Academic Journal of Current Research
Vol.8, No.7; July-2021;
ISSN (2343 – 403X);
p –ISSN 3244 - 5621
Impact factor: 7.91

THE IMPACT OF PENSION ADMINISTRATION ON RETIREES: A STUDY OF RIVERS STATE PENSION SCHEME, 2009-2019

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Abstract: *Effective pension administration has been a serious problem in the three tiers of government in Nigeria, even though pension scheme is expected to solve the problems of financial security for the employees and their reliant after retirement from service. This is hampered by the recurring problems of non-payment of pension and gratuity as at and when due. The major objectives the study is to investigate the extent of financial commitment by the Rivers State Government on payment of retirement benefits and also to ascertain the effectiveness of the remittance of monthly deductions from the employees by the Rivers State Ministry of Finance into their respective Retirement Savings Accounts.The research is designed to be descriptive and quantitative. The opinions of 391 respondents (retirees) randomly selected among pension officials and pension staff in the Rivers State Public Service were gathered and it was discovered that poor pension administration and improper implementation of the new pension scheme and negligence of the government in payment of retirement benefits had greatly hampered the success of the Contributory Pension Scheme. The collected data was analysed in statistical tables and charts to test the rate of responses in validity and reliability in t-test. Findings show that the deducted 7.5% from the emoluments of the employees were not regularly remitted into their Retirement Savings Accounts. The insufficient and delayed budgets that plagued the Defined Benefit Scheme is also threatening the Contributory Pension Scheme because of non-compliance on the part of the Government in payments of its contribution and savings in Bond. Two hypotheses were tested using the T-Test probability statistical tool The study concluded that the financial commitment of the government and its due remittance of monthly contributions of pension fund would significantly enhance the wellbeing and living conditions of Public Service retirees in Rivers State. The study therefore, recommended that the Rivers State Pension Board regularly send nominal roll of retirees to the Office of the Governor for proper attention. Also, there should be more compliance on the payment of retirement benefits and Past Service Liabilities Bond to tackle pension matters and regular remittance of deductions.*

***Keywords*:** Contributory Pension Scheme, Public Service Retirees, retirement, Rivers State Government

Introduction

A good job meant access to economic security and economic security is constituted by the need for social security to access basic activities to earn sustainable lifestyle. In such situation, work becomes a very viable aspect of humans as it determines the sustenance and course for livelihood. Obviously, it counts on the important basic needs of food, shelter, health, education, social protection and other necessities of life (Abdulazeez,2015). As important as it is, it is evident to state that humans cannot do without engaging in something to earn a living for self and family, but nature does not permit work inexhaustibly. Therefore, workers must disengage or retire from active service sometime in their lives.

Retirement is the disengagement of an employee from service in public or private sector while the payments offered by his employer for service rendered is considered to be benefits paid in pension and gratuity or accrued contributions toward his retirement. This may be on outright bulk payment, installment or other materials such as land, vehicles, and houses. The idea of more organised form of pension started in England in 1592 by the establishment of standardised system of military pensions during its 1592-93 Parliamentary Session for disabled soldiers and beneficiaries of soldiers who lost their lives in service. Pensions were paid in monetary form of ten and twenty pounds to Soldiers and Lieutenants respectively (Culture, 2019). In 1908, South Africa documented the format for pension administration which had started earlier in 1882. Thus, South Africa was the first country in Africa to implement pension. Nigeria experienced the first pension legislative document in 1951 by the British Government for the aged Colonial Officers. The Pension Ordinance had retroactive effect on 1st January 1946 which provided public servants with pension and gratuity.

Pension is intended to solve the problems of stress and painstaking financial situations employees experience on retirement. Prompt payment of retirement benefits increases comfort and sustainability of the individual. Unfortunately, funding pension schemes had been an enormous problem all over the world and many countries are enacting new policies to come out of the traditional pension plan of the Defined Benefit Scheme (DBS) into the new Contributory Pension Scheme (CPS) to ease up disengagement processes of employees from service and payment of benefits.

On the whole, it is necessary for government to be conscious of taking care of the retirees, remembering these people have served the state in their prime age, took active part in implementation of State Budgets and Projects. However, the struggles for payments of retirementbenefits are reiterative problems in this country; even the date of implementation of the Pension Reform Act 2004 comes in different forms. There is lots of confusion in the system. In course of this, the retirees in Rivers State have suffered much pain on the delay of the effective date of implementation of the Pension Reform Act 2004. In order to overcome or reduce the suffering of the retirees, the Rivers State Government have recently come up with some amendments on implementation of the Contributory Pension Scheme; thus, the need for the study of the impact of pension administration and its effects on retirees in Rivers State, 2009-2019.

Objectives of the Study

This study specifically seeks to:

1. Investigate the extent of financial commitment by the Rivers State Government on payment of retirement benefits.
2. Ascertain the effectiveness of the remittance of monthly deductions from the employees by the Rivers State Ministry of Finance into their respective Retirement Savings Accounts.

