined benefit to a defined contributory pension plan is determined by the probability of transitioning from a defined benefit to The researchers used Ordinary Least Squares estimations to show that incentive and selection effects drive mobility rates between defined contributing and defined benefit participants. Unobservable mobility tendencies are positively connected to the choice for a defined contributing plan, and the selection and incentive effects work in opposite directions in this scenario. To isolate the incentive effect, these researchers used a differences-in-regression-discontinuities estimator to calculate the effect of defined contributing plans on workers' likelihood of leaving the company in the next calendar year, two years, and three years. The findings revealed that specified contributory enrolment has a negative direct influence on employment mobility only in the following year, with the negative effect weakening in subsequent years. As a result, the authors pointed out that employment mobility is multi-dimensional and encompasses preferences for risk, liquidity, and transparency in

pension terms and plans, as well as the difference between defined benefit and defined contributory in accrual and portability rules⁹⁰.

Three hundred and fifty-five completed questionnaires were returned from public civil servants in Berlin in order to investigate pension reform on retired employees in Germany. The majorities of the participants were positive about the scheme and focused in particular on the long-term implications of the changes implemented in pension legislation since 1992. The study also used modeling, with the results indicating that the early retirement pension adjustment factors introduced by the 1992 pension reform will raise the average effective age of retirement for men by less than two years in the long run. The proposed two-year rise in all relevant age limitations across the board would boost the effective average age of retirement for men by around 8 months. The effective average retirement age rises by around 2 years if the actual adjustment factor is increased from 55 to 65 percent per year; hence, the impacts are much weaker for women⁹¹.

The study was based on a sample of 300 workers in private sector in New York, and it looked into the impact of pension reform and the effects of pension funds on market performance. Primary data was used to examine the influence and effects. It was discovered that the introduction or development of pension reform funds (compared to PAYG schemes) can be effective in increasing savings, both private and national, mostly under mandatory programs and in developing countries, where binding financial constraints are more likely to occur. While (partial) crowing-out of voluntary savings appears as a cumulative result in industrialized countries. In general, the impact of pension funds varies depending on institutional factors such as the type of program (the structure of incentives such as tax relief programs, for example), the size and structure of pension funds, the country's level of financial

development and education, and the design of the mechanism required to fund the transition from PAYG to fully funded or multi-pillar pension systems. As a result, the study showed that workers' financial literacy is critical in deciding their financial decisions, such as stock market participation, saving, and retirement planning⁹².

Exploring the rationale for the contributing pension scheme as part of employees' savings under Nigeria's recently implemented pension reform, as well as its consequences for public servant productivity and pensioner welfare. The authors used respondents from the Lagos state public services (Alausa secretariat) in Lagos state, Nigeria, to examine the effects of contributory pension schemes on employee productivity in Lagos state, Nigeria. The authors used original data from a field survey that included questionnaire administration and the use of a simple random sampling approach to conduct the questionnaire. The findings of the analysis show that a sufficient retirement package has a substantial association with employee productivity and has a beneficial impact on the organization's efficiency. The contributory pension scheme (CPS) was also found to have advantages over the defined benefit pension scheme (DBPS). As a result, the authors noted that stakeholders should be involved in the review of the contributory pension system in order to streamline and appropriately supervise operators' clients' sensitization programs in order to improve the scheme's workability and acceptance. Furthermore, suitable information on the new pension reform system should be disseminated on a constant basis⁹³.

Assessing the causal relationship between a contributory old-age pension program and poverty reduction, the author claims that the scheme will not only improve the welfare of Lesotho workers in South Africa, but also their economic performance. The study discovered that in the sample of respondents utilized in the study, a contributory old age pension program reduced

poverty occurrence and severity. The study also discovered that there was a significant variation in poverty head count ratios between periods with and without the program, with a difference of up to 200 basis points⁹⁴.

Examining the relationship between pension plans and poverty alleviation, with a focus on household consumption utilizing primary data collected through questionnaire distribution, particularly among Vietnam's elderly. Two hundred and eighty-four (284) questionnaires were issued, with two hundred and seventy-six being completed and returned correctly. According to the report, if properly implemented, social pension plans might dramatically reduce the incidence of poverty among the aged⁹⁵.

The Pension Reform Act 2014 was repealed and replaced by the Pension Reform Act 2014 in Nigeria, according to the study, which looked into the validity and acceptability of the act as well as the issues of pension administration. Despite the fact that pension administrative mechanisms in Nigeria have improved in recent years, particularly for retirees in the Federal government, empirical indicators suggest that the contributory pension scheme encapsulated in the PRA 2014 still has some flaws and challenges that are reminiscent of the old order. The study used data from secondary sources and other verifiable templates, and it covered the years 1979 to 2017. The paper identified some provisions of the PRA 2014 that distort and frustrate the achievement of the Act's goals, making it difficult for workers to achieve their goals, as stated in previous studies. To combat the rising tide of enormous fraud and poor service delivery in the Pension Administration Process in Nigeria, the report advises a comprehensive review and additional reform of the PRA 2014 with the goal of resolving some disputed elements and strengthening the regulatory body⁹⁶.

The study looked at the possibilities, tactics, and obstacles of implementing pension policies at state-owned institutions, using both primary and secondary data. Primary data was acquired by administering questionnaires to 644 active staff members of state-owned tertiary institutions in Lagos and Osun states of Nigeria and was analyzed using the descriptive technique of analysis. While regular deductions from staff salaries were made, the employers' contribution was irregular, and there was no regular transfer of pension deductions to the PFA in Nigeria's Southwest state-owned institutions, according to the report. In addition, the prospects of the new pension policy include encouraging participants to save, motivating workers to be more economical and watchful in their spending and resource management by saving for their retirement, ensuring retirees long-term benefits after retirement, potentially huge returns on investment made on their behalf, and saving the time and stress that retirees used to face in the old pension system. The deployment of Information and Communication Technology (ICT), among other recommendations, is one of the ways to ensure proper execution⁹⁷.

Examining the effects of new pension reform on pensioners' life, this study looks into the method by which pensioners in Nigeria use social media to gain access to PFA for easier and faster transactions. To collect data, a structured questionnaire was employed, and data were analyzed using information from two hundred and fifty questionnaires, two hundred and forty-one (241) of which were properly completed and returned. According to data analysis, the pension business should not be conducted like a government business because most retirees found it difficult to operate and comply with social network regulations. Also, stocks on the stock exchange's floor should be permitted to compete for pension money, but with a circuit breaker that stops the bidding process if the market becomes chaotic. The new pension reform

act should be properly implemented as specified in the Act, and the clause should be fully implemented so that all CPS retirees can get at least 50% of their last pay before retirement⁹⁸.

