REVIEW OF PENSION SCHEMES OF UKRAINE AND ARGENTINA IN COMPARISON WITH NIGERIA'S 2014 PENSION REFORM ACT

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Abstract

The effectiveness of a pension plan or scheme is a function of its contents, structure and management. Over the years, the non-contributory pension scheme in Nigeria was confronted with daunting challenges. As alternative to these challenges, the 2004 Pension Reform Act came into force. The 2004 Pension Reform Act was amended in 2014 and it gave rise to the 2014 Pension Reform Act. With this new pension plan for retirees in Nigeria, it became imperative to evaluate the position of this new pension scheme in comparison with the pension schemes of other countries outside African continent, hence the choice of Ukraine from Europe and Argentina from South America. In the review, it is a fact to note that the pension schemes of the two countries vary from that of Nigeria in terms of their titles but similar in their contents. For instance, all the three have the feature of contributions from both employers and employees. The significant difference is in the value of contributions for each party (workers and management). Among these countries their pension schemes were reviewed, it is only Ukraine's pension scheme that has maturity status. Others do not have. Challenges of sustainable financing face all the schemes. This means that measures of sustained financial security should be strengthened. In Nigeria, operators of the contributory pension package especially employers need to be regular in their contributions. Employees on their part should develop the attitude of having constant check on their contributions so as to detect any eventuality that might arise and address them. This will ensure the success and credibility of the scheme.

Keywords: Pension scheme, Contributory pension, Pillar, Retirement

Background to the Study

Pension schemes are instituted in many countries of the world in order to help the elderly overcome retirement challenges. Pension scheme is institutional in different countries. It is an integral aspect of the economy of nations since the welfare of the aged is of paramount value. Olayiwola (2002) in his research states that pension reform is a major policy initiative offered by various countries to ageing population as a result of failing old –age security arrangements. Maintaining old age, disability or survivor's pension as well as other arrangements of the same kind make up the most important part of the course of human event (Raznizina 1992). One index of a functioning society is how it cares for the elderly (Nwalo 2007). One of the basic structures which modern society puts in place to weather the storm of old age among public servants is the pension scheme (Oviomo 2007)

The principal form of organization and law for social security in countries with a developed market economy is social insurance, characterized by a thorough clear dissociation of its specific kind and sources of funds (Fedorova and Yasnova 1997). Social security is an element of social policy and provides protection of reproduction of human and social capital assets against the most serious of economic risks (Dmitry et-al 2001).

Various types of pension schemes exist and countries key into specific type based on their choice and economic structure. The type of socio- political and economic structure of a country is the major determinant of the type of pension scheme operational in that nation. Most nations adopt the pension scheme that can be easily funded, managed and administered with minimum flaws.

Failures of several types of pension schemes in many countries had led to the emergence of several pension policies and reforms. For instance, in Nigeria, Pension Act 102 of 1979 established the Non-Contributory Pension Scheme. The Non-Contributory Pension Scheme witnessed several systemic and administrative flaws. This led to the introduction of the 2004 Pension Reform Act. The 2004 Pension Reform Act is a contributory pension plan (Nweke 2015).

In view of the variations in the pension schemes of various countries, it is important to have a comparative review of some of them in order to determine their stability and viability. The choice of the countries their pensions schemes were reviewed was made from three continents: Africa, Europe and South America. Nigeria is chosen from Africa, Ukraine from Europe, and Argentina from South America. This is aimed at having a comparative global view of their pension schemes. This affords the opportunity of appraising Nigeria's contributory pension scheme in the committee of nations. In this light, the existing relationships between them were identified.

Theoretical Background

Marxist Theory of State is the background upon which this review rests upon. In Marx's 1843 Critique of Hegel's Philosophy of Right, his basic conception is that the state and civil society are separate. However, he already saw some limitations to that model. The political state everywhere needs the guarantee of spheres lying outside it. He as yet was saying nothing about the abolition of private property, does not express a developed theory of class, and "the solution [he offers] to the problem of the state/civil society separation is a purely *political* solution, namely universal suffrage". By the time he wrote The German Ideology (1846), Marx viewed the state as a creature of the bourgeois economic interest. Two years later that idea was expounded in The Communist Manifesto. The executive of the modern state is nothing but a committee for managing the common affairs of the whole bourgeoisie. This represents the high point of conformance of the state theory to a strict economic interpretation of history: The forces of production determine peoples' production relations; their production relations determine all other relations, including the political. "Determination" is not causality. Some reciprocity of action is admitted. The bourgeoisie control the economy; therefore they control the state resources. The state, in this theory, is an instrument of class rule.

The concept of state remains one of the most difficult to handle. It is rich in meaning and beset with controversy. It is hard to understand the state and its laws of motion. This is a reflection of Africa where the common sense notions of the empirical referents of the state do not appear to apply (Ake 1985).

In the main, the state structures or organs work as a team. They control state resources, make and implement policies at will. In a capitalist economy like that of Nigeria, the state is controlled by group of individuals who are driven by capitalist principle of profit maximization. Any policy that is viewed to attract less profit to the state managers is always avoided since it will not benefit them. For instance, the non-contributory pension scheme was replaced with the contributory scheme on the basis that it was associated with flaws. The question is who are those that generate those systemic flaws? Are they not the same people who, by constitution, are entrusted with the affairs of the nation? It is no doubt that they are. The fundamental flaws are not far from misappropriation of pension funds by the managers of the scheme which has adverse effect on the welfare of retirees (Dike, 2007; Adegoke, 2006).

