

Implementation of the 2004 Pension Reform Act in Federal Tertiary Institutions in the South East States, Nigeria

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Abstract

The work evaluated the implementation of the Pension Reform Act 2004 otherwise called the contributory pension scheme in Federal Tertiary Institutions in South East Sates, Nigeria. The objectives of the study were; to find out whether or not the scheme has an impact on the payment of retirement benefits to the retired employees of selected federal Tertiary Institutions in the south East States, Nigeria; to identify reasons for the delays in the payment of pension and gratuity in the selected institutions; ascertained how the new pension act will help to solve the problem of pension administration in Nigeria; trace the history of pension in three other countries (USA, Japan, and Canada) to make comparison and possible incorporation into the Nigerian Pension Act 2004. The work concentrated on the aspect of the study that has not been given adequate attention, which is the gap in literature – Review of the activities of those involved in the implementation of the new Pension Reform Act 2004 and to find out if the provisions of the Act are well implemented. The work, a survey research made use of research questions/hypothesis. The population of the study is the Federal Tertiary Institutions in the South East States, Nigeria made up of Abia, Imo, Anambra, Enugu and Ebonyi States. The target population is the four randomly selected Federal Tertiary Institutions in the zone namely University of Nigeria, Nsukka, Enugu State; Federal University of Technology, Owerri Imo State; National Root Crops Research Institute Umudike Abia; State and Federal Polytechnic Nekede Owerri Imo State. Data were collected from primary and secondary sources (interviews and documents). The study covered only retirees under the new pension scheme, effective 2007. The study technique applied is the inductive method because of the nature of the data involved – qualitative data. The systems theory as propounded by Talcott Parson was used for framework. The study result shows that the application of the provisions of the Pension Act has a positive impact on the employees' retirement benefits or pension and gratuity in the selected institutions. The work concluded by way of recommending the following: -

Extension of the scheme to the other levels of government (Local and State),

Provision of enabling environment for the smooth running of the scheme,

Government should provide relevant legal framework to insure political, economic and necessary support for the scheme.

Pension Commission (PENCOM) should ensure effective monitory of all players and adequate sanction of erring operators.

Increase in contributions from 15% to 40% to be shared by the employer/employee at the ratio of 3:1 (75% & 25%).

Introduction of multiple pension schemes as is obtainable in advanced countries.

(vii) Proper management of the funds by way of investing it adequately among others.

Key words: Pension, Reform Act, 2004, Implementation, Federal Tertiary Institutions, South East States, Nigeria.

1. Introduction

Pension is a scheme that is designed to take care of the welfare of pensionable retired workers which had for long gained recognition and acceptance. Retired workers are expected to live comfortably and not to depend on anybody after they have successfully retired from active service. Changes have taken place in the way pension assets and pension beneficiaries are managed as a result of the difficulties experienced by the pensioners. The contributory pension scheme, where both the employer and employee contribute to the scheme through the employees' Retirement savings Account (RSA) is the latest of these schemes. The Federal Government of Nigerian brought a change in the, management and administration of pension funds in Nigeria with the enactment of the Pension Reform Act 2004. This new act introduced the contributory Pension scheme in the Federal Public Service and Public Sectors; and set up the National pension Commission. The commission regulates, supervise and ensure effective administration of pension matters in Nigeria. The aim of this study was to evaluate the implementation of the 2004 Pension Reform Act in federal tertiary institutions in the South Eastern States of Nigeria. Specifically, the objective of the study were to: (i) find out if the new pension scheme has improved the regularity of payment of pension and gratuity in Nigeria, especially in selected federal tertiary institutions, (ii) ascertain how the new Pension reform Act 2004 has addressed the problems of pension administration, (iii) assess the effectiveness of the management strategies of the new pension reform act in the payment of pension and gratuity and (v) ascertain the challenges to the implementation of the 2004 Pension Reform Act in Federal Tertiary Institutions in the South Eastern States, Nigeria. The study was a survey research. Data were generated through primary and secondary sources i.e. through interviews/interactive sections using unstructured interview questions see Appendix I. The secondary sources were books, journal, government publications and reports. Content analysis was used to analyses the secondary data and the inductive method was used to arrive at a conclusion. The delay in payment of the terminal benefits experienced in the old pension schemes had been reduced to the bravest minimum, as 90% of the retirees interviewed received their payment within three months of retirement. They also agreed that their pensions are paid along with the monthly salary of the serving officers. 95% of the respondents agree that strict adherence to the provisions of the new law, proper record keeping as well as the employee's contributions are contributing factors to the workability of the new law.

2. Data Presentation and Analysis: Responses from the interview questions.

(a) Process of Calculation/Payment of retirement Benefits (Pension & Gratuity).

