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(Review Article)

Assessment of satisfaction with contributory pension scheme among retired staff of the Abubakar Tafawa Balewa University and Federal Polytechnic Bauchi, Nigeria

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Abstract

The new contributory pension scheme (CPS) was introduced by the Pension Reform Act, 2004 reviewed in 2014.The reform became necessary in order alleviate the constraints of Defined Pension Scheme in Nigeria. Evidently the old pension scheme became operationally unsustainable due to deficit funding, weak administrative structure, frequent increase in salary etc. To this end the new contributory pension scheme was introduced in 2004 making it mandatory for both employees and employers to contribute a certain percentage into retirement savings account of individual prospective retiree. This is with a view to build in confidence among retirees of the safety and immediate payment of their benefit. The study intends to assess the satisfaction of contributory pension scheme among retired staff of Abubakar Tafawa Balewa University and Federal Polytechnic Bauchi. The data for the study were generated from primary and secondary sources. The instruments of the primary data collection used were questionnaire and interview, while secondary sources made use of reports, books, magazines, gazettes, journals, research theses and dissertations and the internet. Data were analyzed using descriptive and inferential statistical tools. Questionnaires were distributed on a sample of 107 respondents selected from the population of the study through simple random sampling techniques to test the hypotheses. Chi square analysis tests result revealed that, compliance with the contributory pension scheme significantly improved prompt payment of lump sum benefits and implementation of CPS has significantly improved easy and timely access to pension benefits in RSA by retirees in ATBU and FPTB. However, it was recommended among other things that, PENCOM should ensure the achievement of a competitive return on investment through strong policies that will bring good investment and sustained output growth required to guarantee higher RSA growth and pension payment of retirees to improve the living standard of retirees. PENCOM should ensure close supervision, monitoring and evaluation of the performance of PFA's in order to achieve efficiency in pension system. This will ensure transparency and continue promptness in payments, which are major setback of the old scheme.

Keywords: Pension; Contributory Pension; Lump Sum; Satisfaction

1. Introduction

Pension as a scheme is designed to cater for the welfare of the pensionable retired workers both in the public and private sectors. The working lives of employees move continuously towards a certain direction that is, from employment, to grow, to retirement, some are fortunate to save enough money to take them through the retirement period; while a majority leaves the service with little or no savings at all. Ideally, there, governments and organizations need to identify a way of accommodating and adequately rewarding employees' past efforts through organized pension plans, so that it can achieve the goals of their existence (Rabelo, 2002). Essentially, this is often thought different retirement policies which include the Defined Benefit (pay-as-you-go) Scheme, the National Provident Fund Scheme and in particular the new Contributory Pension Scheme that is expected to be fully funded. Pension has been defined from different perspectives, Uzoma (1987) is of the view that Pension is a series of regular payment provided by a former

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employer to a retired employee. Also, pension is basically a human affair that employees are expected to enjoy a retirement benefit that corresponds with the amount of commitment they have invested in the achievement of the profit maximization or service oriented goals of the organization or government (Bunmi and Obaro, 2007).

However, the establishment of the Defined Pension Schemes in Nigeria did not achieve the stated aim, these were characterized by many problems that really constituted a setback for the scheme. These include non-availability of ecords, uncoordinated administration, inadequate funding, outright fraud, irregularities and conflicting laws, diversion of remitted or allocated fund, presence of ineligible pensioners on the pension's payroll, and incapacity to effectively implement its budget and make adequate provisions. This has given rise to untold hardship faced by retired workers, for example frustration, lack of sustenance, health problems and in some cases death.

Therefore, the gross in adequacies and mismanagement of the most of our adopted pension policies with their attendant frustrating effects on the sustenance of both the retired workers and the economy at large has often call for their constant review in Nigeria as obtains in other part of the world. Pension Schemes exist to provide post- retirement benefits to employees. Pension Scheme was introduced into Nigeria during the colonial era to provide old age income and security to British citizens working in the country upon retirement. All along, and until very recently, Nigeria embraced and adopted the traditional Defined Benefits (DB) plan that has failed to yield the desired benefits for most workers and several economies where it has been adopted. The Defined Benefits (DB) plan, which usually specifies the entitlements of workers after a minimum qualifying year of service, has lost favour with most countries, including the most developed countries of Europe and North America. In fact, Ambachtsheer (2007) noted that many corporate employers are abandoning their traditional Defined-benefit plans, while many of the Defined Benefits plans that remain are financially important to offset the huge indebtedness. Thus, it is imperative that the privilege of receiving gratuity and pension appears the greatest manifestation of the victory of labor in his fight with the employer over his exploitation after several years of productive services. Hence, pension reform became necessary as a result of the malady which ravaged Pension Schemes through the activities of the old Pension Board. With the bad administration of Pension Schemes in Nigeria, the hope of the pensioner became bleak, as many verification exercises were embarked by old Pension Board to mock the pathetic pensioners. This eventually escalated their agony as their labour became in vain. Many of these pensioners lost their lives as a result of these exercises which do not yield any good dividend. Indeed, today people have resorted to self-help to secure their life in retirement. Thus fueling corruption and other vices (Fanimo et al, 2007). Pension Scheme which was meant to provide for old age when one has retired from service has turned out to become a burden on the people and the government. These Nigerian workers who have worked tirelessly for the growth and development of the country will end up passing through many hurdles to get their retirement benefits. It should be noted that the Federal Government still owes pension obligation areas in excess of N2 trillion national pension deficits as at 2004 and 216,000 retirees from the Federal public service being owed a whopping N56 billion retirement benefit (Moddibo 2007). From the foregoing, in order to reposition and refocus the Nigeria Pension Scheme to be alive to its responsibility and to address some of the problems associated with Pension Schemes in Nigeria. The Federal Government signed into law the Pension Reform Act 2004 which introduced the New Contributory Pension Scheme and it covers employees in the public sector, the Federal Capital Territory and the private sector.

Therefore, the study intends to assess satisfaction of the Contributory Pension Scheme with regards to; prompt reception of lump sum and expected benefit from Pension Fund Administrators among retired staff of Abubakar Tafawa Balewa University and Federal Polytechnic Bauchi. The survey research design shall be used and both primary and secondary sources of data collection will be utilised. The primary source will be obtained from both academic and non-academic retirees of both institutions. While the secondary source will be collected from pension units of the two institutions and other published literatures on pension matters. The respondents shall be selected using multi stage sampling technique and purposive sampling technique and data gathered will be statistically analysed using both descriptive and inferential method. The expected outcome of the study is expected to reveal the level of satisfaction of retirees with regards to prompt reception of lump sum and expected retirement benefits from Pension Fund Administrators and standard of living.