The study used a panel study of income dynamics and a national longitudinal survey of mature men for the period 1975–1982, as well as a simultaneous equation model, to show that unobservable employee characteristics can explain both lower job turnover and coverage by a pension plan in the workplace in the United States. Bonding (that is, the compensation device that includes a pension, delayed vesting, and an earning-based formula) also operates as a self-selection device in the State, according to the authors. The impact of pensions on workers' productivity was also considered, leading to the conclusion that the lack of pension plans is one of the main reasons for the lower mobility rate observed among workers in pension-covered organizations⁹⁹.

The population for the study, which looked into occupational pensions and their effects on job mobility in industrialized countries, comprised of 230 retirees from various countries who worked in various sub-sectors such as farming, manufacturing, and service providers. In each subsector, 40 percent of the total population was sampled. To acquire specific data, the surveys included structured closed and open-ended questions. Approximately 10% of the respondents were used to pre-test the instrument. In Denmark, Ireland, the United Kingdom, and the Netherlands, occupational pension workers had lower turnover than uncovered workers, according to the authors. The study found no indication that prospective pension portability losses impede job mobility after correcting for selection bias owing to unobservable: In fact, the findings revealed that, despite their full portability, defined contribution pension plans are just as negatively correlated with labor mobility as defined benefit plans¹⁰⁰.

This study used data from 170 randomly selected pensioners in information and telecommunication technology in Nigeria to answer the problems envisioned in the newly implemented 2014 pension reform and the way forward in the pension reform administration, given the challenges and opportunities of the new pension reform Act facing financial institutions in Nigeria. According to the report, the new pension scheme will raise demand for banks' term deposit and corporate financing services, as well as for insurance companies' life insurance policies and annuities. According to the study, one of the new pension system's major challenges is the potential for it to cause a yield problem in the money and capital markets, as pension funds bid up stock prices in Nigeria's shallow capital market and saturate the money market with liquidity at a time when public sector borrowing requirements are falling. Concerns about defined contribution (DC) as a new retirement scheme stemmed from concerns about long-term income security as well as broader developmental concerns for emerging economies¹⁰¹.

Taking advantage of occupational pension plans, job mobility, and the influence of worker savings on poverty reduction among the elderly. The study focuses on the Norwegian economy, including secondary data gathered from the country's statistical office as well as primary data, resulting in the authors' use of probitymodel's approach. The study was unique in that it looked at all possible pension payouts, including employees' earlier contributions across a broad range, rather than just the pension payment at retirement. The research revealed that labor mobility is influenced by lack of portability and loss/gain in occupational pensions. High incomes in pension-covered employment appear to explain the lesser mobility, while pension reforms have increased pension benefits, lowering the relative poverty threshold among Europe's elderly¹⁰².

The relationship between pension reform funds and poverty reduction in Sub-Saharan Africa is being modeled. Ex-post facto research was used in this study. For the period 2011 to 2019, secondary data was sourced quarterly from the National Pension Commission of a sample of 31 Sub-Saharan African nations. The writers relied on the deferred wage theory and endogenous growth theory, as well as the Ordinary Least Squares method. The study simulated numerous scenarios with basic pension schemes and discovered that basic pension systems reduce poverty among households with elderly members¹⁰³.

Examining the influence that defined benefit occupational pension systems have on job satisfaction in comparison to defined contributing pension schemes from a long-term perspective. In the United Kingdom, the study found evidence of distinct effects of defined benefit occupational pension plans on job satisfaction compared to defined contributory pension schemes. The author used data from the English Longitudinal Study of Ageing two waves, as well as a probity model with sample selection for the probability of employee turnover, to focus not only on the effect of pension provision on employee turnover, but also on the possible differences in behavior between workers in defined benefit and defined contributory occupational pension schemes. The findings show that workers who are covered by a pension have lower turnover rates than those who are not. More specifically, the author discovers that not only coverage but also the type of pension is a key determinant in explaining job satisfaction, producing evidence that defined contributory members are more satisfied than defined benefit peers, implying that low portability of pension rights could be an impediment to job satisfaction as well as mobility¹⁰⁴.

The authors used pension financing reforms in different nations during the period 1976–2007 and used a GLS technique to examine employees' savings and pension reform as major

determinants for the growth of capital markets. The findings suggest that financing reforms (the transition from traditional PAYG to funded pension systems) have resulted in larger stock and corporate bond markets than before the reforms were implemented. This was primarily made feasible by a surge in primary issuance activity, which accelerated in tandem with worker savings and pension reforms. However, the consequences of these reforms were largely apparent in emerging country bond and stock markets, while the influence on OECD countries was limited to corporate bond markets. As a result, the study concluded that the creation of pension funds indirectly contributes to the expansion of capital markets through qualitative improvements such as financial innovation, particularly in emerging economies¹⁰⁵.

Examining the impact of tax breaks for private supplemental pensions on national savings the study found that while participation in supplementary pension systems may enhance household private savings due to tax relief, this benefit is offset by lower tax income, resulting in a null effect on national savings levels in Spain. As a result, these findings raise doubt on the effectiveness of supplementary pensions as tax-deferred vehicles for increasing national savings rates and refer to other options such as matching incentives between employees and employers, as well as enhancing worker financial education¹⁰⁶.

The study used primary and secondary data to model the impact of four recommended policy initiatives for a sustainable pension in enhancing the tax benefits tying the moving wage to price indexation of benefits. In addition, the report proposes lengthening calculation periods and increasing actuarial fairness in pension assessment. Four hundred and fifty (450) questionnaires were sent, however only 446 (446) were thoroughly completed and returned by Australian metropolitan elders. The study gave some analytical data and used a computational model to show the economic and welfare effects of the country's recent pension reform. The

findings revealed that the new policy measures are appropriate for long-term pension systems, not only in terms of enhancing the tax system but also in terms of boosting the economy¹⁰⁷.

The purpose of this study is to determine the consequences of pension reform in the United Kingdom by looking into the voluntary separations of private sector male employees. To investigate the effects of second-tier-pension-schemes and portability requirements on voluntary job migration, the study used a hazard modeling approach. When controlling for potential endogeneity in pension choice, the study finds that the previously observed negative relationship between occupational pensions and quits vanishes, suggesting that it may be due to the selection of unobservable variables rather than costs associated with pension portability losses. The study revealed, however, that the new pension program has considerable effects on both male and female employees¹⁰⁸.

In a study aimed at gaining a better understanding of the role of pension reform in economic growth. The research used a sample of 300 retirees from the University of Lagos in Nigeria. The impact of the contributing pension on the lives of the elderly was investigated in this study. The study's goal was to see how the performance of Retirement Savings Account (RSA) portfolios, Closed Pension Fund Administrators (CPFA) portfolios, and Contributory Pension Scheme (CPS) portfolios affected Nigeria's economic growth after 2014. The data reveal that portfolio performance of retirement savings accounts, closed pension fund administrators, and contributory pension scheme portfolio performance all have a favorable and significant impact on Nigeria's economic growth. This means that the Nigerian pension business makes a major contribution to the country's economic growth. The report advised that policymakers, particularly pension regulators such as PenCom, make active efforts to extend and regulate

investment outlets for Pension Fund Custodians in the country, as well as to educate workers about the value of their savings in the future¹⁰⁹.

