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AN OVERVIEW OF THE NIGERIAN PENSION SCHEME FROM 1951-2004

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ABSTRACT

This paper reviews the various pension schemes in Nigeria since 1951 to date with emphasis laid on the pre and the post 2004 era. It identifies the reason behind the failure of the previous schemes and also carryout a comparison of the pre and post 2004 pension Schemes in terms of which of the Pension era have minimized the plight of Pensioners. To achieve this objective, an hypothesis was formulated and several literatures reviewed. Sixty (60) staff drawn from the University of Calabar Teaching Hospital, Calabar, was administered with a well structured questionnaire with questions measured on a five point Likert scale. The data collected were analyzed with the aid of a Chisquare(X^2).From our findings, the 2004 pension Scheme have significantly minimized the plight of Nigerian Pensioners when compared to the Pre 2004 Schemes and should be encouraged. The Paper conclude that with the contributory and fully funded nature of the Scheme couple with the clear legal and administrative sanctions spelt out for erring parties, the underfunding ,and corruption which informed the frequent pension verification exercise that characterized the Pre 2004 Schemes have been reduced to the barest minimum and that the effort of successive governments in Nigeria towards encouraging Pension Schemes from Colonial period to date is commendable but considering the present day significance of pension, leadership of government and other stakeholders apart from encouraging the 2004 Scheme, should give pension matters top priority because after hard service comes a period of retirement. Series of recommendations have been made which if adhered to with a proper pension management orientation would distinguish Nigeria among her contemporaries in terms of having a hitch free Pension management system for her retirees.

KEYWORDS: Pension, Retirement, Pension Scheme, Fully funded, Contributory.

INTRODUCTION

Prior to 1979, little or no attention had been paid to pension and its attendant effect. Pension was seen as a voluntary process (Ayayi 1994). Of recent, the reverse remains the case as a result of the dynamics and diversity of modern society, coupled with huge amount of money committed to pension annually (Femi, 2001). In spite of this, Nigeria is still faced with the problem of managing a proper pension scheme for its retirees, whether in the private or public sector. For instance, the pension industry in Nigeria is marred by corruption (Chamberlain 2005), there are frequent complaints of pensioners collapsing and dying in queues while attempting to collect their pension. There are cases of underfunding (OJo-Aromokudo 2008). This is coupled with lack of adequate record keeping. In most cases, families of deceased employees find it difficult to secure their bread winner's entitlement several years after beneficiary's death. A classical example of the plight of Nigeria pensioners is seen in the cases of non payment of benefit to retired staff of Nigerian Railway Corporation (Mboto 2005) and Nigeria Airways Workers Retirees (Clementina 2004).In 2004, Railway pensioners were owed twenty months pension money amounting to thirty seven million dollars. The Nigerian Railway corporation which had 18974 pensioners on its

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record due to mass retrenchment in 1996 needed 24 million dollars to pay pensioners every year(Onyeonomu 2009).Complimenting this view was Ihonvbere(2008) who opined that despite government effort to clear the pension backlog, it still owes two trillion naira to his workers with the Nigerian Railway standing as two hundred and ten million with a monthly wage bill of two hundred million naira incure from the same source. Also, there are several categories of Federal civil servants who are owed pensions for upward of four to five years. These and other factors characterized the Nigerian pension system, thereby further increasing the plight of pensioners.

However, the setting up of all Pension Schemes in Nigeria is always done with good intent. All seems to have had a smooth take off, and after sometime, suffers set backs (the pre 2004 pension Schemes). Some notable examples are the Pension Ordinance of 1956, the National Provident Fund, the Pension Act 102 of 1979 and the Nigerian Social Insurance Trust Fund. But the emergence of the 2004 pension scheme seems to give succor to pensioners when compared to the previous ones and should be encouraged.

Consequently, this paper attempts to review the various pension schemes in Nigeria since 1951 to date with emphasis laid on the pre and post 2004 era. The reasons behind the failure of the pre 2004 Pension Schemes would be identified with view of offering recommendations, which if adhered to would go a long way to ameliorate the plight of Nigerian pensioners.