The respondents mainly the pension Desk Officers, confirmed that the process of payment of retirement benefits requires that the person must be leaving the service on a pensionable circumstance; i.e., he must have attained the mandatory age of 50 years, must have worked for least 5 years and 10 years for gratuity and pension respectively. He must have a properly documented record of service with information from his first day of appointment including transfer and condoned service where applicable. The process according to them takes off with the examination/forwarding of the records/forms filled by the retiree, after which the computation will be carried out using the pension/gratuity payment calculation schedule. The new Pension Reform Act has inbuilt checks and balances. Once the records of the retiree are kept in a straightforward manner, time is saved and delay in processing and payment of the terminal benefits reduced. The payments of gratuity or lump sum and pension are carried out promptly in the institutions studies. Below is the picture of the old and the new Pension schemes in terms of years/percentage and payment of Pension, gratuity or lump sum from the institutions studied

OLD			New		
Years of Table (1): Old and New Pension Table Qualifying Service	**Gratuity Pay**	**Pension as percentage of Service**	**Years of Qualifying Service**	**Gratuity Pay**	**Pension as percentage of Service**
			5	100	
			6	108	
			7	116	
			8	124	
			9	132	
10	100		10	100	30
11	110		11	108	32
12	120		12	116	34
13	130		13	124	36
14	140		14	132	38
15	100	30	15	140	40
16	110	32	16	148	42
17	120	34	17	156	44
18	130	36	18	164	46
19	140	38	19	172	48
20	150	40	20	180	50
21	160	42	21	188	52
22	170	44	22	196	54
23	180	46	23	204	56
24	190	48	24	212	58
25	200	50	25	220	60
26	210	52	26	228	62
27	220	54	27	236	64
28	230	56	28	244	66
29	240	58	29	252	68
30	250	60	30	260	70
31	260	62	31	268	72
32	270	64	32	276	74
33	280	66	33	284	76
34	290	68	34	292	78
35	300	70	35	300	80

Source: Pension Reform Act Table

Table: (2)
Pension Data from FUTO, UNN, Fed. Poly Nekede Owerri and NRCRIU as at March 2014

S/N	RANK	NO OF YEARS	GL/STEP	AMOUNT (N)	RETIREMENT YEAR
Old					
1	Professor	38 Years	07^{11}	6.7m	2007
2	Professor	44 Years	07^{10}	7.5m	2007
3	Professor	33 Years	15	8.1m	2007
4	Deputy registrar	26 Years	14^{9}	5.1m	2007
5	Secretary II	13 Years	7^{8}	57,000	1996
6	Driver	25 Years	7^{9}	812,000	2007
7	Clerical Officer	10 Years	4^{5}	360,000	2007
New					
8	Professor	38 Years	07^{1}	15.4m	2008
9	Professor	36 Years	07^{10}	14.6m	2010
10	Chief Tech. Officer	35 Years	13^{10}	8.6m	2010
11	Deputy Registrar	29 Years	14^{10}	8.7m	2011
12	Deputy Registrar	35 Years	14^{10}	10.5m	2011
13	PAR	13 Years	13^{8}	1.4m	2011
14	P.E.O	35 Years	11^{6}	5.2m	2011
15	Snr. Lecturer	29 Years	05^{3}	7.6m	2010
16	Chief Message	31 Years	06^{10}	1.9m	2010

Source: pension files from FUTO, UNN, federal Poly. Nekede and NRCRIU

Gratuity calculation formula - New

5 – 9 years = $\left(\frac{\text{ABS x LOS x 5Wks}}{52}\right)$

10 – 14years = $\left(\frac{\text{ABS x LOS x 6Wks}}{52}\right)$

15 –and above years = $\left(\frac{\text{TE x LOS x 7Wks}}{52}\right)$

10 – 15 years% 50 years of Age = $\frac{\text{TE x LOS x 6Wks}}{52}$

Where ABS = Annual Basic Salary
LOS = Length of Service
TE = Total Emolument
Wks = Weeks, and 52 = 52 Weeks or 1yrs

(b) Administration of Pension/Pension Fund

Over 90% of the pension fund administrators interviewed explained how the new Pension Act works. Their responses are summarized as follows: The new Pension scheme Act, on commencement provides that pension funds shall only be managed by licensed Pension Fund Administrators (PFAs) who are to open a Retirement Savings Account (RSA) for every employee with Personal Identification Number (PIN) attached, in which their contributions could be deposited. They are to maintain books of account on all transaction and the money collected to be invested and managed by the PFA. Section 45 (F and G) of the Act makes it the responsibility of the PFA to calculate and pay retirement benefits. The Act provides also that no one can withdraw from the account (Retirement Savings Account) unless he/she has attained 50 years of age. Section 2(2) however gave the grounds on which withdrawal could be made before that age by an employee as following:
If an employee is retired due to his total or permanent disability either of mind or body,
If the employee retires before the age of 50 years in accordance with the terms and conditions of his/her employment, shall be entitled to make withdrawal in accordance with Section 4 of the Act.