In academia, researchers are looking into the impact of organizational politics, turnover intention, and organizational commitment on employee effectiveness and efficiency. The research sample consisted of 200 randomly selected Babcock University workers in Nigeria. The respondents ranged in age from 25 to 53 years old. The study included three instruments: a perceptions of organizational politics scale, an organizational commitment scale, and a turnover intention scale; each of these elements is critical to the functioning of an organization. The annual performance evaluation report of responders was used to assess their job performance. The study found strong links between organizational politics and turnover intentions, work efficiency, and organizational commitment¹¹⁰.

Evaluating the impact of politics on the behavior of banking sector personnel in Egypt's service industry. Organizational politics has been found to have a detrimental impact on employees, as it can influence turnover intentions and negligent behavior, and this is due to the influence of other variables such as job attitude and job involvement on organizational politics. According to the findings, favorable politics should be pursued in order to achieve both organizational and individual goals¹¹¹.

Examining an organization's leadership style, which has been recognized as one of the key determinants linked to work-related outcomes like organizational politics in Jordan. The researchers discovered a link between perceptions of organizational politics, work-related outcomes, and leadership styles. The perception of organizational politics is also linked to turnover intentions, work satisfaction, job involvement, and job stress, according to the study. Transactional leadership has an impact on work-related outcomes, as evidenced by job stress

and perceptions of organizational politics. The study's findings revealed that perceptions of organizational politics have a negative impact on work satisfaction and involvement, as well as a negative association with them. Job stress and turnover intentions are both strongly connected with perceived organizational politics. These factors may have a negative impact on overall employee performance; stressed personnel hampered organizational advancement. The study's findings revealed that perceived organizational politics played a role in increasing turnover intentions, which in turn increased employee stress levels¹¹².

Perceived organizational politics affects the employee's performance level, which in turn affects the employee's overall performance and work-related outcome, according to a model of the relationship between employee performance and perceived organizational politics on work related outcome. The sample included employees from both the private and public sectors of the economy in Jumail, Malaysia, with a total of 700 employees providing information on organizational politics, job distress, job satisfaction, burnout, organizational commitment, and self-reported turnover intentions, neglectful behavior, and absenteeism. The study's findings also revealed that the amount of perceived politics differed between the public and private sectors, with the public sector having a higher level than the private sector. When this concept was investigated further, it was discovered that it was better suited to the private sector than the public sector¹¹³.

The study, which demonstrated the effects of organizational politics on job-related outcomes, found that politics had a detrimental impact on the job-related outcomes of employees. Other variables may act as a moderator in this relationship. A key mediator is the supervisor-subordinate connection. Two firms in Ghana were evaluated for this study, one with 466

employees and the other with 418 employees, and it was discovered that the relationship between these two variables was moderated¹¹⁴.

The studies of the longitudinal power strategy and pension scheme, as well as perceptions of organizational politics, were linked. The paper went on to detail the proposed intermediate connection as well as potential development difficulties in this association. Influence strategies were thought to predict perceived organizational politics and work-related outcomes. Actual organizational politics on work-related outcomes are represented by influence strategies. This relationship was examined to see if it was direct or mediated via a person, and if it suited and matched expectations. The sample included 303 employees, including supervisors from two major Israeli government agencies. For causation among research variables, a longitudinal design was used, with influencing techniques measured once, and perceived organizational politics, met expectations, and person-organization fit measured six months later. The study discovered that there is a need to moderate the relationship between perceived organizational politics, work-related outcomes, and influence strategies, but it was highlighted in the conclusion that person-organization fit did not reveal any such result¹¹⁵.

In Middleton, researchers are looking into the impact of perceived organizational politics on job outcomes, as well as the mediating effect of perceived organizational support. The study's findings revealed that perceived organizational politics is negatively connected with person-organization fit. Person organization fit was linked to job happiness, job performance, and emotional commitment. Job-related tensions influenced this connection of factors¹¹⁶.

A sample of 418 full-time employees was used to investigate the discriminant validity of perceptions of organizational politics, procedural and distributive justice, and organizational support on work-related outcomes. For the division of the optimal structural symbol of these

four variables in the analysis, structural equation modeling was used. Six theoretically significant variables, including coworker, formalization, centralization collaboration, leader member exchange, locus of control, and role of conflict on work-related outcome in Jordan, provided further conceptual distinction. Out of the six antecedents, politics, justice, and support have the most influence. The study came to the conclusion that distributive justice had a significant impact on job-related outcomes¹¹⁷.

The direct and combined effects of political competence and political perception on work-related outcomes are being investigated. Contextual performance, job stress, intention to quit, and affective commitment were utilized to measure job outcomes. A total of 300 employees were chosen for this sample. Data was gathered from Pakistani governmental and private organizations. For mutual effects of political skill and perception of organizational politics, the results revealed a significant difference between contextual performance and intention to quit¹¹⁸.

Investigating the impact of perceived organizational politics as a mediator in the relationship between positive and negative affectivity's effects on burnout, for this objective, data was gathered from employees in the Chilean hotel industry. The study found that positive affectivity had a lesser impact on separation and tiredness through perceptions of organizational politics than negative affectivity¹¹⁹.

The study examined job related results and job attitudes by focusing on the employee's reaction to organizational politics and work-related outcomes. The research used data from a sample of 303 public sector employees for this aim. According to the findings, there was a significant correlation between intentions to leave and perceptions of organizational politics. Negligent behavior was found to have a positive correlation. Furthermore, the findings demonstrated a

link between perceived organizational politics, job satisfaction, and organizational commitment that was negative. The findings also revealed that public employees were more likely to ignore workplace politics than to leave the firm. Employee performance and perceived organizational politics were also found to have a detrimental relationship. Employee performance is reported by supervisors. The variance in job-related outcomes was explained by perceived organizational politics. Personal characteristics and job attitudes were also found to explain variance¹²⁰.

The relationship between organizational commitment, perceived politics, and the outcomes of intention to turnover and job strain is being investigated. This was done in two tests with different samples to see if the results could be combined. The initial study used a sample of middle and upper-level hotel sector managers in Johannesburg for this aim. The second study's sample comprised of university personnel, and different measurements of similar variables were used for this purpose. Both researchers discovered a link between job stress and organizational politics. When organizational politics rises, the level of organizational commitment falls. Furthermore, there is a link between organizational politics and the will to leave. Job discontent, absenteeism, turnover intentions, organizational citizenship behavior, job participation, job stress, job anxiety, job performance, lower production, burnout, and diminished organizational commitment are only a few of the effects mentioned in the literature. Job satisfaction, organizational commitment, and turnover intentions were chosen as the three most essential factors for the current study. The findings of this study are expected to show a link between organizational commitment, job happiness, and turnover intentions and perceived organizational politics. Organizational politics may have a negative impact on employee behavior. Organizational politics is a crucial notion for the development of any company¹²¹.