OVERVIEW OF THE PRE 2004 PENSION SCHEMES IN NIGERIA

The following subsection reviews the various pension schemes that have been in operation in Nigeria prior to 2004.

THE PENSION ORDINANCE OF 1949

As reviewed by Mboto(2005), the first pension legislation in Nigeria was enacted in 1951 by the Colonial Masters ,though its retroactive effect started in 1st January,1949. It was termed the pension ordinance and was designed primarily for colonial officers that were deployed from one post to another in the vast British Empire. The essence was to facilitate continuity of service wherever they were deployed to serve. The scheme was had a minimum coverage. That is, only few Nigerians who were opportune to work with the colonial Masters benefited from the schemes.

THE NATIONAL PROVIDENT FUND

This fund was the first formal social protection Scheme in Nigeria established in 1961 for the non pensionable private sector employees (Anthony, 2008).Under this scheme, a lump sum benefit was provided for members or their dependants on retirement or death. The contributory rate was four naira (#4.00) monthly, by both employer and employee. The upper limit of the total contribution was twenty five percent (25%). This Scheme also had minimum coverage, as it was strictly for private sector employees.

THE PENSION DECREE 102 OF 1979

This Act was enacted in 1979 with retrospective effect from 1st April, 1974. This Decree repealed all pension laws from 1st January 1946 to 31st March 1974. Example of such repealed laws includes pension Act 1946, Pension Act 1958 and the police pension Decree 1996. Under this Decree, all enactments on pension, incorporated pensions and gratuity scales of all public officers recommended by the Udoji public services Review Commission Report 1974 was consolidated. It formed the basic pension law by which all recent pension laws are built. For instance, at the level of Parastatal and Government owned companies, the pension rules are replica of the pension Act 102 of 1979. The scheme spelt out conditions for payment of entitlements, withdrawal from the scheme as well as forfeiture of pension right among others.

Despite the above provision, the scheme was marred with widespread corruption. There were rampant complaints of diversion of pension Fund to other uses by pension officials (Femi, 2001). This was possible because, prior to this time funds were remitted by the office of the head of service to states who in turn pay on behalf of the Federal Government (PENCOM, 2009).Also lack of proper monitoring of the payment processes and procedures adopted by states led to the emergence of more ghost pensioner, hence, the accumulated pension arrears still plaguing the pension Industry today.

THE NIGERIAN SOCIAL INSURANCE TRUST FUND

This scheme came into being in 1st July, 1994 under the Nigerian Social Insurance Trust Fund Act of 1993 with emphasis directed towards enhancing Social protection of private sector employee. It took over all assets of the National Provident Fund (NPF) to run a limited Social Security Program (Ndubuisi, 2004). The scheme was established through the agreement of the tripartite platform which consisted of the Government, organized labor and Employers, in response to the requirement of International labor Organization (ILO) Convention of 1952 which mandated member countries to establish a social security program for its members. The scheme mandated all private employers of five or more employees to remit 10% of their monthly emolument in the ratio of 3.5% employee and 6.5% by employers. The initial monthly contribution prior to 2001 was 7.5% in the ratio of 2.5% employee and 5% employee.

Like its counterpart, the scheme was plagued with numerous problems. For instance, the scheme suffered from poor public perception (Ndubuisi ,2004).This is so because it was viewed by the public as an off-shoot of the National Provident Fund, which has a reputation problem. Also, the scheme suffered from underfunding. The reason being that bulk of the contributions (6.5%) rested on the employers. As a result, most employers were unable to contribute adequately but were still making deductions and not remitting same to NSITF officials. There was also lack of apex regulating agency to monitor the deduction and administration of the fund. This coupled with the frequent pension verification exercise (OJo-Aromokudo, 2009) which result from rampant complaints of lost of pensioner's files and other records translated into loss of public confidence on the scheme(Amaechi and Albano 2009)