In the management or administration of the pension funds under the new Pension Reform Act, the government, the greatest employer of labour and a contributor to the funds, controls the administration of the fund through the government constituted Board or Commission for the Pension Funds (NPB or NPC). The pension Board or Commission as provided in Section 4 of the Reform Act is responsible for the regulation, supervision and to ensure effective administration of the pension fund/scheme in Nigeria. The Pension Fund Custodian takes custody of the funds, while the pension fund administrator is responsible for the management/administration of the fund. The PFA invests the fund for returns and keeps appropriate books of accounts on the investment profile.
On the fate of the existing pensioners who made contributions under the Nigeria Social Insurance Trust (NSITF), they responded that the contributions under the NSITF of those who retired under the New Pension Act and those who are yet to retire, are paid into their retirement Savings Account (RSA) on retirement. But before the retirement date, the contributions are held by the Federal Government through the Central Bank as 'bonds'. These bonds are also invested to yield interest and the total amount is paid into the RSA of each employee on his or her retirement. The new scheme contributor who dies before his retirement date, like in the old Pension scheme, the next-of-kin receives what is due to him provided he or she is qualified. The formula for the computation of the new pension scheme is also used.

(c) Effectiveness of the New Pension Scheme
About 81% of eth retirees or pensioners interviewed in the selected Institutions stated that the processing of their retirement papers took them between three weeks and two months. They also believe that the new Pension reform Act 2004 is the best so far in the line of pension schemes in Nigeria. According to one respondent, "it is simple that once you keep your account/records straight with both your administrator and the office, it is a question of weeks, you receive your gratuity or lump sum". Unlike the old scheme where one has to fill many forms and collect so many documents, the new scheme requires your first appointment letter, confirmation of appointment, Retirement Saving Account (RSA) number or 'PIN', one page form where one will fill in the particulars from the above documents and a letter from the retirees' office containing his record of service. When the above documents are forwarded to the pension headquarters with two passports photographs of the retiree, his gratuity is calculated, paid into his account and the pension follows suit, unlike the old non-contributory scheme that takes time. Below is an illustration with facts from FUTO Document.

Table: comparing the Old and the New Pension

OLD	NEW
(i) Processing of Papers for Payment	
Takes up to one or more Years	Takes Two-Three Months
Commencement of Payment	
Takes up to one or more years	Immediately the papers are processed
Gratuity or Lump sum of Two Retirees on the Same Scale	
Professor 7^{11}, 38 years ₦6.7m	Professor 7^{10}, 38 years ₦15.4m
Monthly Pension of the Above Retirees	
₦147,000	₦220,000

Source: FUTO Pension File No BUR/PEN/vol.1
In the area of pre-retirement training, the pensioners said they received adequate training that prepared them, for their retirement. Some said they received twice the training that lasted for two weeks. This training they said is a yearly programme organized by the school authority or management around March every year, for those with less than three years to go. Because it is yearly for people with less than three years to go, many attended two times before leaving the service finally. They confirmed that they benefited a lot from the trainings. This they said helped them during their paper processing and after retirement, to organize their new phase in life. Those who retired three month before the interview date said they had already received their lump sum and about to receive their pension or have already been doing that. The pensioners said they received their pensions along with the serving officers or staff at the end of every month.

(d) Management Strategies
The Registrar of Federal University of Technology, Owerri in his own response to the question, confirmed what other respondents said, that pension data collection and processing are carried out by the pension Desk Officers and forwarded to the Pension Headquarters Abuja for cross-checking before sending it to the pension manager of the retiree(s) concerned for computation as provided in Section 45 of the Pension Reform Act 2004.

The compulsory or mandatory retirement in the new pension scheme is handled based on the provision of the Act which states that the officer must retire on pensionable circumstance and attend the mandatory age of 50 years. In voluntary retirement, Section 2(2) of the Act specified conditions for withdrawal from the retirement savings account for the voluntary retirees, otherwise, the pensionable voluntary retiree will not make any withdrawal from his RSA until he/she is 50 years of age. The respondents maintained that the new pension scheme though took its bearing from the old non-contributory scheme, is the best so far, that if handled with care will give Nigeria and Nigerian pensioners the much desired result – i.e. the prompt payment of the terminal benefits and the improvement of the Nigerian economy through proper investment of the retirement funds. The new Pension Reform Act 2004 according to the respondents is faced with many challenges as it is the case with any new policy or scheme. The first is the prompt remittance of the amount deducted from the employee's salary the imposed sanction as provided by the Act, of 2% of the total amount of pension fund withheld as penalty has not been yielding results, probably because it has not been enforced. Again the proper administration or management of the funds by the Administrators or Managers is another headache of the new pension scheme funds. Poor investment of the funds like the ones invested in our distressed stocks and other financial institutions that are not doing well is a source of concern. The scheme needs enabling environment for it to succeed and this the Government must provide. Every other stakeholder like the Pension Board, Pension Commission etc. must be effective in carrying out its functions for the survival of the scheme. In this way, these challenges will be minimized. The respondents opined that if the pension scheme is Nigeria is handled very well, the funds will make a huge contribution to the socio-economic development of the country not only in the domestic but global financial sphere or market, through the investment of the funds.