2.4 Conceptual Framework

A conceptual model is a research's basic structure, made up of specific abstract ideas and concepts that a researcher intends to observe, experiment with, or analyze. It depicts the relationships between the variables under investigation. The framework serves as a road map for the investigation.

Variables that are independent of each other are called independent variables, while dependent variables are called dependent variables.



Figure 1: A Conceptual Model Developed by the Researcher for this Study

Source: The Researcher (2022).

2.5 Summary of Literature Reviewed

The study was able to empirically analyze a variety of literature on pension reform. The reviews revealed that the majority of these studies focus on economic growth, while others, as such as focused on worker productivity. However, few research works, have attempted to alter contributory pensions in relation to their effects on household savings in Nigeria^{111, 112}. Recognizing the importance of saving for retirement, more empirical study on contributory pension reform and employees savings is needed. As a result, the current study aims to bridge the gap and add to the body of knowledge in this field. The study also discovered significant gaps in the literature about the concepts of pensions, which should be mandatory withdrawals from employees' income during their active working years, and the contribution is examined in the study's later sections.

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Chapter Three

Methodology

This chapter describes the methodology adopted by the researcher in order to achieve the objective of the study. This methodology includes research design, target population, sample and sampling procedures, data collection instruments, validity and reliability and analytical technique.

3.1 Research Design

To assess employees' savings attitudes in the pension reform plan, this study used a descriptive survey research approach. This strategy was required due to the nature of the research. The approach was chosen for this study because it comprehensively characterized and examined the

behavior of employees in the Oyo state public service in relation to the pension reform program.

3.2 Population of the Study

Employees of the Oyo State Civil Service Commission, which employs 106 people, as well as employees of a few other ministries in the state, make up the study's population. The selected ministries are the Ministry of Finance, which employs 129 people, the Ministry of Works and Housing, which employs 234 people, and the Ministry of Health, which employs 291 people in Ibadan, in order to produce a full and comprehensive report. The following table gives a description of the population figure:

Table 3.1: Proportionate Allocation of Sample Size of Respondents

S/N	Commission & Ministries	Population
1	Oyo State Civil Service Commission	106
2	Ministry of Finance	129
3	Ministry of Works and Housing	234
4	Ministry of Health	291
	Grand Total	760

Researcher, 2022.

3.3 Sample Size and Sampling Techniques

The formula was employed to calculate the sample size at the individual employee level for this investigation. At a 5% level of confidence, the Yamane formula was chosen for its acceptable degree of accuracy in obtaining a representative sample size¹. The sample size was calculated using a 5% margin of error (confidence interval), a 95% confidence level, and a 50% response distribution. A formula for calculating sample size that is easy to remember.

Where 'n' is sample size, 'N' is the finite population size, and 'e' is the level of precision.

Formula:
$$n = \frac{N}{1+N(e)^2}$$

The value used are:

N = study population (760),

R = 0.05(margin of error)

n = sample size?

$$n = \frac{N}{1+N(e)^2}$$

$$n = \frac{760}{1+760(0.005)^2}$$

$$n = \frac{760}{1+760(0.0025)}$$

$$\frac{760}{1+(1.9)} = \frac{760}{2.9} = 262$$

$$n = 262$$

Therefore, Two hundred and sixty two (262) respondents were sampled out of the entire population.

In order to ensure representativeness of the respondents on proportional basis, simple random sampling techniques was employed to give every participant equal and independent chance of being selected into the sample.

Using the simple random sampling technique to determine how many staff to be selected from each cadre, the following results are derived:

Table 3.2: Determine Sample Size Multiply by Total Population of Respondents

Total Population Size	
1. Oyo State Civil Serv. Comm.	$\frac{262 \times 106}{760} = 37$
2. Ministry of Finance	$\frac{262 \times 129}{760} = 44$
3. Ministry of Works	$\frac{262 \times 234}{760} = 81$
4. Ministry of Health	$\frac{262 \times 291}{760} = 100$
Total	= 262

Source: Researcher, 2022.

Table 3.3: Proportionate Allocation of Sample Size

S/N	Commission & Ministries	Population	Sample Size	Sample Size Percentage
1	Oyo State Civil Service Commission	106	37	14.1%
2	Ministry of Finance	129	44	16.8%
3	Ministry of Works and Housing	234	81	30.9%
4	Ministry of Health	291	100	38.2%
Grand Total		760	262	100%

Source; Researcher, 2022

3.4 Sources of Data and Research Instrument

This research made use of original data sources. The study's data gathering tool was a questionnaire. Questionnaires are an effective quantitative research instrument for studying human attitudes and behavior. The questionnaire is divided into three sections. The first component of the questionnaire asks about the respondents' age, gender, marital status, and work experience. The second component assesses employees' attitudes about savings in the contributory pension scheme, using a 14-item scaled questionnaire. On a four-point Likert scale, each item is evaluated. From 4 to 1, the scale goes from strongly agree to strongly disagree.

3.5 Validity of Research Instrument

The degree to which results from data analysis accurately reflect the phenomenon being studied serves as a measure of an instrument's validity⁴. The study considered both the face value technique and the questionnaire's content validity in order to ensure that the instruments' validity was attained. All the questions were worded in accordance with the study objectives to eliminate ambiguity to the absolute minimum in order to ensure the validity of the instrument. A review of the questionnaire by the professional in the field of accounting was done to ensure content validity. The supervisor was also consulted by the researcher for assistance in examining the content validity of the data collection instrument.

3.6 Reliability of Research Instrument

This simply measures the ability of an instrument to give consistent results if it is administered to the same respondents twice or more. To establish the reliability of the research instrument, the instrument (questionnaires) was piloted as this would help remove ambiguities in the questions. Test-retest method was used where research instrument was administered to the

same respondent twice. After the first administration, a period of time was allowed to pass long enough to ensure that respondents find it hard to remember the responses given in the first round. The results of the score on the two sets of measurements were measured using the Cronbach's Alpha test after necessary corrections were made. The purpose of this instrument's reliability was to determine the research work's accuracy and consistency.

3.7 Model Specification and Variable Identification

This study uses a basic linear equation model to determine the impact of the pension reform scheme on employee savings:

$$Y = a + bX$$

This above linear equation model is modified by stating below functional model as follows:

$$WS = f(CPS)$$

The model for this study is structurally stated thus:

$$WS = \alpha_0 + \alpha_1 CPS + \mu$$

Where:

ES = Employees Savings (Dependent variable)

PR = Pension Reforms (Independent variable)

α_0 = intercept or constant

α_1 = regression coefficient

μ = stochastic variable or error term which may capture the effects of other non-specified factors.

3.8 Administration of Research Instrument and Method of Data collection

The researcher administered the research instrument through a drop and pick method in collecting the data. This method involved handing out the questionnaires to the respondents

and picking them at a later date. This method was favored since it allows the respondent to have ample time in giving out their responses.