MANAGEMENT OF PENSION SCHEME DURING THE PRE 2004 ERA

Prior to 2004, the - Pay as- You Go (PAYG) system was in operation with the bulk of contribution borne. Pension activities were regulated by three bodies namely, Securities and Exchange Commission (SEC), that licensed fund managers, National Insurance Commission (NAICOM)-responsible for licensing and regulating Insurance Companies in the country and the Joint Tax Board (JTB) which approved and monitored all private Pension Schemes with enabling powers form Schedule 3 of the Personal Income Tax Decree 104 of 1993(Oshiomole 2009).Pension or gratuity granted to retirees was on the basis of final pay chargeable to the consolidated Revenue Fund of the Federation. In spite of these, the schemes were characterized by delayed or at times non remission of benefit to beneficiaries across the public sector. It was a common spectacle to see pensioners forming unending queues to collect pension payments, with occasional reports of deaths on such queues (Orifowomo 2006).

There was lack of adequate monitoring of pension activities by the regulatory Authorities. This couple with absence of clear legal and Administrative sanctions spelt out for erring parties led to poor compliance by most stake holders. Also, there was no provision for Individual Retirement Savings Account and the requirement for periodic publishing of statement of account and returns. Employees were not at liberty to choose who administers retirement savings account and as such was at the mercy of the fund managers.

THE PENSION REFORM ACT 2004

This Act was enacted in 2004 partly as a result of the failure of the past scheme to address the pension needs of Nigerians and partly as a result of the quest by Stakeholders to evolve a scheme that can cater for both public and private sector employees. It repealed the 1993 Nigerian social Insurance Trust Fund Act. Under this scheme, both employer and the employee in the private and public sector contributes 7.5 % each of their monthly emolument, while in the military sector, employee contribute 2.5% and employer 12.5%. The Act obliged the employer to deduct and remit contributions to the pension Fund Custodian not later than seven days after deduction, while the Pension Fund Custodian must notify the Pension Fund Administrators within twenty four hours of the receipt of such contributions. Also, erring pension Fund Administrators are sanction two percent (2%) of the value of the deduction in case of default. The scheme also made provision for an apex regulating agency (PENCOM) which monitors and controls the deduction, administration and custody of pension Fund and ensures prompt payment of beneficiaries. By so doing, an element of control and monitoring is imposed in the administration of the fund. Besides being privately managed by Pension Fund Administrators based on individual Savings account; it is contributory and fully funded, thereby ensuring all round liquidity. It further makes it mandatory for all workers in the public service of the Federation and the Federal Capital territory and Private sector employee of five or more employees to partake in the scheme.

Exempted from the schemes are employees with three years or less to retire. Also exempted are judicial officers and those in the fully funded pension schemes including defined contribution schemes in the private sector.

However, in order to cater for those contributors under NSITF, a transitional arrangement was made where NSITF was being licensed as a Pension Fund Administrator to manage her previous reduction for five years, after which contributors would be at liberty to choose whether to continue maintaining NSITF as their Pension Fund Administrator or change them.

MANAGEMENT OF PENSION SCHEMES DURING THE POST 20034 ERA

As reviewed earlier, the 2004 Pension Act is Contributory and fully funded through contributions from both employers and employees, thereby ensuring all round liquidity and availability of funds for investment. As noted by Okpaise(2009), investible funds in the post 2004 era has increased significantly at 48.6% per annum when compared to the Pre 2004 era(Table1 and 2). This implies that certain problems inherent in the previous schemes have been ameliorated

Table 1: Increase Investible Funds Post 2004: Combine Data of Seven Close Pension Fund Administrators (CPFAs)

YEAR END	FUND(Billions)
2004	31
2005	86
2006	109
2007	135
2008	151

Average growth rate------48.6%
Source: Okpaise (2009)

Table 2: Increase Investible Funds Post 2004: Total Industry Assets under Fund Management (PFA and CPFAs)

YEAR ENDED	FUND (#BILLION)
2006	265
2007	815
2008	1099

Average growth rate------103.6 % per annum
PFA---Pension Fund Administrators
CPFA---Closed Pension Fund Administrators.
Source: Okpaise (2009)

Each employee has a Retirement Savings account with personal identity number with her Pension Fund Administrator for easy identification. This allows the contributor the freedom to change work and still maintain her account number. All she need do is to furnish her new employer with her Retirement Savings Account number.