Research Questions

1. What is the extent of financial commitment by the Rivers State Government on payment of retirement benefits?
2. How does the Ministry of Finance remit monthly deductions from employees into their respective Retirement Savings Accounts?

Research Hypotheses

Ho_1 There is no significant relationship between the extent of financial commitment by the Government of Rivers State and the payment of retirement benefits.

Ho_2 There is no significant relationship between the deductions of monthly contributions of pension fund by the Rivers State Ministry of Finance and the remittance of the same into employees' Retirement Savings Accounts.

THEORETICAL FRAMEWORK

The study took time to deliberately review the works of other scholars and researchers related to this research work. This study is couched on the **Productivity Theory of Pension** propounded by Dorsey, Cornwell & Macpherson (1998).

The proponents of this theory attempted to explain policies governing employee-employer relationship on the job and welfare of the employee on retirement. The theory is premised on demand and supply. Both sides of the theory agreed that pension schemes are established as incentives and motivation to encourage workers to increase their productivity output or performance. The demand side of the theory postulates that employers make payments to employee's pension funds due to the fact that workers prefer pension savings to cash payments to their emoluments. This is because of the retirement benefits which include reduction in income tax, such as social and financial security from the employer's contributions, interest earnings and dividend earnings on pension fund investment or asset. The demand side of the Productivity Theory of Pension also states that employees, especially the high income earners prefer pension to cash payments because of annuity for life.

The supply side of the theory postulates that employees' gain from pension fund is intended to raise the level of workforce in productivity and reduce labour costs; this is due to the fact that the employers' investment in the training of the employees, improved condition of service, provision of adequate incentives for employees enables consistency in the organisation. In such situation, there is also the perspective that the supply side of the theory serves as an incentive for personnel to remain on the job to attain statutory pension. The theory enhances the financial security of the pensioners, especially when the assets are invested to generate accumulated income for redistribution to the retirees; motivates the employees to render best services as they look forward to earn rewarding retirement benefits. It is specifically stated that Contributory Pension Scheme by its contribution is more neutral towards quits or retirement decisions (Dorsey, et al. 1998; Cannon, 2012; Onyeche, 2019).

The facts in this theory is very viable to encourage employers pay retirement benefits to the retirees as at and when due, especially at this time when the Government have seen the need of phasing out the Defined Benefit Scheme to implement privately managed pension scheme(Pension Reform Act 2004) to ease up the mode of payments of pension and gratuity, and improvement of pension administration in Nigeria.

Conceptual Clarification

Abdulazeez (2015), alongside Athley and Omoresemi averred that retirement is a process that separates an individual from a job role or a termination of a pattern of life and a transition. He further opined that the causes of the detachment or separation may be owing to the circumstances of old age, poor health conditions, social pressure, and enthusiasm. He added that retirement is the point where people stop employment of work life completely. He went further to state that the individual may semi-retire by reducing work hours for sometimes before taking up complete retirement. Some chose to retire when they are eligible for pension benefits. Many employees endure depressing conditions just to attain the statutory age of retirement.

Forms of Retirement

The three major ways in which a Civil or Public Servant may retire or give up his office as stated by Nwajagu are voluntary, compulsory and mandatory retirement (Ajieh, 2014):

1. **Voluntary or Self retirement** occurs when the employee decides to quit the job for personal reasons, not by age, experience, length of service or retirement policies of the employer. This type of retirement is spear-headed by the employee for reasons best known to him. It might be change of job, illness, marital issues, furtherance of education or change of location. It is a request from the employee.

2. **Compulsory or forced retirement,** in most cases is powered by the employer in a situation where the employee is forced or compelled to leave the job against his wish on cases of unfitness, in form of ill-

health, age, gross misconduct, redundancy, accident, among others. The individual being affected might not be ready for retirement. Otherwise, compulsory retirement has serious negative consequences on the employee.

3. **Mandatory or Statutory retirement** is the normal expected form of retirement given to an employee who has reached the statutory age of retirement as specified by the condition of service in the establishment (Abdulazeez, 2015). The mandatory form of retirement is the type most employees look forward to end up with on pensionable jobs. In Nigeria, retirement ages range between 55 and 70 years for Civil Servants, and Public Servants: 60 years for Civil Servants, 65 years for Academic and Non-academic staff of universities, and 70 years for judges and professors; or retirement on 35 years of unbroken active service or 40 years for university staff whichever comes first. No officer shall be allowed to remain in service after the age of retirement of 60 years, 65years and 70 years for civil servants, university staff and judges/professors respectively; or working experience of 35 years or 40 years for universities staff.