1.1. Statement of the Problem

Pension issues have since been part and parcel of our daily life, retirees that have put in their best during active service in order to expect reasonable pension benefit after retirement faced one serious pension challenges or the other. Determined to solve the numerous problems of the hitherto unfunded Defined Benefit (i.e. the old pension scheme) pension system in Nigeria, the federal government in June 2004 through the enactment of the Pension Reform Act, 2004, introduced a scheme known as the Contributory Pension Scheme as part of government's public service sector wide reform efforts of 2004. The new scheme is based on the principle of collective responsibility where the employers and the employees are involved in the funding and contributions, managed by private institutions through individual Retirement Savings Accounts (RSA's) with pension fund administrators (PFAs).

This is with the hope of allaying all the fears of the past, thereby institutionalizing employees' confidence in the new pension scheme's ability to fully accommodate employees as well as reward all retired employees of the public service as and when due. As a result the defined benefit scheme was jettisoned and replaced with the funded contributory benefit scheme in July, 2004 as reviewed 2014. However, this is not without lapses in the implementation processes. With the establishment of the new pension scheme, there is still speculation among Nigerians about the success of the scheme, whether or not the contributory pension scheme would address the problems associated with retirement benefit experience in the past. This is partly because of challenges in the implementation of the Contributory Pension scheme. Accessing the fund after retirement is sometime very difficult; delay in payment of lump sum, insignificant income from retirement savings account (RSA), meagre gain from pension asset investment return, and remittance of the deducted fund among others in relation to retirees' standard of living after retirement.

Therefore, various researches were conducted on the contributory pension scheme in Nigeria but the gap still exist upon which this study sought to fill. This study will empirically fill the gap in the body of knowledge left by the following researches. A study conducted by Onukwu (2021) assessed lecturers' perception of contributory pension scheme implementation and job commitment in South-South Nigerian universities. In the same vein, Olawale and Oyelowo (2020) examined the Role of Contributory Pension Scheme on Workers' Savings. A study by Adejoh (2013) was on the Impact of Contributory Pension Scheme to Nigerian Economic Development with relevance to Pension Fund Manager with focus on Legacy Pension Manager Limited Abuja. Similarly, a research by Chizueze, Nwosu, and Ogaboh (2021) evaluated the Impact of Contributory Pension Scheme on Workers Commitment, Retention and Attitude towards Retirement in the Nigerian Civil Service. This study is set to fill the gap left by the aforementioned studies. In terms of focus, this study assesses the Satisfaction of Contributory Pension Scheme among Retired Staff of Selected Tertiary Institutions in Nigeria. Whereas none of these studies focuses on the satisfaction of retirees on the contributory pension scheme, in terms of timeframe, this study is more recent as compared to the researchers identified above as it covers 2019 to 2023. As regard to location, this study cantered on the retired staff some higher institutions within northeast geopolitical zones of Nigeria. Conversely, none of the aforementioned studies focuses on the retired staff of tertiary institutions in the northeast in particular and Nigeria at large. To the best of my knowledge there is no study of this nature conducted in the study area, hence, the researchers who might have interest in the area related to this study would use the findings of this study.

1.2. Objectives of the Study

The main objective of the study is to assess satisfaction of contributory pension scheme among retired staff in ATBU and FPTB. While the specific objectives are to;

- Assess the extent of satisfaction of retirees' towards prompt reception of lump sum from Retirement Savings Account (RSA);
- Examine retirees satisfaction with monthly/quarterly pension benefit and standard of living

1.3 Hypotheses

The hypotheses guiding this study are as follows:

- H01: Lump sum from retirement savings account has not significantly improved the retirees level of satisfaction
- H02: Expected monthly or quarterly retirement benefit on standard of living has not significantly improved the retirees level of satisfaction

2. Literature review

2.1. Conceptual Issues

Satisfaction refers to the level of content an individual is with his or her life or job, in other words, whether or not they like the job or individual aspects or facets of their jobs, such as nature of work or supervision (Cascio, 2009). Employee satisfaction is simply, how content or satisfied employees are with their jobs. In human resource terms, employee satisfaction means that employees are contented with their work and position. To be contented, they likely enjoy much of their work, they feel management is fair and cares about them, and they are comfortable in their work environment both with other staff, and with the resources they have available to complete their jobs. Employee satisfaction is the extent to which employees are happy or content with their jobs and work environment. Employee satisfaction is the reflection of a good treatment. It also can be considered as an indicator of emotional well-being or psychological health. Onah (2008) defines satisfaction as an attitude that reflects the extreme to which an individual is gratified by or fulfilled in his or her work. Similarly Armstrong (2009) refer to satisfaction as the attitudes and feelings people have about their work or something, that is, positive and favourable attitude towards it leads to engagement and therefore satisfaction. Negative and unfavourable attitudes towards it indicate dissatisfaction.

However, Hoppack (1935) in Mamoria and Gankar (2011) maintained that satisfaction is a combination of psychological, physiological and environmental factors that makes a person admit "I am happy at my job", they further explained it as the "end state of feeling", it is an important dimension of morale and not morale itself. Furthermore, Robbins and Judge (2003) agreed that job satisfaction is a positive feeling about your job resulting from an evaluation of its characteristics. Therefore, based on the definitions given above, it will be asserted that workers satisfaction is when employee's attitudes and feelings reflects happiness, confidence and safety, which indicates that they are favourably treated in an organisation. The utilitarian perspective is that job satisfaction can lead to behaviours by an employee that affects organizational functioning. Furthermore, job satisfaction can be a reflection of organizational functioning where differences among units can be diagnostic of potential trouble spots, as every reason is sufficient to justify concern with job satisfaction.