Also, Pension Fund Administrators are required by law to publish rate of returns, audited accounts and give regular statement of accounts to contributors on periodic basis. This ensures transparency and accountability thereby reducing fraud to the barest minimum.

Unlike the previous Schemes, clear legal and Administrative sanctions are spelt out for erring parties and separation of functions among parties ensured. For instance, Employers are to remit contributions to Pension Fund Custodian not later than seven days after deduction, while the Pension Fund Custodian must notify the Pension Fund Administrators within twenty four hours of such receipt or pay a fine of two percent (2%) of the value of such deduction as a sanction in the case of default.

The Scheme allow the contributor the freedom to choose who administers her retirement benefit account and promote competition among Pension Fund administrators, hence, better services to Pensioners.

To ensure proper management of the scheme, certain key players are brought to bear. Their presence introduces certain element of control, monitoring, checks and balances in the administration of the fund, thereby reducing fraud to the barest minimum. They include;

THE NATIONAL PENSION COMMISSION (PENCOM)

This is the apex regulating Agency that controls pension administration in Nigeria. They license fund operators, regulate, supervise and ensure the effective administration of pension matters. They also set guidelines for investment of pension funds alongside resolving disputes among parties and sanctioning erring Agencies.

PENSION FUND ADMINISTRATORS (PFAs)

These are limited liability companies that are license by PENCOM to manage pension fund only and not involve in any other business. To qualify as a Pension Fund Administrator, the Company must be duly registered with the corporate affairs Commission and must have a minimum paid up capital of #150,000,000 or such sum as may be prescribed by PENCOM. In addition, such firm must have a demonstrated track record in terms fund management competency. Any individual operator without a license is liable upon conviction for a fine of #5,000,000 of five years jail term or both. Also any defaulting Corporate Organization operating as a PFA without a license is upon conviction liable to a fine of #10,000,000 or a five years jail term or both. They operate retirement savings account with personal identity number. They invest, manage pension funds and assets, maintain books of account on all transactions, provide up to date information to PENCOM and beneficiaries, and also caused benefits to be paid to beneficiaries in accordance with the provision of the Act. In addition, they monitor and report employer who refuses to remit deduction after fourteen days for sanction.

PENSION FUND CUSTODIAN

This is a license financial institution set up to hold pension fund and assets on trust. The capital need is a minimum net worth of five billion or wholly owned by a Company with net worth of five billion. The Pension Asset Custodian receives contribution on behalf of Pension Fund Administrators, hold pension funds and Assets in safe custody, settle transaction and carries out other related administrative service on behalf of the Pension Fund Administrators. It also reports to National Pension Commission all matters pertaining to its operation.

CLOSED PENSION FUND ADMINISTRATORS

In addition, certain Organization with large staff strength like Shell Petroleum Plc, EXXom Mobil etc are licensed by National Pension Commission as a Pension Fund Administrators to manage her employee assets. The assets of such Pension fund must be at least five hundred million (#500,000,000).

From the foregoing, it can be seen that the 2004 pension scheme seems to give more hope to pensioners when compares with the previous Schemes (the pre 2004 Schemes) and should be encouraged.

However, in spite of the contributory and fully funded nature of the scheme, couple with other provisions that seems more favorable to pensioners than the pre 2004 Schemes, it is still faced with series of challenges among which include; there is lack of commitment by most private and public sector employers (including most state Government) who have refused to implement the Act. This has seriously undermined the success of the Act. Also, most employees are skeptical of the scheme due to the failure of the past schemes in Nigeria. With this negative trend in private sector, the desired changes which informed the reform of the country's pension system may not be achieved (Sola, 2009).