The concept of Pension

On retirement, a retiree in public or private sector is expected to receive certain benefits in the form of gratuity and pension in old Defined Benefit Scheme. Gratuity is the lump sum paid to a worker on existing scheme of the establishment either through withdrawal as in the case of voluntary, compulsory or mandatory retirement. Ezeani and Ebosele (cited in Adeniji et al., 2017), defined pension as the sum of annuity paid periodically, usually monthly to a public servant who disengages from service after attaining a specified age limit of 60 years or 35 years of active service. On the other hand, gratuity and pension are post–employment benefits. These benefits are designed to prevent a sudden drop in the financial capability and living standard of the employee as he leaves the work.Besides, stoppage of his monthly salary and allowance as well as health service (if any) would cause serious consequences after disengagement. cumbersome for the government to handle**.**

Empirical Framework

Ajieh (2014), stated that the administration of pension and gratuity has become a teething problem in this country; even identified and recurrent problems are not well tackled. He further indicated that retirees should not be left to suffer unnecessarily or die in the course of waiting for their benefits because it is their right to be paid pension to take care of their families. Besides, most desk officers that handle pension and gratuity matters in government establishments are found to be very fraudulent in their dealings, by diverting monies meant for pensioners for themselves. He opined that pension workers aid the problems of none or delayed payment of pension benefits. This is in cognisance with the view of James (as cited in Samson, n.d., p. 10), who said that pension benefits are the assets held under irrevocable trusts.

Eremie (2015), clearly stated that retirement from work create serious challenges to both male and female retirees in Rivers State. He further stated that these challenges are insufficient financial resources, health related problems, social stigma, learning new job skills, lack of self-awareness, missing the job environment, and missing co-workers. This in fact is in cognisance with retirees in other parts of Nigeria. Eremie, further betokened that there should be counseling to let the retirees note the relationship between the purpose of retirement and existence afterwards. This will motivate them to change irrational thinking to cope with less stressful lives. This has been reported earlier in this study by Glick (as cited in Eremie, 2017, p. 5), who pointed out that for most people, retirement is a major economic process. He went further to state that fringe benefits, gratuity, health and pension scheme give security to motivate employees for job satisfaction. Besides, Adangor (2018), opined that poor implementation of the provisions of pension scheme has continued to hamper effective administration of the new Contributory Pension Scheme across the nation. The government is yet to consider the plight of the retirees. He further stated that government should be able to address the issues of poor funding by setting aside 5% of its total monthly wage bill for purpose of funding past liabilities as prescribed under section 36 of the Rivers State Pension Reform Law, 2009. This is in line with Guga (2014), who indicated that the demonstration of the commitment levels at the leadership or governance level is a prerequisite for assessing the overall value attached to a particular action or function. It enhances the level of trust between parties such as government and its employees. It is evident that financial commitment of the government in payment of retirement benefits extended to existing employees in the public, agencies and parastatals within the state suggest the level of confidence.Nwikinanee (2012, pp. 58-94), summed it up that the whole business of workers' motivation in establishment boils down to the human provision of better working conditions and welfare in the system. He also stated that it is important to note the unpleasant situations as people disengage from work, life become more exorbitant in the standard of living; more difficult to face the odds of retirement. Regardless of the perspectives retirement issues are being looked at, the fact still remains that employee's efficient productivity or extra efforts are most times connected with welfare packages and pension schemes.

Importance of Pension Scheme

When pension policies are administered properly and payments of pension and gratuity are effected on time, retirees enjoy life from job into sustainable retirement. On the other hand, we all know pension to be a tool used by employers in an organisation to attain and retain certain levels of labour productivity. Armstrong (2010) affirmed that pension helps employees to adjust properly into the society after disengagement from work. Pension constitutes important tools in the hands of management for boosting employees' morale which may lead to job efficiency and increased in productivity in the establishment. In well organised system, pension is a device which employers use to meet their social responsibilities and thereby attract goodwill. It plays an increasing role in the economy of any country because of the money earmarked for pension could be used to establish small scale enterprises after retirement benefits is paid.