3.9 Method of Data Analysis

Data from the field survey will be examined with the use of the Statistical Package for Social Science (SPSS), which will be used to provide descriptive statistics such as frequencies counts and simple percentages in tables, while hypotheses will be evaluated using regression analysis and the t-test.

Endnotes

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Chapter Four

Results and Discussion of Findings

This chapter provides data presentation, analysis, and result interpretation. The chapter analyzes, interprets, and presents all of the data collected using structured questionnaires and semi structured interviews; While, multiple regression was used to test three hypotheses raised in chapter one, and thematic analysis was used to analyze the themes raised based on the interviews.

4.1 Presentation of Data

This section presents the result of the study carried out on the findings and analysis of the data collected. The results of the data collected are presented in relation to the research questions and hypotheses formulated for this study. Two hundred and sixty-two (262) copies of questionnaire were administered. For efficiency, the researcher properly monitored the administered questionnaire but retrieved Two hundred and fifty-six (256) copies. To clearly present and discuss the results, this chapter begins with the presentation of the demographic data of the respondents and hypotheses were tested using regression analysis and T-test of independence via the Scientific Package for Social Science (SPSS). Analysis and presentation of respondents were divided into two parts. The first part is for the demographic data while the second part of the analysis is for test of hypotheses and discussion of result.

4.2 Analysis of Respondents Demographic Data

This section of the chapter deals with the analysis of demographic features of the respondents. That is, the analysis of respondent: sex, age, marital status, and academic status, qualification, years in service, etc.

Table 4.1 Distribution of the Respondents by Gender

Gender	Frequency	Percent (%)	Cumulative Percent
Male	103	40.2	40.2
Female	153	59.8	100.0
Total	256	100.0	

Source: Field Survey, 2022

From the table above, it can be seen that 103 (40.2%) of the total respondents were male while greater number of the respondents 153 (59.8%) were female. This revealed that staffs of Oyo state public service are female dominance with the number of male marginally lower than that of female.

Table 4.2: Distribution of the Respondents by Age

Age	Frequency	Percent (%)	Cumulative Percent
21-30years	43	16.8	16.8
31 – 40years	62	24.2	41.0
41 – 50years	117	45.7	86.7
Over 50years	34	13.3	100.0
Total	256	100	

Source: Field Survey, 2022.

As presented above, the Table 4.1.2 showed the respondents' age range between 21years and over 50years. According to the result, 43 (16.8%) respondents were within the age range of 21-30years, 62(24.2%) respondents were within the age range of 31-40years, whereas large respondents 117 (45.7%) respondents were the age range of 41-50years, and 34 (13.3%) respondents were above 50years of age. It could be seen from the distribution that the modal age group is between 41-50years with about 45.7 percent of the total sample.

Table 4.3: Marital Status of the Respondents

Status	Frequency	Percent (%)	Cumulative Percent
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Single	61	23.8	23.8
Married	187	73.1	96.9
Divorced	08	3.1	100.0
Total	256	100.0	

Source: Field Survey, 2022.

Table 4.1.3 above shows the distribution of the respondents' marital status. According to the result, it can be deduced that just few of the respondents 61 (23.8%) were single, while substantial number of the respondents 187 (73.1%) were married and 08(3.1%) were divorced.

Table 4.4: Distribution of the Respondents by Academic Qualification

	Frequency	Percent (%)	Cumulative Percent
OND/NCE	48	18.8	18.5
HND	67	26.1	44.9
B.SC/B.A/B.Ed	104	40.6	85.5
M.Sc/M.A	37	14.5	100.0
Total	256	100.0	

Source: Field Survey, 2022.

From the table above, it can be deduced that 48 (18.8%) of the respondents were OND/NCE holder, while 67 (26.1%) and 104 (40.6%) respondent were HND and B.Sc/B.A/B.Ed holder respectively whereas few respondents 37 (14.5%) were holder of postgraduate certificate. This means that the research sample consist of educated elite who are knowledgeable and have experience about academic research. This is an indication that their information is reliable and dependable.

Table 4.5: Years in Services of the Respondents

	Frequency	Percent (%)	Cumulative Percent
Under 5yrs	29	11.3	11.3
6-10yrs	45	17.6	28.9
11-15yrs	113	44.2	73.1
Above 15yrs	69	26.9	100.0
Total	256	100.0	

Source: Field Survey, 2022.

As revealed from the analysis in the table above, 29 (11.3%) respondents indicated that they have been in Oyo state public service for about 5 years, while 45 (17.6%) of the respondents indicated between 6-10 years as length of service; whereas large number of the respondents 113 (44.2%) indicated between 11-15 years in service and above 15 years 69 (26.9%). This indicates that the respondents would fill the questionnaires with good understanding about the research topic.

4.2.1 Data Analysis According to the Test of Hypotheses

The results of the investigation were presented in line with the research hypotheses formulated in the study.

4.3 Presentation of Test of Hypotheses

The three hypotheses that this study shall be testing are as follow:

H₀₁: There is no significant relationship between pension reform scheme and employees savings in Oyo State public service.

H₀₂: There is no significant employees' commitment to Pension reform scheme in Oyo State public service.

H₀₃: There is no significant difference between male and female employees' saving behavior towards retirement in Oyo State public service.

4.3.2 Test of Hypothesis One

H₀₁: There is no significant relationship between pension reform scheme and employees savings in Oyo State public service.

Model 1

$$EMP = \beta_0 + \beta_1 PRS + \mu_0$$

The hypothesis stated above was analyzed using regression analysis to determine the degree in which the dependent variable EMP (employees' savings) can be predicted or explained from the independent variable PRS (pension reform). Linear regression was done since there is only one independent variable predicating on dependent variable. The result is presented in the table below:

Table 4.6: Model Summary and Estimated Result Showing Test of Hypothesis

Model	R	R Square	Adjusted R Squared	Std Error of the Estimate
1	0.932	0.772	0.770	0.51322

Variables	Coefficients	Standard Error	Standardized coefficients	T-Statistics	Significant
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Constant	0.838	0.057		10.329	0.000
EMP	1.353	0.113	0.962	10.873	0.000
Sum of Squares	Df	Mean Square	F- statistic	Significant	
21.281	1	21.281	201.330	0.000	
9.212 75		0.103			

Source: Author' Computation, 2022- *SPSS*

a. Predictor: (Constant), pension reform scheme.

b. Dependent Variable: EMP.

The R Square shows how much of dependent variable (EMP) can be explained or accounted for by the independent variable (PR). Going by the result of coefficient of determination (R²) value of 77.2%, this gives insight into statistical relevance of the study. The result depicts that about 77.2% systematic variation in employees' savings (EMP) is explained by co pension reform (PR) while the remaining 22.8% could be attributed to exogenous or extraneous factors outside the focus of this study. While, the adjusted R-squared result reveals that 77.0% of the total variation in worker savings is accounted by changes in the incorporated explanatory variable i.e. pension reform (PR). Hence, the regression model is good of fit of the data and gives better satisfactory result.