However, organized labor and other researchers have continued to question the integrity of this Act with respect to preferential treatment given to military employees as regard their contribution rate and the two percent (2%) fine proposed for defaulting Pension Fund Administrators in case of delayed or non remittance of benefits to Pension Fund Custodian.

RESEARCH METHODOLOGY

The study was carried out in the University of Calabar Teaching hospital, Calabar. Various literatures ranging from published text books,journals, PENCOM working papers to various Pension Acts in Nigeria were sourced. A well structured questionnaire was administered to sixty (60) staff of the University of Calabar Teaching Hospital, Calabar, which were filled and returned. To carry out an analysis as to which pension era is better than the other, an hypothesis was formulated and the data collected analyzed with the aid of the Chi-square(X^2).The formula used in computing the chi-square is as shown below;

$$X^2 = \sum \left(\frac{fo - fe}{fe} \right)^2 \text{----Equation 1}$$

Where X^2 = Chi-square
fo = observed frequency
fe= expected frequency
$\sum$ = summation.

DECISION RULE: The null hypothesis is to be rejected if the calculated chi-square value is greater than the critical value.

THE HYPOTHESIS: The post 2004 Pension Scheme does not significantly minimized the plight of Nigerian Pensioners than the pre 2004 pension Schemes.

Table 3 : Computation of hi-square(X^2) for Test of Hypothesis

Responses	fo	fe	fo-fe	$(fo-fe)^2$	$(fo-fe)^2/fe$
Strongly Agreed	**36**	**12**	**24**	**576**	**48**
Agree	**18**	**12**	**6**	**36**	**3**
Disagree	**5**	**12**	**-7**	**49**	**4.1**
Strongly Disagree	**1**	**12**	**-11**	**121**	**10.1**
indifferent	**0**	**12**	**-12**	**144**	**12**
Total	**60**	**60**	**-**	**-**	**77.2**

Source: Field data 2009.

Expected frequency (fe) = Number of respondent/Number of categories=60/5=12
Degree of freedom (D.F)=k-1=5-1=4
Level of significance= 0.05
Chi-square (X^2)= 9.49
Chi-square computed= 77.2

From the analysis the computed X^2 (77.2) is greater than the critical value of 9.49,so the null hypothesis is rejected. This implies that the post 2004 pension Scheme has significantly minimized the plight of Nigerian Pensioners when compared with the pre 2004 scheme**s.**

FAILURE OF THE PENSION SCHEMES IN NIGERIA

As mentioned earlier, the various pension schemes in Nigeria since 1951 have not been without difficulties. Some notable reasons identified as being responsible for their failures include;

UNDERFUNDING

The Nigerian pension Fund has been suffering from insufficient funding. This has been attributed to the fact that, prior to 2004, the bulk of the contribution rested on the employer. For instance, during the NSITF era, employees only made a meager contribution of 2.5% while the remaining 7.5% was borne by the employer. As a result, most employers were unable to contribute adequately but were still carrying out deductions. Also, between January 1992 and March 1995, Pension contribution by the Local, State and Federal tiers of Government to the Local Government Pension felt short of #1,259,870,344.31. As evident from Table 4, 5 and 6, the Federal, State and Local government underfunded the schemes by #561,340,296.08, #257, 982,011.24 and #440,548,036.99 of the proposed 5%, 2.5% and 15% respectively

Table 4: 5% Federal Government Contribution to local Government Pension in Nigeria 1992-1995