Pension Reform Act 2004

The Pension Reform Act 2004 (PRA 2004), also known as Contributory Pension Scheme(CPS) is the new uniform pension scheme aimed at addressing problems associated with the old Defined Benefit Scheme (PAYG) in public and private sectors. The Pension Reform Bill from Executive arm of Federal Government was submitted to the National Assembly in September 2003 after thorough investigations of the old Defined Benefit Scheme. The Bill desired to repeal all existing pension schemes including the Nigeria Social Insurance Trust Fund (NSITF) of 1993 and replace it with a contributory and privately managed pension scheme. The senate on 23rd March 2004 passed the Pension Reform Bill and President Olusegun Obasanjo signed it into law on 25th June 2004, when he sought to reverse the horrible situation inherited from Defined Benefit Scheme, in view of its structure and environment in arrears of unpaid pensions running into billions of Naira. This instituted a more sustainable process in disengagement of workers as reviewed on the report of the Adeola Committee in 2003 (Ubhenin, 2012, pp. 289-304). The implementation of the Act began on the 1st July 2004. This Act has brought about fundamental changes to the structure of having service benefits of Defined Benefit Scheme (PAYG), and the modalities it was funded solely by the government. By this Act, it is important to note that all pension schemes existing before the commencement of the Pension Reform Act 2004 ceased to operate. Notwithstanding, a firm having less than five employees is eligible to participate in the scheme (PRA 2004; Abdulazeez, 2015, p.4). According to Section (1) Sub-section (1) and (2) states that the Acts applies to officers on permanent employment in public and private sectors. Employees who are in the permanent employment of organisations in which there are five or more employees shall be subject to section 8 of this Act. The scheme shall apply to all establishments in the Federation and private sector. Under this scheme in section (9) both employer and employees in the public and private sectors contribute 7.5% each of their monthly emoluments, while the military sector employees contribute 2.5% and the employer 12.5%. The military sector, judges and employees having less than three years to retire before the commencement of this act are now exempted in the Pension Reform Act 2014(as amended). The Act obliged the employer to deduct at source and remit contributions to the Pension Fund Custodians (PFCs) not later than seven days after deduction, while the Pension Fund Custodians must notify the Pension Fund Administrators (PFAs) within twenty-four hours of the receipt of the contributions. Equally, erring Pensions Fund Administrators who are unable to pay two percent (2%) of the value of the deductions are sanctioned for default (Abdulazeez, 2015; Adangor, 2018; Ajieh, 2014; PRA, 2004).

Objectives of the Act

The objectives of the scheme (PRA, 2004) shall be to:

1 Ensure that every person who worked in either the public service of the Federation, Federal Capital Territory (FCT) or private sector receives his retirement benefits as and when due;

2 Assist improvident individuals by ensuring that they save in order to cater for their livelihood during old age; and

3 Establish a uniform set of rules, regulations and standard for the administration and payments of retirement benefits for the public service of the Federation (Federal Capital Territory) and private sector.

Challenges of Contributory Pension Scheme

From the preceding, the Contributory Pension Scheme (PRA2004) seems to give more hope to pensioners when compared with the pre 2004 scheme (Bassey, Etim&Asinya, 2010, p. 10). Let it be more hopeful that the challenges of National Provident Fund will not occur in this Act where contributions were not remitted properly. Nigeria Labour Congress (NLC) and other researchers have questioned this Act. However, there shall be shortfalls in this scheme as indicated by Abdulazeez (2015).

1. **Limited Investment Opportunities:** Individual accounts of the new scheme were expected to supply investment capital that would spur the development of domestic capital markets, but limited investment potentials are biggest obstacles in local capital markets.

2. **Inadequate Courage:** A large proportion of the population remains inadequately covered by the Contributory Pension scheme. The scheme has not been practised by many private companies, worst still in the individual (self-employment) capacity.Several years after the take-off, the scheme is still bedeviled by general misconceptions and knowledge gap. The people do not have confidence in this new scheme because of previous policies that have failed on pension management. Also, there is fear of continuity and sustainability of the scheme by successive governments due to government attitudes towards new polices, implementation and follow up.

3. **Mismanagement of Funds:** Another challenge is the mismanagement and misappropriation of amounts earmarked for employees'pension. It remains to be seen whether the government will pay their part of the contribution into the employees' RSAs to the Pension Fund Custodians regularly.

4. **Risk Management:** The scheme also entails the transfer of investment risks of retirement funds to the employees. In many cases, the employees are not given the opportunity to choose Pension Fund Administrators or choice of Pension Fund Custodians in management of their contributions (RSAs), but the Act states that the employees are let to choose their Pension Fund Administrators.

5. **Coverage and Regulation of the Scheme:** The reform has failed to provide for basic social security in old age for the majority of Nigerians employed in the informal sector; even those employees who might out live the annual distribution of Credit balance of 50% of their contributions are also at risk. Besides, the high degrees of financial instability and lack of

appropriate investments outlets for pension savings cast doubt on the basic utility of the system. Sometimes, the National Pension Commission is said have failed to monitor, supervise and regulate Pension Fund Administrators. Pension savers are in most cases not able to evaluate the pros and cons of investing with different Pension Fund Administrators.

Pension Reform Act 2004 in Rivers State

The Government of Rivers State reviewed the date of implementation of the Pension Reform Act 2004 to the benefit of the suffering retirees. Deductions started effectively in October, 2012 and implementation on retirees started 1st July 2015 in a very depressing condition. The effective date of the Contributory Pension Schemecaused so much misconceptions, coupled with the agony the retirees went through at this period of transition; resulting into concession among stakeholders concerning the implementation of the new scheme. The misconception started with the involvement of the employees who were to retire in no distant time. There was no proper study or investigation of the new scheme before implementation. The Pension officials just keyed into the scheme and started deductionsfrom the employees' salaries without cognisance of the employees who were having less than three years in service. The unfortunate situation caused a lot of trauma since 1st July 2015 till the time of this amendment.