The F-ratio in the ANOVA table test value of 201.330 is found to be statistically significant at (P<0.01). The result depicts that the effect of independent variable 'pension reform' (PR) on dependent variable 'employees' savings' (EMP) do not occur by chance or cannot be ignored since the value is statistically significant. This means that this variable can explain variation in employees' savings.

In assessing the significance of the t-test, the result was found to be statistically significant at 1% critical level because its probability value is less than 0.01. The t-statistics value of 10.873

for pension reform (PR) is significant at ($p < 0.01$), which indicate that pension reform (PR) has significant positive effect on employees' savings.

The value of constant (α_0) of 0.838 with significant t-statistics value of 10.329 implies the value of employees' savings at zero level of pension. While the coefficient pension reform (α_1) is 1.353 as shown in the result table, this indicates that a unit increase in pension reform will result to an increase of 1.353 in employees savings.

The general form of the model to predict RPB from PRS is predicted $EMP = 0.838 + (1.353) PRS + U_0$ as obtained from coefficients table.

Summarily, the above result depicts that pension reform has significant relationship with employees' savings in Oyo State public service therefore, the null hypothesis (H_01) is rejected.

4.3.2 Test of Hypotheses Two

H₀₂: There is no significant employees' commitment to Pension reform scheme in Oyo State public service.

Model 2

$$EPS = \beta_0 + \beta_1 PRS + \mu_0$$

The hypothesis stated above was analyzed using regression analysis to determine the degree in which the dependent variable ES (Employees Savings) can be predicted or explained from the independent variable PS (Pension Reform). Linear regression was done since there is only one independent variable predicating on dependent variable. The result is presented in the table below:

Table 4.7: Model Summary and Estimated Result Showing Test of Hypothesis

Model	R	R Square	Adjusted R Squared	Std Error of the Estimate
1	0.803	0.645	0.641	0.43551

Variables	Coefficients	Standard Error	Standardized coefficients	T-Statistics	Significant
Constant	0.729	0.069		10.583	0.000
PR	1.387	0.127	0.954	10.921	0.000

Sum of Squares	Df	Mean Square	F- statistic	Significant
23.360	1	23.360	207.939	0.000
9.212	75	0.112		

Source: Author' Computation, 2022- *SPSS*

a. Predictor: (Constant), Pension reform

b. Dependent Variable: ES.

The R Square shows how much of dependent variable (ES) can be explained or accounted for by the independent variable (PR). Going by the result of coefficient of determination (R²) value of 64.5%, this gives insight into statistical relevance of the study. The result depicts that about 64.5% systematic variation in Employees savings (ES) is explained by pension reform (PR) while the remaining 35.5% could be attributed to exogenous or extraneous factors outside the focus of this study. While the adjusted R-squared result reveals that 64.1% of the total variation in employees savings is accounted by changes in the incorporated explanatory variable i.e. pensionreform (PR). Hence, the regression model is good of fit of the data and gives better satisfactory result.

The F-ratio in the ANOVA table test value of 207.939 is found to be statistically significant at (P<0.01). The result depicts that the effect of independent variable 'pension reform' (PR) on dependent variable 'employees' savings' (ES) do not occur by chance or cannot be ignored since the value is statistically significant. This means that this variable can explain variation in workers savings.

In assessing the significance of the t-test, the result was found to be statistically significant at 1% critical level because its probability value is less than 0.01. The t-statistics value of 10.921 for contributory pension scheme (CPS) is significant at ($p < 0.01$), which indicate that pension reform (PR) has significant positive effect on workers savings.

The value of constant (α_0) of 0.729 with significant t-statistics value of 10.583 implies the value of employees' savings at zero level of pension reform. While the coefficient pension reform (α_1) is 1.387 as shown in the result table, this indicates that a unit increase in pension reform will result to an increase of 1.387 in employees' savings.

The general form of the model to predict RPB from PR is predicted $ES = 0.729 + (1.387) CPS + U_0$ as obtained from coefficients table.

Summarily, the above result depicts that there is significant employees' commitment to Pension reform scheme in Oyo State public service therefore the null hypothesis (H_0) is rejected.

4.3.2 Test of Hypothesis Three

H₀₃: There is no significant difference between male and female employees saving behaviour towards retirement

The hypothesis three is tested using independent t-test to show the significant difference between the two variables in the hypothetical statement.

Table 4.8 Descriptive statistics Showing Test of Hypothesis Three

Mean	Standard Deviation	N
Employees savings	Male 3.2000	0.70059 31
behaviour towards	Female 3.5375	0.44845 44

retirement	Total	3.3800	0.60205	75
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Source: Author' Computation, 2022- SPSS

Table 4.9: Independent T-test for Gender Behavior towards Retirement Planning

		Levene's				t-test for Equality of Means				
		Test for								
		Equality								
		of								
		Variances								
						Mean	Std Error	95% Confidence		
		F	Sig.	T	Df	Sig.	Difference	Difference	interval of the	of the
						(2-			difference	Upper
						taile			Lower	
						d)				
employee	Equal	21.	.000	3.557	73	.001	.33750	.09489	.14998	.52502
s	variances	903								
behaviour	assumed									
towards				3.458	64.49	.001	.33750	.09760	.14417	.53083
retiremen	Equal									
t planning	variances not									
	assumes									

Source: Author' Computation, 2022- SPSS

According to the result shown in table 4.9 above, for the category of gender saving behaviour towards retirement (male and female), the t-test for independent samples had a p-value of 0.001, which is less than the established significance level of 0.05. Based on the result, we reject the null hypothesis (Ho) and therefore conclude that there is significant difference between male and female employees saving behavior towards retirement, $t(73) = 3.458$; $p = 0.001$. The mean score of female saving behavior ($M=3.5375$; $SD=0.44845$) is statistically

higher than that of male saving behavior ($M=3.2000$; $SD=0.70059$). Therefore, the null hypothesis (H_0) is accepted hence, we conclude that female employees significantly save than male employees.

4.3.4 Results of Finding of the Research Questions Raised

The study examined pension reforms and employees' savings in Oyo State, Nigeria, in which three basic research questions were raised in the study; the first hypothesis stated that there is no significant relationship between pension reform scheme and employees savings in Oyo State public service. Critical analysis of the data from the test showed that the null hypothesis (H_{01}) is rejected; meaning that that pension reform has significant relationship with employees' savings in Oyo State public service.

Likewise, in assessing the second hypothesis raised, which stated that there is no significant employees' commitment to Pension reform scheme in Oyo State public service; the result from the test showed that the null hypothesis raised which stated that there is no significant difference between male and female employees saving behavior towards retirement is also rejected, while the alternate hypothesis is hereby accepted that there is employees' commitment to Pension reform scheme is significant in Oyo State public service.