3. Examination/Test of Hypothesis

Hypothesis (i): There is a positive relationship between the prompt payment of terminal benefit of a retiree and proper documentation of the records of service of the retiree: - We used responses from the interview questions under Number A and B, to examine the hypothesis. One above:

Table: 6 Concept of Retirement/Benefits and Process of Payment of retirement Benefits (Pension and Gratuity)

QUESTIONS A AND B	TOTAL NUMBER RESPONDENTS	POSITIVE RESPONSE A	RESPONSE B
Pensioners	96	91	90
Desk Officers	16	16	16
Mgt. Staff	16	16	15
PFA	32	30	30
Focus Group	80	65	65
Total	240	218	216

Source: Researcher (2011)

(a) $= \frac{218}{\underset{12}{\cancel{240}}} \times \frac{\cancel{100}}{1} = \frac{218 \times 5}{12} = 91\%$

(b) $= \frac{\overset{36}{\cancel{216}}}{\underset{4}{240}} \times \frac{\overset{5}{\cancel{100}}}{1} = \frac{36 \times 10}{4} = 90\%$

Over 90% of the respondents are very much aware of the Scheme. They also agreed that the Scheme is so simplified and that both the deductions from the employee and remittance of the funds to the custodian through the administrator are done online. The calculation/payments are also done online. Unlike the old non-contributory scheme, the new pension scheme according to the respondents, require little or no paper documents and as such retirees find it easy and quicker to collect their benefits because of the properly online documented records.

Hypothesis (ii): The relationship between the adoption of poor and in effective management principle and the delay in the payments of retirement benefits is significant.

Table 7: The responses from the questions under C were used to examine hypotheses two: Administration of the New Pension Law

QUESTIONS UNDER C	TOTAL NO RESPONDENTS	POSITIVE RESPONSE
Pensioners	96	91
Desk Officers	16	16
Management Staff	16	16
PFA	32	30
Focus Group	80	65
Total	240	230

Source: Researcher (2011)

23 25

$$(c) = \frac{\cancel{230}}{\cancel{240}} \times \frac{100}{1} = \frac{23}{\cancel{24}} \times \frac{\cancel{100}}{1} = 91\%$$

24 6

$$\frac{23}{6} \times \frac{25}{1} = \frac{575}{6} \cancel{=} 96\%$$

96% of the respondents were of the opinion that the new pension administration based on the provisions of the Act makes for proper records, effective management, faster processing of papers and payment immediately as we discovered in our findings, unlike the old pension administration. The payment they said is not only faster but also higher than the old rate. The two major weaknesses noticed in the new pension Act administration are the period attached to the pension i.e. ten years given within which the balance of the contributions will be paid in the form of pension and late or non-remittance of deducted funds. Delay in the payments of retirement benefits is one of the major problems that gave rise to the introduction of the new scheme in 2004. This was as a result of the poor and ineffective management of the pension/pension funds. Unlike the old scheme, the new decentralized the administration of pension, separated it from the management of the pension funds and provided for the investment of the funds for returns. The old scheme was characterized with delay in payment of pension because the administration and management of funds were controlled by one body. Funding was by the government alone and the funds were poorly invested. Sharp practices were witnessed there. Up till now, pensioners under the old scheme are still suffering the same fate while the new one is suffering the problems of diversion of employees' deduction in private accounts. A good example is the recent report of a committee set by the Federal Government that discovered a cartel business on payment of pension to non-existing pensioners and pension deductions paid into private accounts, to the turn of about ₦53 trillion.

Hypothesis (iii): There is a significant relationship between the proper management of pension and pension funds and the quick payments of the retirees/reduction of Government indebtedness: -

Table:8 Response from the interview questions under D were used to examine Hypotheses three: Effectiveness of the New Pension Scheme

QUESTIONS UNDER D	TOTAL NO RESPONDENTS	POSITIVE RESPONSE
Pensioners	96	94
Desk Officers	16	16
Management Staff	16	16
PFA	32	32
Focus Group	80	70
Total	240	228

Source: Researcher (2011)

(d) $= \dfrac{\overset{114}{\cancel{228}}}{\underset{12}{\cancel{240}}} \times \dfrac{100}{1} = \dfrac{114 \times 5}{6} = 95\%$

95% of the responses received from the interview questions and the focus group interactive section show that the new scheme is doing fairly well. The proper application of the provisions of the Act, in the Institutions studied makes it possible for the prompt payment of the retirees and by so doing reduce the government indebtedness as regards the payment of pensions.

Hypothesis (iv): There is a positive relationship between a reviewed/well implemented new pension scheme and expectation of guaranteed future for the retirees and the Nigeria economy.

Table 9: The Researcher used response from the interview questions under E to examiner Hypotheses four: management strategies of the new Pension Scheme

QUESTIONS UNDER E	TOTAL NO RESPONDENTS	POSITIVE RESPONSE
Pensioners	96	85
Desk Officers	16	16
Management Staff	16	16
PFA	32	25
Focus Group	80	50
Total	240	192

Source: Researcher (2011)

E $= \dfrac{\overset{16}{\cancel{192}}}{240} \times \dfrac{\overset{5}{\cancel{100}}}{1} = 16 \times 5 = 80\%$

80% of the respondents agreed that the management strategies of the new Pension Law such as its contributory nature, investment of its funds, separation of the management from the custodians of the funds, establishment of a monitoring body Pension Commission (PENCOM), etc. added ingredients to the soup. The review of the Pension Reform Act 2004, as suggested by the respondents especially in the areas that are problematic like the ten years span for the retiree and increase in the amount or percentage of the contribution, will add glamour to the whole scheme. This will also improve not only the retiree or pensioners standard of living but also help the country's economy through investments as it is in the Canadian Pension Schemes. The implementation of the provisions as it affects late remittance/payment will help to check mate diversion of pension funds intro private accounts by 'pension cartels'.