Rivers State Pension Reform Law, 2019

The new law was enacted by the Rivers State House of Assembly, approved and signed by the Rivers State Executive Governor Chief Barr. NyesomEzenwoWike. The general statement of purpose of the law states:

> A law to repeal the Rivers State Pension Reform Law 2009 and the Rivers State Contributory Pension Scheme for employees in the public service (Amendment) Law 2012, and re-enact the Rivers State Pension Reform law, to establish the Contributory Pension Scheme of Rivers State and for other connected matters (p. A1).

The Rivers State Pension Reform Law in section 1, subsection (1) and (2) established a Contributory Pension Scheme (referred to as 'the Scheme') for payment of retirement benefits for employees in the public service of the state.Section 1, subsection 3 (a) and (b) states that the scheme shall not apply to any employee who is at the commencement of this law are entitled to retirement benefits under any pension scheme existing before the commencement of this law but has 3 or less years to retire voluntarily; andpublic and political office holders in accordance with the Rivers State public and political office Holders (Amendment) law, No. 2 of 2007. It is also stated that in pursuant of subsection (4) the computation of the retirement benefits shall be in accordance with the Defined Benefit Scheme and shall continue to apply to persons who derive retirement benefits under the existing pension scheme as provided for in the right schedule. Nothing in this law shall preclude the right of any person in subsection 3 (a) and (b) from being paid pensions. For the sake of clarification, it is imperative to look at other aspects of the new Act:

1. Objectives of the Contributory Pension Scheme in Rivers State

The objectives of the Scheme are to:

a. Assist every person in the employment of the State Government to save towards his retirement.

b. Ensure that a person who resigns or retires from the public service of the State receives his terminal or retirement benefits; and

c. Establish a set of rules and regulations for the administration and payment of retirement benefits in the Public Service of the State.

2. Rate of Contribution to the Scheme

Subsection 3 (1) and (2) states that the rate of contribution to the scheme is as at the rate stipulated by the Federal Republic of Nigeria. Pension Reform Act

2004 (PRA 2004) which declares that a minimum of 7.5% monthly emolument shall be contributed each by the employer and employee. An employer may agree or elect to bear the full burden of the scheme, but the employer's contribution shall not be less than 15% of the monthly emolument of the employee's basic salary, rent and transport.

Methodology

Research Design: The aim of the research is to investigate pension administration and the impact on retirees in Rivers State Pension Scheme, 2009-2019.This is to examine the impact of the pension transitional arrangement by the Government on the Contributory Pension Scheme. On data collection, quasi-experimental design which is sometimes called survey was adopted for this research because of the complex relationship between variables (Aluko, 2014; Johnson & Cook, 1983).

Population of the Study: The study is focused on Pension Administration in Rivers State Public Service from 2009-2019; with a broader view of what happened in the pension transitional period of the old Defined Benefit Scheme (DBS) into the new Contributory Pension Scheme (CPS) as it affects the retirees. According to the Rivers State Pension Board in November 2019, 18,073 retirees are on pension list, and some of them are yet to get the attention of the Rivers State Government on payments of their pension and gratuity. Therefore, the population of the study is 18,073.

Sample and Sampling Techniques: The method that was used in selecting respondents for this study is a combination of simple random and purposive sampling techniques. Random sample technique was used to select respondents with equal opportunity for the administration of the questionnaire (Ojionwo, 2000; Yates, et al., 2008). Thus, the sampling was on pension Officials and retirees in the Rivers State Public Service, 2009-2019.In this study, the sample size of retirees was determined by using the Taro Yamem's formula as follows:

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

When n = sample size
N = Population size
e = Level of significance (0.05)
1 = a constant value
N = 18,073
e = 0.05

Therefore, 391 copies of questionnaire were administered to retirees in Pension Meetings, Rivers State Pension Board, Civil Service Pension Office, Rivers State Ministry of Establishment, Ministry of Finance and Teaching Service Pension Board.

Reliability of the Instrument: The researcher utilised the Cronbach alphain the assessment of instrument reliability for the study.

Table 1: CronbachAlpha Reliability Result

Study Constructs	**Items**	**Alpha Coif.**
The financial commitment by the Rivers State Government to the payment of retirement benefits	5	0.832
The remittance of monthly deductions from employees in their respective retirement savings accounts	5	0.889

DATA RESULT

Field Report: In line with the estimated sample size for the study, 391 questionnaire copies were successfully distributed to the target participants for the study. Out of which only 354 copies were retrieved. A total of 37 copies were lost due to the noted unavailability of some of the target participants during the time of questionnaire retrieval; while some others were left uncompleted and that way unsuitable for inclusion in the analysis of the study.

Research Question 1:What is the extent of financial commitment by the Rivers State Government on payment of retirement benefits?