PERIOD	TOTAL WAGE BILL OF LOCAL GOVERNMENT (NAIRA)	5% TOTAL WAGE BILL(PERCENTAGE)	CONTRIBUTION MADE (NAIRA)	SHORT FALL (NAIRA)
1992	2,636,706,182.32	131,835,309.12	8,238,762.32	123,596,546.80
1993	3,872,272,948.32	193,613,747.42	7,810,379.61	185,803,367.81
1994	4,401,669,645.27	220,083,482.26	7,810,379.61	212,273,102.65
1995	1,025,881,336,.52	51,294,066.83	11,626,788.0	39,667,278.83
TOTAL	11,932,530,141.5	596,826,605.62	35,486,309.54	561,340,296.08

Source: Computed from Report of the Committee on the Review of Local Government Staff Pension Schemes Main Report, Vol.1, October 1995, Abuja ,pp 33

Table5: 2.5% State Government Contribution to local Government Pension in Nigeria 1992-1995

PERIOD	TOTAL WAGE BILL OF LOCAL GOVERNMENT (NAIRA)	2.5% TOTAL WAGE BILL(PERCENTAGE)	CONTRIBUTION MADE (NAIRA)	SHORT FALL (NAIRA)
1992	2,636,706,182.32	65,917,654.56	697,107.89	58,946,546.67
1993	3,872,272,948.32	96,806,873.71	10,536,061.02	86,270.812.69
1994	4,401,669,645.27	110,041,741.13	19,676,832.41	90,364,908.72
1995	1,025,881,336,.52	25,647,033.41	3,247,290.26	22,399,743.15
TOTAL	11,932,530,141.5	298,413,302.82	40,431,291.58	257,982,011.24

Source: Computed from Report of the Committee on the Review of Local Government Staff Pension Schemes Main Report, Vol.1, October 1995, Abuja, pp 34.

Table6: 15% Local Government Contribution to local Government Pension in Nigeria 1992-1995

PERIOD	TOTAL WAGE BILL OF LOCAL GOVERNMENT (NAIRA)	2.5% TOTAL WAGE BILL(PERCENTAGE)	CONTRIBUTION MADE (NAIRA)	SHORT FALL (NAIRA)
1992	2,636,706,182.32	395,505,927.35	225,701,289.42	169,804,637.93
1993	3,872,272,948.32	580,841,243.25	344,480,049.42	236,359,192.83
1994	4,401,669,645.27	660,250,446.79	618,337,450.24	41,912,996.55
1995	1,025,881,336,.52	153,882,200.48	61,410,990.79	7,528,790.31
TOTAL	11,932530,141.5	1,790,479,816.93	1,349,931,779.87	440,548,036.99

Source: Computed from Report of the Committee on the Review of Local Government Staff Pension Schemes Main Report, Vol.1, October 1995, Abuja, pp 34.

However, the emergence of the 2004 Pension Act has reduced this ugly trend to the barest minimum by ensuring all round liquidity. This is possible through its contributory and fully funded nature.

CORRUPTION

Nigeria is ranked the topmost corrupt country of the world(Transparency International 2008) and among the sixteen failed states of the world(Fund for Peace2009).This rating is a clear demonstration of weak Institutional capacity and might have been partially informed by the corrupt nature of our pension system. Corruption has crept deep into the Nigerian Pension Industry and is perpetrated mostly by pension officials. There have been cases of diversion of Pension fund for other uses. This translates into lack of transparency and accountability in Pension administration leading to corrupt practices still bedeviling the payment of benefits to those exempted from the contributory pension scheme, thereby further endangering the lives of pensioners. According to the Director of the Bureau for Public Enterprises as reported by Femi (2001), of the forty three billion (#43Billion) NITEL's Pension Fund, only Two million, five hundred thousand naira (#2.5 Million) can be accounted for. The apt result is absence or delay in payment of pension to beneficiaries. As a result, workers are compelled to protect themselves against future uncertainties by embracing all forms of corruption, while still in service. Apart from changing their date of birth at will in order to prolong their service period, many deliberately engage in corrupt practices. Hence, except pensioners receive fair and prompt treatment, the country will unwittingly strengthened the temptation of civil servants to be corrupt (Adeola, 2008).