Pension and gratuity are terminal benefits or retirement compensation paid to a retiree. The process of this payment requires that the person must retire on a pensionable circumstance and must have attended the mandatory 50 years of age. The administration of the pension funds starts from the Pension desk Officers table that processes the data using the record of service of the retiring officer. The pension Administrators are solely responsible for the management of the fund through investment and the calculation and payment of the terminal benefits, using the pension and gratuity calculation table. The Pension Fund Custodian takes custody of the funds. The Government monitors and supervises them using Pension Commission. The processing of the retirements papers in the new scheme takes between three weeks and two months to be completed after which payment starts at least with the 'Lump Sum' or gratuity. Serving officers as well as retirees believe that the new scheme is the best so far in the line of pension schemes in Nigeria.

The management teams of the Federal Tertiary Institutions studies are doing very well in the preparation of eth officers retiring before their retirement date, through training to equip them for eth life after retirement and are effective in the payment of the terminal benefits to their retiring officers and pensioners. The contributions made under the old Nigerian Social Insurance Trust Fund (NSITF), by officers who will retire under the new scheme, are held as 'Bonds' by the central Bank. These 'Bonds' are invested and eth amount with its returns, paid into the owners Retirements Saving Account (RSA) in retirement. In the case of an officer who dies before his or her retirement date and under pensionable circumstance, the entitlement is paid to the next-of-kin.

The responses from the retirees interviewed show that the payment of the terminal benefit in the new pension scheme provides for the payment of twenty-five to fifty percent (50%) of the total sum and the remaining fifty percent (50%) spread over the span of ten years as monthly pension. One wonders what happens if at the end of

ten years, the pensioner is still alive with noting more as income. Again, the monthly payment from the balance of the fifty percent left is nothing to write home about when compared to the pension of those who retire at the same level in the old pension scheme, who collect pension for life. The new pension scheme is fast and regular, but the period of payments is short.
The new scheme, like every new policy, is faced with many challenges ranging from non/late remittance of funds deduced from the employee's salaries, poor management of the funds, especially in the area of investment. The above challenges, could be minimized if Government will provide enabling environment for the smooth running of the scheme, through its monitoring and supervisory teams, and ensure that the stakeholders are alive to their duties. A well-managed pension fund no doubt makes a huge contribution to the socio-economic development of the country involved, both at the domestic and international levels.

The success of every pension scheme including the Nigerian 2004 Pension Reform Act greatly depends on the effectiveness and efficiency of the fund managers or administrators. The Pension Fund Administrators have enormous work to do for our pension scheme to succeed
A well-managed pension fund provides money not only for the payment of pension to retirees but for the improvement of the country's economy through investments. Pension funds play a major role in the emergence of truly global money flows, through their large-scale domestic and cross-border investments, contributing to the development of a truly integrated and thus more efficient global financial sphere. Many pension schemes also invest in mutual funds, like the pension plans in United States of America. Let us look at the twelve (12) countries with the largest pension funds, as in Appendix II
The size of pension funds could explain the overall economic strength of a country. In the above mentioned list of twelve countries with the largest pension funds, Canada as in Nos 5.9 and 10 has pension funds with more than $500 billion under management. The Canadian Pension Funds are powerful investors in both the domestic and global financial markets with hundreds of billions of dollars in assets in an economy of about one trillion dollars. This, no doubt constitutes a long term competitive advantage for the Canadian economy. Pension funds are very important to shareholders in both public and private companies as well as the stock market.

4. Findings

The following findings were made based on the responses from the interview questions:
Pension and gratuity are the terminal benefits paid to a retiree as Retirement compensation or benefits. Gratuity is paid to the retiree on leaving the service to enable him settle down while pension is paid to him on a monthly basis to keep him going.
The process of payment of these terminal benefits requires that the pensioner must leave the service on a pensionable circumstance, attend a mandatory age of 50 years as provided by the new pension scheme and must have a clean record of service.
The administration of the pension funds in the new pension scheme is solely the function of the Pension Fund Administrators (PFA), while the Pension Fund Custodian (PFC) takes custody of the funds. The Board and the Commission's roles are those of monitoring and supervision of the other key players, while the government overseas through the Pension Board/Commission that is Government constituted bodies.
The contributions of those who were under the old Nigerian Social Insurance Trust Fund (NSITF) are held by federal Government through the Central Bank as "Bonds". The "Bonds" are invested for returns and are paid into the Retirement savings account (RSA) of the owners at retirement.