Table 2: Distribution for financial commitment by the Rivers State Government to the payment of Retirement Benefits (2013-2019)

	Yes		No		No response		Total		
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Mean	Standard Deviation
Is the Government consistent in the payment of retirement benefits in Rivers State?	122	34.5%	208	58.8%	24	6.8%	354	1.72	.58
Did the government find it necessary to implement pensions as soon as you retire?	49	13.8%	303	85.6%	2	0.6%	354	1.87	.36
Have the Government paid pension and gratuity to retirees who retired between 2013 – 2019?	110	31.1%	224	63.3%	20	5.6%	354	1.75	.55
Are pension budgets sometimes diverted to other government businesses?	245	69.2%	103	29.1%	6	1.7%	354	1.32	.50
Are there significant effects on the retirees as a result of non-payment of retiree benefits?	254	71.8%	95	26.8%	5	1.4%	354	1.30	.49

Source: Research Data, 2020

The distribution for financial commitment by the Rivers State Government to the payment of retirement benefits as demonstrated on table 2 presents the data on the variable by showing the response frequencies for each manifest property; where for item 1: Government is consistent in the payment of retirement benefits in Rivers State; majority of the respondents disagree with the statement with a mode frequency of 208(58.8%); item 2: Did the government find it necessary to implement pensions as soon as you retire? Is also noted to have a high and more dominant position that disagree to the statement with a frequency of 303 (85.6%), item 3: Pensioners who retired between 2013 – 2019 have been paid pension and gratuity, also suggests majority of the respondents disagree at a frequency of 224 (63.3.5%). However, item 4: Pension budgets are sometimes diverted to other government businesses has most of the respondents affirming to its evidence with a frequency of 245 (69.2%); and item 5: There are significant effects on retirees as a result of non-payment of retiree benefits is also noted to have a high level of affirmation to the statement with a frequency of 254 (71.8%).

Research Question 2: How does the Ministry of Finance remit monthly deductions from employees into their respective Retirement Savings Accounts?

Table 2: Distribution for the Remittance of monthly Deductions from Employees in their respective Retirement Savings Accounts

	Yes		No		No response		Total		
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Mean	Standard Deviation
Did Deductions on Contributory Pension Scheme commence when you had less than 3 years to retire?	254	71.8%	100	28.2%	0	0.0%	354	1.28	.45
Did the government regularly pay its part of the contribution into your Retirement Savings Account?	7	2.0%	347	98.0%	0	0.0%	354	1.98	.14
Were all the deductions from your salary remitted to the Pension Fund Custodians?	115	32.5%	234	66.1%	5	1.4%	354	1.69	.49
Did the Ministry of Finance remit the omitted deductions on notice?	115	32.5%	234	66.1%	5	1.4%	354	1.69	.49
Since you are not included in the Contributory Pension Scheme, Have the Pension Fund Custodian refunded your contributions?	261	73.7%	75	21.2%	18	5.1%	354	1.31	.56

Source: Research Data, 2020

The evidence for the distribution for the second construct in the study - the remittance of monthly deductions from employees in their respective Retirement Savings Accounts, is demonstrated on table 2. The evidence from the analysis shows the response frequency for each manifest property of the construct where item 1: Deductions on contributory pension scheme started when you had less than 3 years to retire; is noted to have a mode frequency for agree (yes) at 254 (71.8%); item 2: Did the government regularly pay its part of the contribution into your Retirement Savings Account, is observed to have a mode frequency for disagree (no) at 347 (98%); item 3: All the deductions from your salary were remitted to the pension fund custodians (pension banks) is observed to have a mode frequency for disagree (no) at 234 (66.1%); item 4: Did

Academic Journal of Current Research
Vol.8, No.7; July-2021;
ISSN (2343 – 403X);
p –ISSN 3244 - 5621
Impact factor: 7.91

the ministry of finance remit the omitted deductions on notice? Is observed to have a mode frequency for disagree (no) at 234 (66.1%) while item 5: Since you are not included in the contributory pension scheme, your deductions are refunded, is observed to have a mode frequency for agree (yes) at 261 (73.1%).

Hypotheses Testing

This section of the study addressed the research questions and hypotheses of the study. The tests are carried out using the one sample t-test which is based on the adopted 3point scale, adopts a test value of 1.5 being the approximate midpoint of the scale. The Probability value (Pv) was adopted as the criterion for the assessment of significant relationship (where Pv< 0.05) and insignificant relationship (where Pv> 0.05). The first hypothesis for the study is stated as follows:

HO_1: There is no significant relationship between the extent of financial commitment by the Government of Rivers State and the payment of retirement benefits.

Table 4: One-Sample Test

	Test Value = 1.5					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Finance	17.790	353	.000	.12542	.1116	.1393

Source: Research Data, 2020

The results show that there is a significant relationship between the level of financial commitment by the Government of Rivers State and the payment of retirement benefits where P = 0.000 and T = 17.790. Evidence demonstrates that the relationship is high; hence increases in government financial commitment will also led to enhanced features of retirement benefit payment. As such the null hypothesis is rejected.