However, the third hypothesis from the study stated that there is no significant difference between male and female employees saving behavior towards retirement scheme in Oyo State public service. The analysis from the test revealed that the stated null hypothesis was accepted noting that there is significant difference between male and female employees saving behavior towards retirement in Oyo State public service as shown from the result of the study.

4.4 Discussion of Findings

This section basically concerns the findings based on the research questions raised as well as the hypotheses respectively. In line with the first test based on which the hypothesis has been tested, the result shows there exist a considerable relationship between pension reform scheme and employees savings in the concerned ministries and departments of the Oyo state public service.

Likewise, because the findings show that the contributory pension reform scheme has a considerable impact on employee savings, the null hypothesis (HO1) is rejected. The findings show that the benefits given by pension schemes, such as tax incentives for both employers and employees, motivate employees to save. Employees who adopt a savings habit will be more likely to invest in the economy, according to the contributory pension reform scheme. This finding is in line with the discoveries of a substantial link between CPS and workers' savings and investments in Nigeria's Anambra state¹. Their research found that there are legal and policy mechanisms in place to help employees change their pensions.

Most workers, however, choose to save outside of any pension plan, meaning that they are only participating because it is required. This finding is also consistent with the findings which show that financial literacy, work happiness, and savings behavior all have a favorable relationship with retirement planning². The trend answers the second research question based on the results in the hypothesis two that employees are considerably committed to pension reform in Oyo State public service.

In the similar trend the result of the test rejects the null hypothesis that there is no significant employees' commitment to Pension reform scheme in Oyo State public service. This means that employees in Oyo State public service are significantly committed to the scheme.

Furthermore, financial knowledge and saving behavior have been found to have a major impact on retirement planning. However, this conclusion contrasts with the findings of who found that the contributory pension scheme has an inversely weak effect on savings, implying that employees' lack of understanding of the scheme has resulted in a drop in their savings³. The findings also revealed a substantial difference in saving behavior for retirement between male and female employees, indicating that the null hypothesis (Ho) was rejected.

The results answer the third research question that there is significant difference between male and female employees savings behavior towards retirement in Oyo State public service.

In the similar manner, since the null hypothesis has been rejected, hence the alternate hypothesis is hereby accepted that there is significant difference between the male and female employees savings behavior towards retirement in Oyo State public service.

This finding is consistent with other research, such as that which found that female employees in health care sector are more likely save more than their male colleagues to plan for retirement⁴. The findings are consistent with those who discovered that employees with poor emotional intelligence and self efficacy had higher pre-retirement anxiety than those with high emotional intelligence and self efficacy⁵.

Endnotes

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Chapter Five

Conclusion

This last chapter outlines the study's primary findings and consequences, as well as the study's most remarkable disclosures and lessons learned, which inform the conclusions formed based on the study's output results. This chapter finishes with suggestions for improving the practice of pension reform.

5.1 Summary of Findings

The following is a summary of the study's findings:

As a result of the findings, the null hypothesis (H_0) is rejected. Contributory pension reform has a considerable impact on employee savings. This finding suggests that a pension scheme's benefit, such as a tax credit for both employers and employees, motivates employees to save. Pension reform guarantees that employees establish a saving habit that leads to the investment needed for economic progress.

Because the findings demonstrated a substantial difference in saving behavior between male and female employees as they approached retirement, the null hypothesis (H_0) was rejected. As a result, female saving behavior has a statistically higher mean score than male saving behavior. As a result, female employees save much more than male employees.

5.2 Conclusion

The goal of the research was to come up with a thorough conclusion about the influence of pension reforms on employee savings in Nigeria. This has given the researcher a better grasp of the impact of the Pension Reform on Nigerian Employees' Savings. It may be concluded from the outcomes of this study that the Pension Reform has an impact on employee savings. The linear regression result reveals a substantial positive association. These points to

the fact those employees' savings have improved as a result of their limited awareness of pension reform. However, the major impediment to employees saving is the high rate of pension contributions, which diminishes their personal savings.

Female employees at the Oyo state Civil Service Commission, on the other hand, are more supportive of pension reforms than their male colleagues. As a result, it's feasible to conclude that, in similar circumstances, the two groups' sentiments about pension reforms differed. When it comes to the factors that influence employees' retirement savings, pension reform cannot be overlooked¹. Pension fund management in Nigeria is undergoing change, with apparent benefits for employers, employees, the government, and society as a whole. The findings, in general, are consistent with previous research, resulting in some theoretical and policy implications.

5.3 Recommendations

The following suggestions are offered based on the study's findings:

1. To increase pension saving mobilization, efforts should be stepped up to encourage employers and employees in the informal, governmental, and non-governmental sectors to actively participate in the pension reform.
2. The government should give low-income employees with pension subsidies to supplement their self-funded defined contribution plans. Low-income earners will be more likely to participate and contribute to savings as a result of this.
3. The federal government and pension fund administrators should raise knowledge of CPS to promote and educate employees about the program, as most employees are unaware of it.

4. Pension Fund Administrators (PFAs) should be honest and accountable in their dealings with their clients by updating their account status on a regular basis.

5. The Pension Fund Administrators should ensure that the employees are informed about their statement of account, since this would alleviate employee concerns about fund mismanagement.

6. By combining the PFAs and PFCs into a single institution, efficiency might be improved even more. Because the Pension Commission is funded by the government, a portion of the administrative expenses should be eliminated. As previously indicated, removing the pension liabilities from the PAYG system will improve efficiency.

7. The Commission should assess the Act's effectiveness in developing an efficient pension system for Nigeria as a whole on a regular basis. When the Act is proven to be insufficient to govern the operations of players in the pension administration industry, it should be reviewed.

5.4 Contribution to Knowledge

The study's proper reviews revealed that some of the terms were not properly defined, prompting the study to further define them, such as:

A pension is a mandatory fund into which an amount of money is deposited during an employee's job years and from which payments are made in the form of monthly installments to support the person's retirement from work. Due to the context of growing economies and given the rate of increasing poverty, employment insecurity, and political instability, among other things, it is necessary to integrate compulsory or aspects of compulsion. If it becomes a required program, it will provide possibilities for employees to have a brighter tomorrow and assurance of a better future planning life, not only for themselves but also for their families.

Pension reform is a defined and/or redefined program in which employers and employees each contribute a certain percentage of their monthly salaries to the scheme. The phrase "defined and redefined" must be included in the definition of the pension reform in order to account for economic and other external circumstances. This means that in the case of Nigeria, a particular period or years should be set aside for pension reform. For example, between 1979 and 2004, there was a twenty-six-year gap in reform that specified that the minimum contribution for the employer is 7.5 percent, and 7.5 percent for the employee up to a maximum of 15 percent; while from 2004 to 2014, which happened to be the most recent pension reform in Nigeria, there was a ten-year gap that specified that the minimum contribution for the employer is ten percent, and eight percent for the employee up to a maximum of 18 percent;

The outcomes of this study equip stakeholders with the required and fundamental understanding of how their mutual interests are preserved 2.