A contributor in the new pension, who dies before retirement date, receives his retirement benefits through the next-of-kin, provided the dead man was qualified or died under a pensionable circumstance.
It takes three weeks to two months to process the retirement papers under the new scheme in the selected Institutions. The new scheme is believed to be better than the old ones because of its simplified way of implementation. It is faster and more reliable.
The Management of the Federal Tertiary Institutions studied handles the pre-retirement training very well in their institutions. By so doing, they prepare their retiring staff very well for retirement. The retirees interviewed confirmed that they were well-equipped for their retirement through training.
Collection of retirement data and its processing are the functions of the Pension Desk Officers but the calculations and payments are carried out by the Federal Pension Office Abuja, in collaboration with the Pension Fund Administrators (PFA).
The mandatory or statutory and voluntary retirements are handled based on the provision of the new scheme which stated that 50 years of age and pensionable circumstance are compulsory for one to qualify. The new pension scheme is believed to be the best so far.

This new Pension act introduced other safeguards for the scheme such as;

Separation of the Pension Fund Administrator (PFA) and the Pension Fund Custodian;
Pension Assets Custodian guarantee;.
Risk rating of Investment Instruments;
Independent Directors;
Compliance Officer;.
Reporting requirement by PFAs, PFCs Pension Department and adequate sanction;
Statutory Reserve fund and minimum pension guarantee.
Public disclosure of information by operators in the industry;
Government contribution shall be a first charge on consolidated revenue fund of the federation.
Deductions to be remitted within 7 days the employee is paid his/her salary.
Failure to remit within the stipulated period attracts penalty not less than 2% of the total contribution remained unpaid each month.

Apart from the above safeguards, the new Pension Act 2004 also has the following advantages or benefits to be derived from it. Pensioners are no longer at the mercy of employers and are assured of regular payment of retirement benefits; The employee has up to date information of his/her retirement savings account; It stems further growth of pension obligations in organization and provides a platform for addressing this liability;
It creates a huge pool of long term funds and enhanced accountability;
A contributor has the freedom to choose who administers his retirement benefits account;
Transparency is enhanced through public disclosure of information;
Individual accounts are portable;
Separation of investment, administration and custody of assets is a healthy development;
Imposes fiscal discipline on the nation and a solid foundation for economic development;
Demographic shifts and increased life expectancy would contribute to increase pension obligations under the defined benefit schemes; and
It introduces clear legal and administrative sanctions.
The new pension scheme is faced with many challenges as it is the case with any new scheme, mainly in the areas of remittance of the funds deducted from the employees' salary, proper administration or management of the fund, poor investment profile, etc.
The scheme needs enabling environment from the Government and other stakeholders to be alive to their duties for it to survive. This will also minimize the challenges facing the scheme. Again, if the pension scheme is administered very well, the funds will make a huge contribution to the socio-economic development of the country both at the domestic and international levels.

Pension and gratuity (terminal benefits) under the new Reform Act 2004 are paid to retired workers who retired under pensionable circumstance, and who must have attained the mandatory 50 years of age. The processing of the retirement papers in the new scheme, takes up to three months. Twenty-five percent or higher on negotiation is paid to the retiree as initial payment (gratuity). The remaining fifty percent (50%) or less is spread for monthly payments for ten years. Contributions made under the old Nigeria Social Insurance trust Fund (NSITF) on behalf of the employees are held as 'Bonds' by the Central Bank, and is paid into the employee's savings account on retirement. The most interesting aspect of the findings is that, in the federal tertiary institutions studied, the retirees under the new pension act, receive their pension as and at when due. They were also, given adequate training that equipped them for the new life through seminars and workshops this shows that the institutions studied are effectively carrying out their duties for the success of the scheme.
However, the new scheme is faced with challenges ranging from non/late remittance and diversion of deducted funds, use of inexperienced pension desk officers, and poor management of funds especially in the area of investment. A well-managed pension fund makes a huge contribution to the socio-economic development of a country at both the domestic and international levels. Hence the need for effective implementation of the pension Reform Act 2004 cannot be over-emphasized.

Recommendations
In view of the findings of this study, the following measures/recommendations were made to improve the administration/payment of terminal benefits to retired workers in Nigeria in general and the Federal Tertiary Institutions studied in particular.
There is need for proper documentation of records**:**
There should be periodic examination of personnel information or service records of officers from the date of entry into service to the date of retirement, withdrawal or even death as the case may be. This will ensure the proper documentation of the records. Properly documented records will not only show whether or not the officers' advancement has been normal up to retirement but also ensure that only officers who retire on

pensionable circumstances are paid retirement benefits promptly. For example, the date of entry into the service is an important criterion for determining the retirees'

Entitlements – in the old scheme, gratuity and pension, while in the new scheme, lump sum and periodic withdrawals. This will also reduce the delay in the processing/payment of retirement benefits.

These documents including the new ones are as follows:

Retirement Saving Account papers/number (RSA)

PENCOM data from. See Appendix III

Detailed record of service with up-to-date salary progression to facilitate checking of terminal or final pay and total annual emolument duly stamped and signed/certified by the officer's department;

A copy of the retirement letter duly signed/dated/thumb printed;

A gazette publication/letter of first appointment;

A copy of evidence of acceptance letter of the notice of retirement issued by the head of department of the retiree;

Gazette of transfer where applicable;

Letter/gazette publication of last promotion;

Authority for conversion/upgrading/advancement from one post/cadre to another;

Stamped death certificate or coronary's medical certificate in case of accident and letter of administration;

Approval of condoned period of NYSC where it applies;

Gazette of secondment or De secondment;

Statement of indebtedness from housing, vehicle, furniture, loans/advances etc.