HO_2: There is no significant relationship between the deductions of monthly contributions of pension fund by the Rivers State Ministry of Finance and the remittance of the same into employees' Retirement Savings Accounts

Table 5: One-Sample Test

	Test Value = 1.5					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Remit	15.241	353	.000	.09096	.0792	.1027

Source: Research Data, 2020

The test as demonstrated on table 5 shows that the relationship between the deductions of monthly contributions of pension fund by the Rivers State Ministry of Finance and the remittance of the same into employees' Retirement Savings Accounts is significant where P = 0.000 and T = 15.241. The evidence suggests that activities which reflect the deductions of monthly contributions of pension fund by the Rivers State Ministry of Finance has a significant correlation with the remittance of the same into employees' Retirement Savings Accounts. Based in the evidence presented, the null hypothesis is rejected.

Evidence from the analysis therefore affirms to the imperatives of Government financial commitment in the payment of retirement benefits, the regular remittance of monthly deductions from employees into their respective Retirement Savings Accounts. These are reflected as being critical and as playing substantial roles in the outcome of the Contributory Pension Scheme and the welfare or wellbeing of the retirees.

Discussion of the Findings

Financial commitment of Government in Payment of Retirement Benefits:

The study presents the commitment on the part of the government in terms of its financial obligations towards the payment of retirement benefits as significant and imperative towards the success of the programme. This is in line with Guga (2014) position that the demonstration of commitment levels at the leadership or governance level is a prerequisite for assessing the overall value attached to a particular action or function. It also enhances the level of trust between parties such as the government and its employees. The implications of government financial commitment to the payment of retirement benefits also extend to existing employees within the various public agencies and parastatals within the State as it suggests the level of confidence that can be placed in the leadership; and also influences the morale of the workers. Ayegba, James and Odoh (2013) observed that most often one of the reasons the government finds it hard to take seriously their pension schemes and the welfare of their retirees is the assumption that these category of citizenry are no more useful and so are less important to the service; On the contrary, Maji (2014) argued that most retirees are yet bread winners of their family and their experiences during retirement is a reflection of the Government's commitment to a more sustainable society and living standard for its citizenry. Unfortunately, the government is yet to provide effective budgets for pension matters. Findings in pension offices indicated that even when the demographic of retirees are submitted to the Executive in preparation of payment of retirement benefits, little attention is given to such. This is in support with the findings of Adeniji, et al. (2017) and Eme, et al. (2014) who observed that pension administration is massively marred with accumulation of pension debts and inadequate budgetary provisions. As such, retirees have to wait as long as two to six years to be on pension list for payment. This is the depressing issue that caused some retirees (about 6500 retirees) on pension list awaiting retirement benefits in the period under review to embark on protests. It was discovered that the delay also was as a result of the amendment of the 2009/2012 Rivers State Pension Law on the effective date of implementation of the Contributory Pension Scheme. The effective date would have kicked-off in 2012 to give a preparatory period of

Academic Journal of Current Research
Vol.8, No.7; July-2021;
ISSN (2343 – 403X);
p –ISSN 3244 - 5621
Impact factor: 7.91

three years (2009-2012) for effective implementation. The first attempt to deduct the 7.5% from employees' emoluments was scheduled in October, 2012 but failed because of poor implementation. The deductions eventually took effect in June, 2013.

In the attempt to solve the problem, the Executive Governor Chief Barr. NyesomEzenwoWike signed into law a new effective date (the third attempt) of the Contributory Pension Scheme from July 1, 2015 to June 30, 2019 in another preparatory period of three years with effective date on July 1, 2022 (as amended). Findings revealed that no employee in Rivers State Public Service has retired on the new scheme or any harmonisation of pensions taken effect in this period of study (2009-2019). Even though the delay of the amendments has favoured some employees to retire in the old scheme, they were unable to attain their pension arrears, gratuity, death benefits, promotion arrears, 'Study Leave without Pay' for those affected on such condition and other benefits.

Remittance of monthly deductions from Employees into their respective Retirement Savings Accounts:

The findings also demonstrate the need for regular remittance of monthly deductions from employees into their respective Retirement Savings Accounts. The significance of this action is such that is based on the development of trust and employee morale. Apart from its effect on the effectiveness of the pension scheme and the welfare of the employees, it is also imperative for demonstrating the transparency and integrity of the government as a way of motivating and driving the commitment levels of its workforce. Maji (2014) noted that the consistency of behaviour and the emphasis on ethical practices by the leadership of any organisation, including the public sector, is essential for the stability and longevity of its operations and the achievement of its goals. The expressions of value for the employees are reflected in the programmes and policies of the organisation.