Retirement is simply the withdrawal or giving up office or work. According to Nwajagu (2007), a person who is retired is one who has given up office. The *Oxford Dictionary* defines retirement as the act of stopping one's regular work especially because one has reached a particular age; the event of retiring or state of having retired from work. Nwajagu (2007) defined three ways of how a civil or public servant may retire or give up his office. They are voluntary retirement; statutory retirement and compulsory retirement. In Nigeria, by statue on attaining the age of sixty years chronologically one is bound to retire or on completing thirty-five years in the service one is similarly qualified to retire from the service. Statutory retirement attracts payment of gratuity and pension. Voluntary retirement is self-imposed. In other words, a person may consider by himself whether to retire or to remain in the service and make it his life career. Prospects in the service are considered and where one is not satisfied with the career or one lacks job satisfaction such a person is at liberty to retire voluntarily. The concern in voluntary retirement is that where the retiree has not worked for a minimum of ten years, he forfeits his gratuity and pension but if he has put in fifteen years in the service, he becomes entitled to gratuity and pension. Compulsory retirement is externally imposed by the authority which may consider that continuing in office of the individual is no longer in the interest of the organisation. Retirement is like death necessary end.

Three main characteristics of retirement have been identified in this study. Firstly, it is a period of evolution or change in a variety of ways; change in values, habits, daily routine, self-concept, role, the use of time, lifestyle, living arrangement, financial adjustment and adjustment in terms of age. Secondly, it involves re-evaluation of life, in that retirement entails careful reorganizing of personal identity and life patterns especially as it affects new tasks, physical, mental and financial capabilities, prospects, social engagements and home maintenance (feeding, furniture, fees and vehicle). Lastly, it provides opportunity for learning, growth in leisure and recreational activities. (Okolie and Omenma, 2011), Omoresemi (1987), Akande (1995), Johnson (1999) and Olusekan (1999) identified three major form of retirement, namely, Voluntary, Compulsory and Mandatory. Voluntary or self-retirement occurs when the individual, decides to quit active service for personal reasons irrespective of age, experience, length of service or retirement policies. This type of retirement depends more on the employee than the employer. The second type, compulsory or forced retirement is a situation in which the individual is forced or compelled to retire against the individual's expectation and when he is ill-prepared for it. It is usually viewed negatively because it is unplanned and its reasons might include inefficiency, old age, ill health, indiscipline and need for reduction of the workforce (Johnson, 1999). The third type, mandatory retirement is the normal (or expected form) in the sense that the person involved has reached the statutory age of retirement as specified already in the condition of service of the establishment (Akinade, 1993). For instance, in Nigeria the age is specified (as already mentioned) for other civil servants while judges and lecturers retire at 65 years or when an individual has put in 35 years of service. The Nigerian public service rules (2008) states clearly as follows:

- The compulsory retirement age for all grades in the service shall be 60 years or 35 years of pensionable service whichever is earlier.
- No officer shall be allowed to remain in service after attaining the retirement age of 60years of pensionable service whichever is earlier.
- The provision of (i) and (ii) of the rule is without prejudice to prevailing requirements for judicial officers and academic staff of universities and other tertiary institutions who retire at 70 and 65 years respectively.

- Provided the officer would not have attained the retirement age of 60 year or spent 35 of pensionable service, whichever is earlier.
- A Director shall compulsorily retire upon serving eight years of post and
- A Permanent Secretary shall hold office for a period of four years and renewable for a further term of four year, subjects to satisfactory performance and no more.
- Other grounds for compulsory retirement of an employee as identified by Ezeani (2011) include the under listed:
  - On the advice of properly constituted medical board, certifying that the officer is no longer mentally or physically capable of carrying out the functions of his office,
  - On total or permanent dis-enablement while in service
  - An abolition of his office as a result of re-organization in the department
  - If he is required by the employee to retire on the grounds that his retirement is in the interest of the establishment.

Retirement is just another phase of life. Flippo was quoted in Agulanna (2003) has this to say "with a society built on a work ethic, the move from a recognisable productive work role on one day to a role-less role on the next, has stimulated the belief that retirement heads to mental and physical illness and sometimes premature death, to many, work is life and idleness is a living death". Retirement means different things to different people. To some it can be exciting, delightful, thrilling, reading, something to look forward to. While to some it means the end of the road, psychological or living death and so on. Basically, retirement is understood to be the act of stopping and giving up active service in workplace, after reaching a certain age or specified period of years as determined by organisational guiding rules.

Pension is understood from different scholars' perspectives. Robelo (2002) defines pension as the method whereby a person pays into pension scheme a proportion of his/her earnings during his working life. The contributions provide an income (or pension) on retirement that is treated as earned income. This is taxed at the investor's marginal rate of income tax. On the other hand, gratuity is a lump sum of money payable to a retiring officer who has served for a minimum period of time. A greater importance has been given to pension and gratuity by employers because of the belief that if employees' future needs are guaranteed, their fears ameliorated and properly taken care of, they will be more motivated to contribute positively to organisation's output. Similarly, various government organisations as well as labour unions have emphasized the need for sound, good and workable pension scheme. According to Adams (2005), pension is the amount paid by government or company to an employee after working for some specific period of time, because he is considered too old or ill to work or has reached the statutory age of retirement. It is equally seen as the monthly sum paid to a retired officer until death because the officer has worked with the organisation paying the sum. According to Ozor (2006), pension consists of lump sum payment paid to an employee upon his disengagement from active service. According to him, payment is usually in monthly instalments. He further states that pension plans may be contributory or non-contributory; fixed or variable benefits; group or individual; insured or trustee; private or public, and single or multi-employer. However, from the various scholars views pension can be referred to as any amount payable by organisation (public or private) to an employee after putting years of service and has reached age or years of retirement. Payment is usually in monthly or quarterly instalment. According to Ugwu (2006) in Almajiri (2009), there are four main classifications of pensions in Nigeria. These are:

- **Retiring Pension**: This type of pension is usually granted to a worker who is permitted to retire after completing a fixed period of qualifying service usually practiced in Nigeria between 30-35 years
- **Compensatory pension**: This type of pension is granted to a worker whose permanent post is abolished and government is unable to provide him with suitable alternative employment.
- **Superannuating Pension**: This type is given to a worker who retires at the prescribed age limit of 60-65 respectively.
- **Compassionate Allowance**: This occurs when pension is not admissible or allowed on account of a public servants removal from services for misconduct, insolvency or incompetence and inefficiency (Amujiri, 2009).

However, from the above understanding of concept by different scholars, pension can simply be seen as the amount payable by an organisation whether public or private to its workers after rendering services in order to cater for their retirement, incapacity and dismissal from active service.