Only Trained and Knowledgeable Desk Officers should be used**:**

5. Summary

It is very important that the pension desk officers should take cognizance of the pension Law in force. Retirement benefits and eligibility, as well as various establishment circulars moderating pension administrations in the public/private sector should be part of them as working tools. This will place them in a better position to carry out the assignment effectively, and by so doing help, the Government to achieve the objective for which the new Act was enacted. Wrong interpretation of rules can cause a lot of problems for pension officers; indeed every officer involved should familiarize himself or herself with various circulars, laws, etc. dealing with the payment of the terminal benefits. The lack of knowledge of how to process retirement papers contributes in no small measure to the delay in the payment of retirement benefits. This study then recommends the training and retraining of the pension desk officers from time to time to get them in line with the new laws and changes in the processing/handling of payments of the terminal benefits.

Proper handling of Retiring Officers or Retirees:

Retiring officers should be informed appropriately of the life after retirement through compulsory seminars and workshops and be guided in the completion of their pension forms to ensure accuracy, and on time too. This will help to reduce the time wasted or delays in the payment of retirement benefits. In the Federal Tertiary Institutions studied, the authorities are doing very well in this regard.

Computerization of the Payment of Terminal Benefits:

The study recommends the computerization of the management/payment of terminal benefits, especially in the Federal Institutions studied. Computerization will also help to reduce delays caused by shortage of stationery items, manually operated systems and other problems encountered in the processing of papers for outstation officers or officers retiring from branch offices or liaison offices.

Use of smartcards by pensioners for verification and online payment of pension will help reduce the rate of corruption in the system and also expose the pension cartel operators.

The study further recommends that:

- The scheme should be reviewed to cover all the workers in Nigeria and make retirement age uniformed as it is in the United States of America (USA) and other countries, and remove other clauses like alternating the age with year of service (i.e. sixty-five years of age or thirty-five years of service whichever comes first). According to Nyong, and Duze, (2011:109) "There is no Act or pension scheme in Nigeria with clear cut designation on retirement as it is in USA, where the official age is 65 years, irrespective of the Sector of the economy the worker is working".
- Pension commission should provide enabling environment for the smooth implementation of the new Pension Act.
- There is need for uniform pension for both the public and private sectors and at all the levels of Government and the scheme be funded by the key players.
- Government should move further to put in place, relevant legal framework to insure political, economic and necessary supports for the scheme by subsequent governments.

- The pension commission should ensure effective monitoring of all players, adequate sanction of erring operators and good coverage of all stakeholders also make sure that the new scheme is rigorously audited and monitored for compliance without fear or favour.
- The contributions should be increase from 15% to 40% to be shared by the employer and employee at the ratio of 3:1 (75%:25%).
- The pension scheme in Nigeria should be expanded to allow for multiple plans and not just one, to enable workers who could afford it to participate in two or more pension plans as is obtainable in other countries like Canada, USA, etc.
- Government should provide additional retirement compensation in the form of social pension (social security) for the aged or every old person from age sixty-five years (65), as it is in Japan, United States of America (USA), etc.

3. Conclusions

The new Pension Reform Act 2004 is a welcome development in the management of the terminal benefits in Nigeria. The implementation of the Reform Act needs records and data that are well documented as well as trained personnel to handle them. According to Ikotun, (2008:14)

"The service utilizes wide variety of resources such as human, financial and technology. The service also makes a wide array of decisions. These decisions are however, not made in a vacuum; they must be rooted in hard facts and figures derivable from records. The service is therefore records driven".

Official actions and inactions hinge on written or documented records. The administration (computation/processing/payment) of the terminal benefits is also based on the availability of adequate and correct records. Again the proper implementation of the 2004 Pension Reform Act requires registry desk officers that are well grounded and experienced in that area – human resources professionals. The ministries/departments and indeed the management of the federal tertiary institutions studied including those covered by the Act should pay close attention to their personnel management units or departments as the case may be, to make sure that these departments are not dumping grounds for officers who are rejected in other departments. It should be staffed with officers who are trusted, committed, knowledgeable, innovative and hard working. They should also pay close attention to numerous processes through which their records are created or captured, maintained, distributed, used, stored and retrieved when required. These should be in line with modern technology that facilitates/provides better way of doing things administratively. A good example is the USA Retirement System Modernization (RSM). It is also necessary to review some aspects of the Act for proper accommodation of the retiree at the end of the ten years span provided by the scheme. The proper investment of the funds and separation of the management of the funds from the custodian really helped matters.

The scheme also encounters challenges like non/late remittance of funds to the appropriate quarters, diversion of funds into private account, use of inexperienced pension desk officers, etc. These also affected the smooth implementation of the 2004 Pension Reform Act in the Federal Tertiary Institutions studied. Thanks to the last administration of President Good luck Jonathan for the amendment of the aspect of the Act for prompt remittance of the deducted funds which now carries a heave penalty for defaulters.