FREQUENT CHANGES IN GOVERNMENT ADMINISTRATIVE POLICIES RELATING TO PENSION

The Nigerian pension sector is characterized by frequent review by the Federal Government without a complementing strategy to enforce compliance and evasion. This is at times done without proper consultation with state Governments and other stakeholders. This tends to impact negatively on the implementation process. Examples of such reviews include:

- Upward review of pension benefits effective from 1st October, 1994- Circular No 6321/S.1/X/710 of 20thDecember 1994.
- Review of pension Benefits- Circular No B.6321/S.1/XT/8 of 22nd July, 1992
- Review of pension scheme increases in retirement age for public officials- Circular No B.63207/VI/001 of 21st April 1978.

- Harmonization of pension Ref No. 6321/S.I/X3/105 of 30th January, 1997(Akeredotu ,2002).

Also, most pension reviews are often carried out without adequate cash backings. For instance, during the Local government pension review of 1995, terminal annual basic salary that were used to compute retirement benefits were replaced by terminal annual gross salary with the local Government monthly contribution to the scheme deducted at source without a change in the 1997/98 base year total actual salary figure that was used as a basis for determining contribution since 1979. This marked the emergence of Pension arrears characterizing the Nigerian local Government pension sector till date.

LACK OF PROPER RECORD KEEPING

There has been little or absence of most pensioners records in pension offices all over the country. In most offices, files are poorly handled leading to misplacement and loss of relevant documents. This translates into the rampant pension verification exercise often carried out by the government. This further delays the settlement of beneficiaries and places a bottleneck on the entire pension exercise.

INCOMPETENCE OF PENSION STAFF

Most Pension Institutions in the country are dominated by incompetent staff. This, coupled with their poor human relation renders them unfit for the Modern pension reforms and its associated challenges. This is evidenced in the rampant appeals for recalculation of benefits by beneficiaries. Also, the manual method of computation of benefits that is still embarked upon by most pension offices is error prone, giving rise to multiple payment or outright omission

CONCLUSION AND RECOMMENDATION

The paper has explored exhaustively the various Pension Schemes that have been in operation in Nigeria pre and post 2004.Underfunding, Corruption, frequent changes in Government policies relating to pension, lack of proper record keeping and incompetency of pension staff have been identified as some of the perennial problems responsible for the failure of the pre 2004 Schemes. From the outcome of the research, the post 2004 pension scheme have significantly minimized the plight of pensioners when compared with the pre 2004 Schemes and should be encouraged. Conclusively, with the contributory and fully funded nature of the Scheme, coupled with the clear legal and administrative sanctions spelt out for erring parties, the underfunding , corruption and prevalence of ghost pensioners which informed the frequent pension verification exercise that characterized the Pre 2004 Schemes have been reduced to the barest minimum and the effort of successive governments in Nigeria towards encouraging Pension Schemes from Colonial period to date is commendable but considering the present day significance of pension, leadership of government and other stakeholders apart from encouraging the 2004 Scheme, should give pension matters top priority because after hard service comes a period of retirement. The paper recommends as follows:

- To minimize corruption, our Law enforcement Agencies and other corruption fighting Commission like EFCC, ICPC etc should beam their search light on those saddled with pension responsibilities in the country, and those found culpable brought to book.
- Further review of pension laws in Nigeria by government should be done after widespread consultation with all tiers of government, private employers and employees
- Proper record keeping should be ensured. This would minimize the rate of ghost pensioners, alongside the frequency of pension verification exercise often carried out by government and private sector employer.
- There is need for training and retraining of pension staffs. This would better equip them for the challenges associated with the 21st Century pension reforms
- The current contributory rate of 12.5% by employer and 2.5% employee in the military unit proposed by the Scheme should be reviewed. A contributory rate of 7.5%employer and 7.5% employee is advisable. If not the underfunding that had characterized the Nigerian Social Insurance Trust Fund would resurface in the near future.
- Adequate law should be put in place to compel all state government parastatal and private sector employers to implement the Act

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