2.1.1. Contributory Pension Scheme

The contributory pension scheme is still fairly new in Nigeria. Maiturare (2006) viewed the new scheme as being designed among other things to provide a system that is financially sustainable, simple and transparent, less cumber-some and cost effective as well as encouraging savings among workers. The new scheme is actually design in such a way that arrangement for retirees pension benefits are stretched over a long period of time without the employer and employee feeling much of the burden of the contribution, unlike under the non-contributory scheme where the government in the case of public servants bears the burden within a short period of time. Workers also imbibe the habit of saving.

The concern expressed by workers is that the golden handshake (that is, gratuity) is not in the new scheme (Maiturare, 2006). However commentators have argued that the golden hand shake of the old scheme is replaced with a diamond take-away of the contributory pension scheme; while the old system fixes what a worker can get as gratuity, the new scheme confers on the retirees the freedom to determine along with the pension fund administrator what to take away as a lump sum that can equally be called gratuity.

2.1.2. Objectives of the New Pension Scheme in Nigeria

Prior to the new pension scheme, Nigeria operated a defined Benefit Scheme burdened with a lot of problems. Ahmad (2008) attributed the non-performance of the defined benefit system of pension to underfunding, unsustainable outstanding pension liabilities, weak and inefficient pension administration, demographic shifts and aging of the scheme, non-courage of workers in the private sector by any form of compulsory retirement benefit arrangement, and poor regulation of the hitherto scheme. Due to the above deficiencies, there was a need for proper and adequate reformation in order to properly cater and provide for retiree benefit. These identified loopholes necessitated the ushering in of the modern Contributory Pension Scheme (CPS). The CPS in the words of Ahmed (2006) is premised on the following:

- To ensure that every worker receives his retirement benefits as and when due.
- To empower the worker and assist workers to save in order to cater for their livelihood at old age.
- Stem the growth of pension liabilities.
- Establish uniform rules, regulation and standards for the administration of pension matters.
- Secure compliance and promote wider coverage.

2.1.3. The Need for Payments of Pension

At the beginning of the last century, few workers possessed the security of an old age pension. In the developed countries most workers either died early, or worked until they were in their late sixties. To be old generally meant to be poor, and being disabled signified that poverty began earlier. However, in developing countries matters were a great deal worse, incomes were generally close to subsistence levels and the capacity of children to support their parents was less. But by the beginning of the 21st century the situation dramatically changed. Life expectancy became longer and most workers can expect a significant period of retirement with a reasonable regular income. Population aging is now recognized as a potent demographic trend not only in developed nations but also in the developing world. As a result of this aging trend, pension systems in many countries began to face financial stress (Ahmed, Dreze, Hills and Sen, 1991).

This Scenario has led to divergent views on the need for pension payments. While, Feldstein in Singh (1996), argues that the welfare State is responsible for the slow economic growth and that it is necessary to reduce State spending on social security, and retirement benefits in order to revive growth. He further argues that payment of retirement benefits may not only lead to slower growth but may weaken capitalism itself. This concurs with the opinion of Volkan (1982), who adds that the social contract for the payment of any benefit terminates as soon as the employee ceases to work for that organisation. He further says that unpaid pensions represent liabilities to the organisation, which may affect its performance. However, Olayinka (1993) holds a contrary view. He argues that employers owe a duty to their retirees to continue to provide them with a source of sustenance in their old age. Similarly, Olaniyan (2001) argues that pensions are used as a motivating factor and retention plan by employers, which could have long-term benefits for the organisation in terms of turnover and performance. Otherwise, such people may not be willing to work for them. From these scholarly views, it is believed that the need for pensions provide old age income thereby reducing old age poverty, and as such should be paid regularly.

2.1.4. Eligibility for Pension and Gratuity

The eligibility requirement, for pensions and gratuity differ from one organisation to another. For instance, the Pension Act (1979) provides that only employees on permanent and pensionable appointment are entitled to receive retirement benefits if they retire in pensionable circumstances. According to section 14 of the Pensions Act, persons who are under the age of 15 years are not eligible for appointment on permanent and pensionable terms in the public service. At the other end, section 6 further provides that persons who are over 45 years old should not be employed on permanent and pensionable terms. The effect of this is that for any fresh pensionable appointment in the public service, the applicant should not be below 15 years or above 45 years of age. A retiree who served 10 years or above and whose age on retirement is below 45 years, cannot enjoy pension immediately until he becomes 45 years old, thereafter his name can be placed on pension payroll with effect from the anniversary day of his 45 years.

However, there are other circumstances under which pension or gratuity is granted such as on voluntary retirement, compulsory retirement, physical and mental illness, abolition of office or in the public interest. If he has served for 5 years but not up to 10 years he would be entitled only to a gratuity, but if he has served for not less than 10 years he would be entitled to a gratuity and pension. If he retires voluntarily, after serving for not less than 10 years, he would not be entitled to pension until he reaches the age of 45 years. This category is referred to as deferred pensioners, where an officer is exempted from the contributory pension scheme and the employer retires him as a result of mental or physical incapacity, the officer shall be paid gratuity in accordance with the pay-as-you-go pension scheme. A properly constituted medical board would advise the employer on the officer's state of incapacity (Section 37 of the Pension Reform Act). However, under the new contributory pension scheme every worker is eligible to pension and lump sum in all public organisation and at least workforce of five in private organisation.

2.1.5. Statutory Retirement Age

The statutory retirement age, varies from one organisation to another and from country to country. For instance, in Nigeria Section 4(1) of the Pensions Act stipulates that every officer shall retire upon attaining the age of 60 years. However, for officers that retired on or before 31st March 1977, the compulsory retiring age was then 55 years. In the same vein, circular Ref No: B. 63216/S.1/X of 20/8/1999 also provided that an officer shall retire at the attainment of 60 years of age or, after putting in 35 years of service which ever comes earlier. However, Akinbiyi (2005) is of the opinion that this area needs a change, because people are living longer and are remaining in good health. The trend in the western world he added is towards a retirement age of 70 giving example of Canada where the retirement age is now being moved forward to age 70 for those who wish to continue working till that age. However, Gillion (2001) argues that increasing the minimum retirement age may cause people to retire later, or it may have little effect on the actual age at which people retire, but instead be a cut in retirement benefits. Such that there tends to be an increase in demand, by older workers for other types of benefits like disability and unemployment benefit. It is of the believe that the retirement age of 60 years of age, or 35 years in service be maintained because the example of Canada may not be applicable in developing countries due to the high prevalence of diseases and wars, even though Nigerian judiciary and tertiary institutions (including universities and polytechnics) have approved the retirement ages of 70 and 65 years respectively. However, the contributory pension scheme does not have concern over the statutory retirement age or years of service, but with the number of years a worker has contributed towards the pension scheme.