Contributors would also have a better understanding of how their Retirement Savings Account (RSA) monies are managed by Pension Fund Administrators (PFAs) and stored by Pension Fund Custodians (PFCs). In 2004, new pension reforms were enacted. As a result, this is unquestionably a new vista that necessitates more investigation. Pension fund accounting is a new field that requires input from academics; thus, this study will benefit other pension researchers.

5.5 Suggestions for Further Study

This study focused on the impact of Pension Reform and Employee Savings in the Oyo State Civil Service Commission. It is important to note that this study will serve as a starting point for future research in order to improve the development of a more extensive and robust asset

portfolio investment decisions by PFAs if given the freedom to do so by regulatory authorities.

Another area of interest for future research is the impact of risky investments on pensions.

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Appendix

**Department of Management and Accounting,
Faculty of Management and Social Sciences,
Lead City University,
Ibadan, Oyo State
Nigeria**

Questionnaire

Dear Respondent,

I am M.Sc. student of the above department in the university. As part of the requirement of the award of Master of Science in Accounting (M.Sc.) in the university, I am carrying out a research project. I therefore, request you to please supply information being sought for as stated in the attached questionnaire.

The research is just for academic work only and the information will be used for such only the identity will not be revealed in any formed, so feel free to complete the questionnaire with objective and independent judgment.

Thanks for your anticipated cooperation.

Yours faithfully,

Tunde Adewumi OPADOTUN

Section A: Background Information of Respondents

Please tick (✓) the option that is correctly matches to your view and fill the space provided

1. Gender: (a)Female (b) Male
2. Age: (a). 21-30years (b). 31-40years (c). 41-50years (d). Over 50years
3. Marital Status: (a) Single (b) Married (c) Separated(d) Divorced
4. Academic qualification: (a)S.S.C.E (b) OND (c) HND/B.Sc. (d). M.Sc./MBA
(e) Professional Cert
5. Position: _____

6. What is the range of your monthly income? (a) ₦50,000(b) between ₦50,000- ₦70,000
(c) between ₦70,000- ₦10,000(d) above ₦100,000

1. How long have you been working with Oyo State Public service?

(a) Under 1year (b) 1-5years (c) 5-10years (d) Above 10years

Section: B

Please tick where appropriate. The response is divided into:

Strongly Agree (SA), Agree (A), Disagree (D), Strongly Disagree (SD)

Questions Relating to Pension Reform

S/N	Items	SA	A	D	SD
8	I am aware of Contributory Pension Reform				
9	Contributory Pension Scheme is Actually an Improvement over the old				
10	Pension Scheme serves as an Incentive to Save				
11	Do your pension fund administrator report your RSA Status Regularly				
12	Percentage of income recommended in CPS for Saving is moderate to my income				
13	Existing legal framework being adequate in addressing mismanagement of pension funds				
14	PENCOM taking proactive corrective measures on licensed operators whose situations, actions or inactions jeopardize the safety of pension assets				
15	In the event of job loss, the waiting period for accessing benefits was reduced to 4 months to identify with the yearning of contributor and labor				

Questions Relating to Employees' Participation in PRS

S/N	Items	SA	A	D	SD
16	I am participating in Contributory Pension Reform				
17	My Participation in the Scheme is because it is compulsory				
18	I usually calculate the amount needed to save for retirement				
19	My family and friends always inspired me with their preparation on retirement days which influence my participation in CPS				
20	my involvement in retirement planning is dull				
21	My involvement in Contributory Pension Scheme is of great concern to me.				
22	My concerned about the state of my financial preparation for my retirement influence me to participate actively in Contributory Pension Scheme				

Questions Relating to Employees' Savings

S/N	Items	SA	A	D	SD
23	I prefer to Save outside Any Pension Reform				
24	I save adequately into the Contributory Pension Reform				
25	Contributory Pension Scheme Has improve my Saving habit				
26	I do compare the amount of saving and spending with my family and friends				
27	I am saving enough each month to retire comfortably.				
28	At present, I rate my financial preparation for retirement is good.				
29	I always follow a careful monthly budget for me to save in Contributory Pension Reform				
30	I plan to reduce my expenditure in order to save,				

Biodata

A. Personal Data

1. Full Name:

Name: Tunde Adewumi OPADOTUN

Address: Adeseun Ogundoyin Polytechnic, Eruwa

Email: tundeopadotun16@gmail.com

Phone No: 07053308777, 08022130589

2. Date and Place of Birth:

21st March, 1983, Eruwa, Ibarapa East Local

Government, Oyo State

3. Nationality:

Nigerian.

4. Name and Address of Next of Kin:

Opadotun Bukola Ayanwumi,

Asipa's Compound, Eruwa, Ibarapa East Local

Government, Oyo State

B. Educational Background:

1. Educational Institutions Attended with Dates and Qualification:

- | | | |
|--|-----------|-------------------------|
| i. Ladoke Akintola University of Technology,
Ogbomosho. | 2014-2015 | Post Graduate Diploma |
| ii. The Polytechnic, Ibadan. | 2008-2010 | Higher National Diploma |
| iii. The Polytechnic, Ibadan. | 2002-2004 | National Diploma |
| iv. Secondary School Certificate Examination. | 1993-1999 | SSCE |
| v. Local Authority Primary School, New-Eruwa. | 1988-1993 | Primary Six Certificate |

C. Working Experience with Dates:

The Polytechnic, Ibadan, Adeseun Ogundoyin

Accountant I 2013-2017

Accountant II 2010-2013

D. Awards and fellowships (if Any):

Best Graduating Student (Upper Credit) 2004

The Polytechnic, Ibadan, Saki Campus (Accountancy)

E. Membership of Academic Profession Bodies

Associate member, Institute of Business Diplomacy and Financial Management

F. Publications (If Any)

(1) Thesis/Dissertation:

- i. Opatotun, T.A. (2014). *Cost Control Techniques and Applications in a Manufacturing Company. (A Case Study of PZ Cussons Nigeria Plc.)*. Being a Project Submitted to the Department of Management and Accounting, Faculty of Management Science, Ladoke Akintola University of Technology. Ogbomosho, for the award of Post Graduate Diploma in Accounting.

(2) Books/ Monograph:

- i. Opatotun, T. A. (2021). *Financial Accounting for Beginners*. Ibadan: Prudent Impression. ISBN 978-978-994-010-3 (209 pp)

(3) Scholarly Articles Nil

(4) Notable Scholarly or Professional accomplishments: Nil

(5) Major Conference/Workshop attended Nil

Signature

Date

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University Compliance Certification

This is to certify that this thesis written by Tunde Adewumi OPADOTUN with matriculation number LCU/PG/002026 in the department of Management and accounting, Faculty of Management and Social Sciences, Lead City University, Ibadan is in full compliance with the approved University format and style.

Signature

Date

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