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APPENDIX I

INTERVIEW QUESTIONS USED

A: Concept of Retirement Benefits.
(a) What do you understand by retirement benefits?
(b) In what forms are the benefits paid? Pension Gratuity Any Other?

B. Process of Payment of Retirement Benefits (pension and gratuity)
What considerations are made in the process of payment of pension/gratuity?
(i) Proper documentation of record of service?
(ii) Examination of Pension forms/records?
(iii) Computation of benefits?
(iv) Leaving service in pensionable circumstance?

(b) What qualifies an employee for the benefits?
(c) Is there any other information on payment of Pension and Gratuity?

C. Administration of the New Pension Law
(a) Who are involved in the new payment of terminal benefits and how?
(i) Government? What role does the government play?
(ii) Old Pension Board? What role does it play?
(iii) New pension Administrators? What role do they play?

(b) What other information have you on the new pension administration?
What is the fate of the exiting pensioners who made contribution under the NSITF (Nigeria Social Insurance Trust Fund)?

What happens to the new scheme contributor who dies before retirement?

D. Effectiveness of the new pension scheme
(a) How long did it take you to process your retirement papers?
(b) What can you say about the legal framework of the new Pension Reform Act 2004?
(i) Is the framework simple or complex?
(ii) In either case, what is your reason?
(c) Were you given any pre-retirement training?
(d) Have you been paid your gratuity or lump sum?
(e) How often do you receive your pension?
E. Management Strategies
(a) Who are responsible for pension data collection and processing?
(b) How are the compulsory and voluntary retirements handled under the new scheme?
(c) How do you compare the new pension scheme with the old?
(d) What are the challenges of the new pension scheme?
(e) How do you cope with the challenges if any?
(f) How will the new pension scheme contribute to our socio-economic development?

Focus Group

Questions for Interactive Sessions (Interview)

1. What do you understand by the Pension Reform Act 2004?

2. Are there other regulations guiding the administration of pension in the Nigeria Federal Public/private Sectors?

3. Is there any problem with the new 2004 Pension Reform Act Implementation in your institution?

4. What are the causes of delay if any, in the implementation of the new Pension Reform Act?

5. What are the impacts of the delay on the retired workers of your Institution?
6. Has the new Pension Reform Act provided any solution to the identified problems of pension administration in Nigeria?

APPENDIX II
Table (5): Countries with the Largest Pension Funds

S/No	Country	Fund	Assets US$ (in billions)	Inception	Origin	Approx. wealth per citizen
1	Norway	Government Pension Fund of Norway	$450	1990	Oil	$195,700
2	Japan	Government Pension Investment Fund	$1370	2006	Non-Commodity	$10,800
3	Netherlands	Stitching pension funds ABP (ABP)	$313 (€215)	1922	Non-Commodity	N/A
4	South Korea	National pension service (NPS)	$270	1988	Non-Commodity	$5,000
5	Canada (Quebec)	Caisse de depot et placement du Quebec (the Quebec Pension Fund)	$258	1965	Non-Commodity	N/A
6	United States (California)	California Public Employees' Retirement System (CslPERS)	$202	1932	Non-Commodity	$126,250
7	Malaysia	Employees Provident Fund	$130	1991	Non-Commodity	$4,500
8	Netherlands	Stichting Pensioenfonds Zorg en welzijn (PFZW, formerly PGGM)	$123 (€85)	1969	Non-Commodity	N/A
9	Canada	CPP Investment Board (Canada Pension Plan)	$122.7	1997	Non-Commodity	$183.300
10	Canada (Ontario)	Ontario Teachers' Pension Plan	$109	1990	Non-Commodity	N/A
11	Brazil	Caixa de Previdencia dos Funcionarios do Banco do Brazil (PREVI)	$80	1904	Finance	N/A
12	Ireland	National Pension Reserve Fund (NPRF)	$30	2001	Non-Commodity	N/A

Pension Fund – Wikipedia the free encyclopaedia February (2011:4)

APPENDIX III
2004 PENSION REFORM ACT VERIFICATION CHECK LIST FOR RETIREE

		YES	NO
(1)	Original and photocopy of Letter of First Appointment		
(2)	Original and photocopy of Birth Certificate or Declaration of Age		
(3)	Original and photocopy of Promotion Letter or Pay Slip Indicating grade and Step as at 30th June 2004		
(4)	Letter from Ministry, department and Agency signifying retirement and first appointment dates, grade level and step as at 30th June 2004 as well as the current grade level and step		
(5)	Authenticated past records of service		
(6)	Current Pay Slip indicting current grade level and step		
(7)	Evidence of registration with a Pension Fund Administrator indicating Personal Identification Number (PIN)		
(8)	One recent Passport photograph		

PENCOM VERIFICATION OFFICERS: ……………………………………………………
ID NO: ……………………………………………………………………………………...
SIGNATURE: ………………………………………………………………………………
DATE: ………………………………………………………………………………………