2.1.6. Regulatory body and the operators under new Contributory Pension Scheme

National Pension Commission

One of the reasons for the failure of DBS was lack of strict and effective regulations. Having identified this, the modern scheme established PenCom is to serve as the major regulatory organ to regulate all the pension systems in the country. The pension Act provides that National Pension Commission (PenCom) shall regulate, supervise and ensure the effective administration of pension matters in Nigeria. The PRA 2004 also ushered in other operators namely: the Pension Fund Administrators (PFAs), Pension Fund Custodians (PFCs) and the Closed Pension Fund Administrators (CPFAs). Section 21 of Pension Reform Act (PRA) 2004 states that the powers of the Commission shall be to formulate, direct and oversee the overall policy on pension matters in Nigeria; fix the terms and conditions of service including remuneration of the employees of the Commission; request or call for information from any employer or pension administrator or custodian or any person or institution on matters relating to retirement benefit; charge and collect such fees, levies or penalties, as may be specified by the Commission; establish and acquire offices and other premises for the use of the Commission in such locations as it may deem necessary for the proper performance of its functions under this Act; establish standards, rules and regulations for the management of pension funds under this Act; investigate any pension fund administrator, custodian or other party involved in the management of pension funds; impose administrative sanctions or fines on erring employers or pension fund administrators or custodians; order the transfer of management or custody of all pension funds or assets being managed by a pension fund administrator or held by a custodian whose license has been revoked under this Act or subject to insolvency proceedings to another pension fund administration or custodian, as the case may be; and do such other things in its opinion are necessary to ensure the efficient performance of the functions of the Commission under this Act.

Pension Fund Administrators

The new pension scheme requires pension funds to be privately managed by licensed Pension Fund Administrators. Pension Fund Administrators (PFAs) have been duly licensed to open Retirement Savings Accounts for employees, invest and manage the pension funds in a manner 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 to the employees or beneficiaries and pay retirement benefits to employees in accordance with the provisions of the Pension Reform Act 2004. Adegbayi (2005) has identified that the roles of PFAs are to open RSA for all employees registered by it with a Personal Identification Number (PIN); invest and manage the Fund and assets; calculate annuities; and pay Retirement Benefits. It is glaring that the PFAs are the veritable operators that add value to the contributors' fund. Burrow (2008) identified the following types of Pension Fund Administrators:

- IBTC Pension Managers Limited
- Premium Pension Limited
- Sigma Vaughan Sterling Pension Limited
- Pension Alliance Limited
- Arm Pension Managers Limited
- First Alliance Pension and Benefit Limited
- Trust Fund Pension Limited etc.

Pension Fund Custodians

Pension Fund Custodians (PFCs) will be responsible for the warehousing of the pension fund assets. The PFAs shall not be allowed to hold the pension fund assets. The employer sends the contributions directly to the Custodian, who notifies the PFA of the receipt of the contribution and the PFA subsequently credits the retirement savings account of the employee. Specifically, the primary functions of PFCs are: Receive and Hold the Fund upon trust for Contributors and Beneficiaries; Settle investment transactions on behalf of the PFA; provide independent reports to the Pension Commission on Fund assets and Undertake statistical analysis on the investment and returns on behalf of the Pension Commission and the PFA. As a matter of fact, the functions of the PFAs and the PFCs interlock and act as a grid against financial impropriety. Thus, even though the PFA opens the account, it does not have access to the money except for purposes of investment, which asset representation must still be kept with the custodian, who settles payment and other transactions made on particular investment undertaking. The money is also not controlled by the PFC, who must act upon the instructions of the PFA and cannot treat funds with it as mere cash savings. Since both parties assume joint trust positions, an incidence of financial imprudence is reduced but cannot be totally ruled out. The Closed Pension Fund Administrators (CPFAs) are specifically established by companies with strong financial standing to manage their pension funds. There are about seven CPFAs owned mostly by multinational companies to enable them administer their pension funds under the guide and direction of PenCom. Examples are Zenith Pension Custodian Limited, UBA Custodian Limited, First Custodian Limited, and Diamond Custodian Limited among others.

2.1.7. Accessibility to Fund by Retirees

The pension reform act 2004 provided how retirees can access fund in retirement savings account as put forward by Otinche (2012) that Pension Fund Administrators (PFA's) are to pay money to retirees' bank account on or before the 24th day of each month, retirees' don't have to worry about cheques or any long process. Receiving pension will be completely convenient as lump sum; retirees are entitled to an amount not less than 25% and not more than 50%. This amount is however dependent on the fact that the retirees are able to collect a monthly pensions of not less than 50% of their last salary (computed based on the housing, basic and transport) for an estimated period of at least 18 years. The process of documentation actually starts six months before retirement. Federal Government employees have to undergo Bond verification exercise organised by Pencom. This exercise basically is to enable Pencom consolidate their account and ensure their accrued rights are paid immediately they retire. Private sector employees have to confirm all contributions due to them; this process is called 'consolidation of account'. After this is done, the process of actual accessing of payment should take about 3 weeks. The retirees access through programmed withdrawal which means they got to choose their payment interval by themselves. Retirees can choose to be paid their pension monthly or quarterly depending on what they think works best for them. Each PFA of choice will be crediting their bank account according to the plan they choose. Retirees under the pension Act 2004 can withdraw from their RSA before they retire if they are out of employment for four months and unable to secure another employment. They will be given 25% of their RSA balance. After this 25% has been withdrawn from RSA, the balance cannot be touched until retirement. When retired they access an initial lump sum from RSA, the rest of the money will either be used to procure an annuity for them, or it will be used to fund a programmed withdrawal that pays the retirees for an estimated lifespan of not less than 18 year, in real term for life. A programmed withdrawal is a method by which the retirees collect their retirement benefits in periodic sums spread throughout the length of an estimated life span. An annuity is an income purchased from an approved life insurance company which provides monthly or quarterly income to the retirees during their lifetime but only the first 10 years are guaranteed meaning if the retiree dies after 10 years, his/her beneficiaries get nothing.