Besides the problem of the Government not able to contribute its part of the 7.5%, study also revealed that it does not find it necessary to pay the Counterpart Fund for Past Service Liability Bond (5%) as stated in section 39 of the Rivers State Pension Reform Law, 2019. The 5% of total monthly wage bill is payable to the employees as Retirement Benefits Bond Redemption Funds for specified retirees in the public service of the State. This is to set-up a Pension Seed Fund to cushion any short fall in pension liability. At the time of this research, this aspect of Pension Seed Fund (5% total wage bill) is not adhered to by the Government. On this issue, Adangor (2018) advised that government should address the issue of poor funding by setting aside 5% of its total monthly wage bill for the purpose of funding Past Service Liabilities Bond as prescribed under section 36 of the Rivers State Contributory Pension Scheme for Employees in the Public Service Law No. 7 of, 2009. In this case, it is reflected in how committed the government is in ensuring the viability of the pension programme through its own consistency and support for the process. In other words, one way the government can demonstrate its value for its employees and by that, boost their level of engagement is through its commitment to the pension scheme through regular and consistent remittance of the monthly deductions from employees into their respective Retirement Savings Accounts (Ali, 2014; Guga, 2014). It is aforementioned that deductions started in October, 2012 which was interrupted by confusion in the system and eventually kicked-off in June, 2013. Findings revealed that most of the deductions were effected in November, 2014; including employees who were scheduled to retire between 2015-2017 which involved bulk of the staff strength. The aspects of deductions from employees is effective but the Government does little about its part. Unfortunately, it was discovered that some of the employees and retirees are not aware of the problem of remittance of their deductions. On another account, the Rivers State Pension Reform Law, 2019, section 3 states that any money deducted from any employee who had less than three years to retire should be exempted from the new scheme and a refund be made within 30 days of the person's retirement. This aspect of the scheme is acted upon by the Rivers State Pension Board; most of the affected retirees have been refunded their contributions towards the new scheme without the omitted months. The Ministry of Finance did not find it necessary to look into this matter and refund the omitted contributions that were not paid into their respective Retirement Savings Accounts but the Government collected back her contributions from the Retirement Savings Accounts of the retirees.

Conclusion

Findings in this research revealed the inability of the government in payment of pensioners in the Defined Benefit Scheme and contribute its part regularly on the new scheme. Even deducted 7.5%from employees are not properly remitted into their Retirement Savings Accounts; nor the Ministry of Finance remit the omitted deductions. However, it was discovered that money intentionally deducted from employees who had less than three years to retire has been refunded without the omitted contributions. The problem of non-remittance of deducted contributions from retirees is a fraud and call for legislative action. At one time or another, timeline has effects on many aspects of human life, and this has not been manifested positively in pension matters in the public, private and informal sectors.

Recommendations

The system demands fitness in payment of retirement benefits and contribution in the Pay As You Go (DBS) and Contributory Pension Scheme respectively. In course of this, the following recommendations are rendered to improve the system:

1. Government have failed in regulation of the Defined Benefit Scheme and the Contributory Pension Scheme on payments of accrued rights in pension bonds and contributing into Retirement Savings Accounts. In view of this, the study recommends that there should be more commitment and presumption of legislative action (in cases of depressing issues) on the monitoring by the National Pension Commission to implement the ethics of sections 7 and 72 of the Rivers State Pension Law, 2019 to call the Government to order. This is to emphasize the reinforcement of the penalty (payment of 2% on any deduction in failure to remit within seven days on payment of salary) against defaulting employers to remit or contribute its part of the new scheme.
2. From the aforementioned pension documents and records, it is recommended that credible data bank be established in pension offices, National Pension Commission and its affiliates for proper identification of retirees and their entitlements. Such records should be sent to Governor's Office, including list of intending retirees three months to their retirement.
3. As a way out of the Defined Benefit Scheme, it is recommended that the Government or any other employer should set

aside certain percentage of the monthly income to ease up or settle pension matters as they come in and remember to take up Past Service Liability Bond (5% of state income) in effect.

4. More effective pension administration is not yet in sight, as such employees are advised to take up alternative retirement funds beside the Contributory Pension deductions to boost their annuity on retirement. This will elevate their monthly pension cash flow on long time financial goals.

5. A collective awareness and enforcement should be taken up by the Nigeria Labour Congress (NLC) against the Government, due to the fact that the Pension Fund Custodians (PFCs) can only account for what is remitted into the Retirement Savings Accounts of the employees and the Rivers State Government is liable to money deducted from them without remission.

6. It is a fact that increase in minimum wage affect basic salary, rent and transportation that will affect the 7.5%. it is recommended that there should be an increase in the monthly deductions of 7.5% to 10% of basic salary, rent and transportation from employees' emoluments for more viable annuity on retirement. This is suggested on proper implementation of the minimum wage (Thirty thousand Naira) and affirm larger accrued contributions of 50% instant payment and the 50% balance spread into years for annuity.

7. There shall be seminars fashioned for retirees one year or six months before their disengagement from work to enable them stand the shock of the problems associated with retirement.

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