2.1.8. Payment of Lump Sum and Retirees Satisfactions

This is a situation where retired employees in an organisation receive payment of their retirement benefits as and when due. Thus, it is the receipt of retirement entitlement without any form of delay through exercise of signatory right on Retirement Savings Account. One of the key problems and hardships which the Pension Reform Act 2004 sought to remove was the non-payment of retirement benefit as and when due [Section 2(a)]. In contrast, in Section 4(2) the Act legalizes delays in the payment of retirement benefits. Section 4(2) provides that when an employee retires before the age of 50 years in accordance with the terms and conditions of employment [Section 3(2) (C)], the employee may, on request, withdraw a lump sum of money not more than 25 percent of the amount standing to the credit of the retirement savings account provided that such withdrawal shall only be made after six months of such retirement and the retired employee does not secure another employment [Section 4(2)]. It does not seem to matter to the lawmakers that a retirees or family members may suffer within the six month waiting period before entitled to receive their lump sum. Some government agencies have not been faithful in remitting contributions to the Pension Custodians and Public sector records the highest rate of remittance default (Iyatse, 2011). The Principal of Kings' College, Lagos, Kolawole Isaac, who stand on behalf of 2019 retirees, commended PenCom for organizing the pre-retirement workshop. And decried a situation whereby pensioners wait for up to two years before receiving their gratuities. He recalled that some retirees had died before their gratuities were paid because they lacked funds to meet their daily obligations, including medical expenses.

Furthermore, "hanging funds" have become an issue. These refer to contributions sent to various custodians without clear schedule, showing retirees' identification, including PIN. This to a large extend affects the prompt payment of lump sum to retirees. An organisation must seriously look at the contribution of pension itself in order to control the level of retirees' satisfaction in maintaining condition of living. The implementation of the new contributory pension scheme is also seen as the effort done by the organisation to satisfy the retirees' social security, encouraging savings and ethical behaviour that affect their living condition (Burrow, 2008).

2.1.9. Retirement Savings Account and Retirees Satisfactions

Satisfaction has remained a remarkable area of discussion in the field of management psychology especially in organisational behaviour and human resource management. It is extremely necessary for the management to look into the welfare and well-being of their workers such as looking into the monetary and non-monetary rewards. Organisational rewards system and retirees satisfaction is seen as an interrelated component in an organisation. Organisational rewards are known to help boost retiree's condition of living, thus leading to their satisfaction. An organisation must seriously look at the contribution of pension itself in order to control the level of retirees' satisfaction in maintaining condition of living. The implementation of the new contributory pension scheme is also seen as the effort done by the organisation to satisfy the retirees' social security, encouraging savings and ethical behaviour that affect their living condition (Burrow, 2008). Pension plans are the most common benefit offered by organisations with the participation of workers in occupational pension fund supported by the employer to the extent of between 6-10 per cent of the employee's salary. This kind of benefit can fairly be described as a security benefit (Cole, 2008). An employer may offer pension savings plans for employees to save for retirement. And also set specific amount of money to be contributed to an employee on an incremental basis or the employer may offer a matching benefits program. Typically, this means the employer will match the amount of money an employee contributes to her up to a certain amount. Some employers may offer a savings account but without employer contributions (Willman, 2007).

Despite all the challenges associated with the implementation of contributory pension scheme, retirees have built little confidence that their future upon retirement is a bit secured hence they are satisfied working with the organisation. A pension is a sum of money paid at a regular interval to an employee who has retired from an organisation and is eligible to receive such a benefit. However, the monthly or quarterly income out of amount of contributed over the years by Nigerian retirees goes a long way in determining whether they are satisfied with the new contributory pension scheme or not. Contribution must go for decades for retirees to have substantial retirement benefit, Ideva (2016) agrees that, "what people now complain about is that the benefit a pensioner received is small not that he is not paid at all". He went further to explain that, "...workers at retirement complain that their money is not what they hoped for, but that is so because they did not contribute for a long time. For someone who has contributed for just 10 years, the benefit now would not be that much except the individual was really earning a big salary". Consequently, the rate of contribution to RSA was reviewed by the government in Act 2014, thereby increasing the percentage to be contributed from 15 to 18 per cent in order to improve retirees' RSA, but this has not been put into effect by many public organisations not to talk of private organisations.

Therefore, the future of Nigerian workers and retirees under the contributory pension scheme as experienced in their statement of account and insignificant benefit out of pension fund investment, coupled with inherent weaknesses or inability of the new scheme to adequately take care of the financial imperfections of inflation, corruption, risk and uncertainties in the capital market operations exposes the Nigerian workers and retirees to unknown future/destiny. Scholars have based their divergent views as expressed by Clement (2010) that a relationship between retirees' satisfaction and pension payments does exist. According to Denscombe (2012) the level of employee satisfaction for Taiwanese retirees surveyed in the education sector indicates a strong positive relationship both for employees that were still in the system, and those who had since retired, but on a pension scheme. Susan (2010) conducted a similar study targeting Sub-Saharan Africa and South Asia organisations. In her research, she utilized focus groups and key informant interviews. Her study revealed that pension welfare and satisfaction were directly correlated. She concluded that organisations provision of pension scheme had boosted work motivation levels in organisations in sub-Sahara Africa and South Asia.

2.1.10. Benefit of Pension Fund Asset Investment to Retiree Savings Account

The pension Act 2004 reviewed in 2014 was introduced to solve the problems of old defined pension scheme in Nigeria. The Act requires public servants to contribute part of their monthly salary into retirement savings account with pension fund administrators (Okeke, 2010). While workers remit a certain percentage as contribution into their pension account during and after active service, the pension administrators as provided in the operational guidelines are to ultimately invest pension funds' assets with the objective of safety, liquidity and maintenance of fair returns. The individual RSA holder bears the investment risk and does not earn a defined retirement benefit. Retirement benefits are enhanced by the level of contribution and the return achieved on them. They are therefore, a function of the skill and enterprise of the PFA in managing funds and also, the withdrawal mode chosen at retirement. Where for example return on investment are low or negative, retirees under a contributory pension scheme with RSAs may suffer losses of their funds and receive lower benefits compared to a period of high rate of return. Some workers have raised question on "what is the expected benefit on their RSA investment?" The PFAs argue that it is not possible to determine with absolute certainty the exact return to receive on RSA investment in advance. You may however calculate the return achieved over a past period. Pension funds are invested based on guidelines issued by PENCOM in areas such as money market investment, quoted equity investment, government bonds and real estate securities. However, by virtue of these features, rate of return cannot be predicted with certainty, as investment return are subject to shocks of market forces, which causes the value of the assets and their return to fluctuate over time (IBTC, 2006).

The problem retirees' experience is the inadequate investment return. In some cases retirees' who were able to view their assets with the PFAs, only to find that their investment return are too meagre for comfort or that the asset did not make any return at all(that is zero profit). Yet the PFAs have the statutory guideline or template, on how to take their commission from all workers and retirees' contribution assets. Some workers and retirees' have realised that while their assets did not make any profit, PFAs deducted their commission from their contributor's assets, not from the return on investment. The implication of this mode of operations according to Imhanlaimi and Joseph (2011) is that, the commission for PFAs is constant or guaranteed, while the return on investment for workers or pensioners contribution are left to the vagaries of market forces. This means that the PFAs can grow richer at the expenses of the worker or pensioner, aptly this is what Academic Staff Union of Universities (ASUU) in Nigeria had described as the possibly high overhead cost consuming the savings or contributions of contributors (Asuu, n.d.). Workers and retirees' are not very optimistic with the rate at which pension asset investment return is influencing the growth of RSA with pension fund administrators.

2.2. Theoretical Framework

2.2.1. The Deferred Wage Theory

The Deferred Wage Theory views the pension plan as a method to defer some compensation until an employee retires. The employer promises to provide a pension payment in exchange for current services. The deferral of wages often results in individual tax savings. The advantages to the employer of providing a pension plan are less obvious. Under the deferred wage theory, firms offer pension plans because of economies of scale in administrative, portfolio management and other costs, e.g. Lester (1967). The employer receives cash flow benefits to the extent that the present value of deferred wages exceeds the required funding (especially as now required by ERISA). The deferred wage theory generally incorporates a long-term or lifetime implicit labour contract between the employer and employee that has various implications for the employer. Logue (1979) suggest that the delayed vesting of pension plans may decrease employee turnover costs. Becker (1964) suggest that firms have an incentive to expand training costs as a result of delayed vesting, since it causes "average" employees to work longer for the company, resulting in a greater payback of these training costs.

3. Methodology

3.1. Sources of Data

The sources of data for this study are primary and secondary sources. The primary source was from academic and non-academic retirees of both institutions. The questions were based on a structured Likert scale of strongly agree, agree, disagree, strongly disagree and undecided. The secondary data was sourced from pension units of ATBU and FPTB, published literatures on pension matters.

3.2. Population of the Study

This consist of all those involved in pension benefit matters in the two institutions, that is, all retirees' of the ATBU and FPTB numbered 94 and 45 respectively. The population constitutes all the 139 retirees' of the institutions because they have similar characteristics.

3.3. Sample Size and Sampling Technique

The multi-stage sampling technique was adopted for the study. The purposive sampling technique was used to select from both academic and non-academic retirees' of ATBU and FPTB. This was with a view to ensuring randomness and to eliminate the problem of bias. The researcher was also of the opinion that since the sampling of the retirees of both institutions has similar characteristics; any sample drawn at random can serve as representative of the population.

3.4. Sample Size

From the sample frame of both institutions, the Yamane's formula for determining sample size in the study is presented below.

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

Where;
n = Sample size
N = total population
e = Level of significance (5%)

$$\text{Therefore } n = \frac{139}{1+139(0.05)^2}$$

$$= \frac{139}{1+139(0.0025)^2}$$

$$n = \frac{139}{1+0.3}$$

$$n = \frac{139}{1.3}$$

$$n = 106.92$$

$$n = 107$$

In light of above, the sample size for the study is 107 retirees which was randomly selected from the two institutions for analysis. While ATBU have 94 respondents, FPTB have 45 respondents respectively.

Table 1 Sampling Frame

Category of Retirees	Retirees	Sample Size	Per cent (%)
ATBU			
No of Academic	31	20	64.5%
No of Non Academic	63	50	79.4%
Total	94	70	75%
FPTB			
No of Academic	11	09	81.8%
No of Non Academic	34	28	82.4%
Total	45	37	82.2%
Grand Total	139	107	77%

Source: Field Work, 2024

3.5. Method of Data Collection

The survey research was used as methods of data collection. Thus, Structured interview and questionnaire were the instruments for data collection. While questionnaire as the main instrument for collection and was distributed among the respondents with the help of research assistants. The researcher choice of a questionnaire was because it is very useful in covering a wide sample of the retirees of the study area. The questionnaire is into two sections, Section "A" contained questions on the background and personal data of the respondents while section "B" contained close ended and open-ended questions on issues related to retirees' satisfaction and the likely effect of the contributory pension scheme in the two Federal Government Institutions. The Likert scale was used in the questionnaire.

3.6. Method of Data Analysis

The data collected was analyzed using both descriptive and inferential statistics. While under the inferential statistics chi-square was used to test the stated hypotheses. The chi-square formula is given as follows:

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

Where
x^2 = Chi-square
$\sum$ = Summation
O = Observed frequency
E = Expected frequency.

4. Analysis and discussion of results

In this part, the results of the analysis of facts, the test of hypotheses and the results of the descriptive analysis of the study were also discussed.

4.1. Descriptive Analysis of the study Variables

4.1.1. H_{01}: Lump sum from retirement savings account has not significantly improved the retiree's level of satisfaction.

Table 4.1 shows that there is significant satisfaction in the prompt payment of lump sum without much difference. The test of Pearson Chi-Square shows that the variables in the column and rows are independent because the significant value is too low and statistically, the lower the significant value the higher the relationship between the variables.

Table 1 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	218.464	16	0.000
Likelihood Ratio	208.935	16	0.000
Linear-by-Linear Association	125.587	2	0.000
N of Valid Cases	79		

Source: Field Survey, 2024

Table 2 Symmetric Measures

		Value	Asymp. Std. Error	Approx. T	Approx. Sig.
Interval by Interval	Pearson's R	0.746	0.021	18.714	0.000
Ordinal by Ordinal	Spearman Correlation	0.736	0.023	18.163	0.000
N of Valid Cases		79			

Source: Field Survey, 2024

Hypothesis

- **H_0:** Lump sum from retirement savings account has not significantly improved the retiree's level of satisfaction.
- **H_1:** Lump sum from retirement savings account had significantly improved the retiree's level of satisfaction.

Decision Rule

Reject the null hypothesis if the calculated value is greater than the tabulated value and accept otherwise.

At 5% level of significance, $\chi^2_{\alpha,V} = \chi^2_{0.05,16} = 26.296$

At 5% level, the critical value corresponding to the sample size, n = 79, is 0.305.

The calculated value from the chi – square (218.464) is greater than the tabulated or critical value (26.296), therefore, we reject the null hypothesis and conclude that the lump sum from retirement savings account had significantly improved the retiree's level of satisfaction.

By symmetric measures, the calculated value (0.746) is greater than the tabulated (0.305), we conclude that there is significant relationship between retiree's satisfaction on payment of lump sum (P = 0.000). The relationship is strong and positive.

4.1.2. H_{02}: Accessibility to monthly or quarterly retirement benefit has not significantly improved the retiree's level of satisfaction.

Table 3 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	198.318	16	0.000
Likelihood Ratio	205.106	16	0.000
Linear-by-Linear Association	93.578	2	0.000
N of Valid Cases	79		

Source: Field Survey, 2024

Table 4.3 shows that the test of independence between the column and row variables using Pearson chi-square, and from the table the significant value (Asymp. Sig) is very low (0.000) and statistically significant. The value indicated the existence of a relationship between the two variables.

Table 4 Symmetric Measures

		Value	Asymp. Std. Error	Approx. T	Approx. Sig.
Interval by Interval	Pearson's R	0.766	0.122	1.293	0.001
Ordinal by Ordinal	Spearman Correlation	0.561	0.128	2.061	0.004
N of Valid Cases		79			

Source: Field Survey, 2024

Hypothesis

- **H_0:** Accessibility to monthly or quarterly retirement benefit has not significantly improved the retiree's level of satisfaction.
- **H_1:** Accessibility to monthly or quarterly retirement benefit had significantly improved the retiree's level of satisfaction.

Decision Rule

Reject the null hypothesis if the calculated value is greater than the tabulated value and accept otherwise.

- At 5% level of significance, $\chi^2_{\alpha,V} = \chi^2_{0.05,16} = 26.296$
- At 5% level, the critical value corresponding to the sample size, n = 79, is 0.305.

Since the calculated value (198.318) is greater than the tabulated (26.296). Hence we reject the null hypothesis and conclude that the accessibility to monthly or quarterly retirement benefit had significantly improved the retiree's level of satisfaction. Also, result also showed that there is a positive and significant relationship between accessibility to monthly or quarterly retirement benefit with regards to retiree's satisfaction (r = 0.766). The relationship is positive and significant (P = 0.001).

5. Discussion

This research assessed the level of satisfaction of contributory pension scheme on lump sum payment among retired staff of Abubakar Tafawa Balewa University and Federal Polytechnic Bauchi. The study used prompt payment of lump sum and accessibility as basis for determining the level of retiree's satisfaction, in order to achieve the stated objective, frequency distribution table was used.

Results from the study revealed that retirees are satisfied with the prompt payment of lump Sum. But the amount received as lump Sum is not adequate enough to satisfy their interest and maintain their living standard. Majority of the respondents agreed that Lump Sum benefit are promptly paid. Therefore, perceived contributory pension scheme as holding good prospect and satisfied with its implementation. This agrees with the finding of Mohammed (2016) that there is Promptness in the payment of benefits as such retirees are satisfied with pension Reform Act. Also Ideva (2016) agrees with the findings that the benefit Retirees received is small not that the person is not paid at all. Retirees complained that amount received is not what they hoped for, that is so because they did not contribute for a long time. To Ideva (2016) retirees who has contributed for just 10 ten years, the benefit would not be that much except if the retiree was really earning a big salary. This negates the findings of Faruk (2012), who conducted a study on the effect of contributing pension scheme in welfare of retirees from selected federal establishment in Nigeria. And one of the findings discovered that contributory pension scheme has partially addressed timely payment of benefit. However, this is in agreement with the finding of Abdulrauf (2014) who studied Impact Assessment of the 2004 Pension Reform on Retirement Welfare of Public Servants of National Commissions and one of his findings revealed that, public organizations are complying with the provisions of the 2004 pension scheme in the course of their implementation which has greatly built a high level of confidence and satisfaction among employees of the federal commissions under studied as to the capacity of the new scheme to provide them with retirement benefits upon retirement from active service.

The finding of this study shows that majority of the respondents agreed to timely accessibility to retirement savings account (RSA) with PFA's. Retirees are satisfied with accessibility to benefit in RSA. Therefore, the implementation at contributing pension. Scheme has significantly improved timely payment and easy accessibility to retirement benefit. Furthermore, majority agrees that there is timely access of monthly a quarterly withdrawal of pension from RFA's. This implies that retires enjoy timely access to monthly or quarterly withdrawal of pension fund with PFA's.

6. Conclusion

The study concludes that retirees expressed satisfaction with promptness in payment of Lump Sum. Retirees have also shown satisfaction with timely accessibility to retirement savings account on monthly or quarterly basis. Finally it was concluded that the implementation of contributory pension scheme has to significant level brought satisfaction to retirees' life.

Recommendation

Based on the finding and conclusion of the study, the following recommendations are made.

- Retirees as stakeholders, should be appointed into the Board of Pension Commission so that they will properly be represented in matter that concern them.
- PENCOM should ensure the achievement of a competitive return on investment through strong policies that will bring good investment and sustained output growth required to guarantee higher RSA growth and pension payment of retirees that will improve on their living standard.
- PENCOM should ensure close supervision monitoring and evaluation of the performance of PFA's in order to achieve efficiency in pension system. This will ensure transparency and continue prompt payments which are major setback of the old scheme.
- In order to tackle the problem of corruption and ensure accountability in PFA's. PENCON should make sure there is regular forensic of their activities to ensure retirees' money is safe.

Compliance with ethical standards

Disclosure of conflict of interest

No conflict of interest to be disclosed.

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