The state is a specific modality of class domination. This modality is one in which class domination is mediated by commodity exchange so that the system of institutional mechanisms of domination is differentiated and disassociated from the ruling class and even the society, and appears as an objective force standing alongside society (Ake 1985).

The state apparatuses do not have the totally abstract quality that it commonly claims to posses. In the substance of this theory, the institutions of the state and their activities are under the control and domination of particular people or social class as temporary trustees. There is atomization of domination of state trustees/managers in all social institutions. It implies that state domination is class domination. Anikpo (1996) argues that the emergence of class is usually associated with the emergence of the state structure. The dominant class therefore is made up of all those who are in the position to take what they can from the nation's accumulated wealth either directly or through any form of patronage and are also in the position to decide what others will get. Thus, what shall be the prime benefit of pensioners is the decision of the temporal trustees of the state?

The aged especially retired employees constitute an integral aspect of the society. The care they receive from the state or nation they are born into, lived and served in varied capacities for years would contribute to the promotion of their health and wellbeing. It is evidence to note that employees generate surplus values. These surplus values are being appropriated by the state. In return, the retirees who provided the surplus values are to be paid back with good rewards in the form of pensions and gratuities. It is the business of the state managers to design the type of this reward suitable to their employees or senior citizens. While in active service, this reward comes as wages, remunerations, allowances and so forth. On retirement, they come in the form of pensions and gratuities to those who were employees and are covered by the type of pension plan in force in a country. However, some countries that are welfare driven include the less privileged, the sick and the aged in their pension plans. Pension scheme is one of the means of paying them back for their services to their nation. Therefore nonpayment of these retirement benefits is a reflection that there is virtually no compensation for their labour input. This theory therefore calls for states' attention to the plights of people who rendered services to them.

Pension Schemes of Selected Countries

Three countries were selected for this review. As already noted, these are Argentina, Ukraine and Nigeria. Their various pension schemes are reviewed hereunder;

Argentina's Pension Scheme

Olayiwola (2002) in his study observes that Argentina operates a Multi- Pillar System of pension scheme administration. In a multi-pillar system, the three functions of pension scheme are carried out by three pillars having separate administrative and financing mechanisms for redistribution and savings.

1. The first pillar is for mandatory savings, which would differ dramatically from most existing systems. It would be fully funded, would link benefits actuarially to costs, and would be privately and competitively managed through personal saving plans-or occupational pension plans. It is mandatory because it would require people to save

for old age, which everyone should normally do but some are too short-sighted to do.

It is privately managed with the basic aim of producing the best elevation of capital and the best return on savings. The World Bank (1994) study's data show that most publicly-managed pension reserves earned less than privately managed reserves, and in many cases, lost money because they were required to be invested in government securities or loans to failing state enterprises at low nominal interest rates that became negative during periods of severe inflation.
In addition, publicly managed funds run the risk of encouraging deficit finances. In contrast, competitively managed funded pension plans would spur financial markets, promote private sector development, benefit from international diversification of investments, thereby reducing country-specific risks and enhancing economic growth.

In this arrangement, three caveats are essential. First, a country must learn to relate to more than one complementary capital market. Second, considerable government regulation is essential to avoid investments that are overly risky or managers who are fraudulent; and third, a public pillar is needed to provide a social safety net in case investments fail.

2. The second pillar is for redistribution. This is a public pillar that resembled existing public pension plans in that it would be publicly managed and tax financed. Unlike most current systems, the reformed public pillar would focus on redistribution, thereby providing a social safety net for the old particularly the old whose lifetime incomes are low or who's investment in the savings pillar have failed. To accomplish this, the benefit formula could be flat and means-tested, or could provide a minimum pension guarantee. However, the benefit formula should not be positively related to earnings as most public pensions-are today.

3. The third pillar is for voluntary saving, which offers additional protection through voluntary occupational pension or personal saving plans (possibly tax-advantaged), for people who wanted more income in their old-age.

The insurance function would be provided jointly by all three pillars. They would all provide annuities to protect the old against costs incurred. Comparing this with Nigeria, the three pillars under which Argentina's pension functions are the same with the contributory pension scheme in force in Nigeria today especially as it affects the first pillar for mandatory savings. The pillar for redistribution and voluntary savings make the great difference.

Ukraine's Pension Scheme

The social security system in Ukraine has many components that are carried over from the Soviet era. The benefits provided by the system include pensions, maternity, sickness, and other employee benefits. They also include unemployment insurance benefits and job search assistance for unemployed citizens; and allowances for the elderly and families with children. The pension package of Ukraine covers many people; both those who retired from active service and those who are less privileged. On this basis, Ukraine can be addressed as a welfare state or nation. This is not the same with Nigeria. About 80% of benefits are financed through payroll taxes amounting to 52%, while the remaining is financed out of general revenues of the state or from local government budgets. By far, the most important programme is the pension system which represents about 8% of GDP and provides benefits to more than a quarter of the population (over 14 million Ukrainians in 1996) (Ribond and Chu 1997).

The Ukraine pension system is similar to public pension schemes in many industrialized countries. It is based on the pay-as-you-earn (PAYE) principle. Workers and their employers make contributions to the programme over their active careers. These contributions finance benefits to current pensioners. The present employers' contribution rate is 32.56% of workers' salaries while employees contribute 1% of their wages. The pension system currently offers pensions to more than 14 million beneficiaries (Riboud and Chu 1997).

Nigeria's Pension Scheme

Before 2004, Nigeria was holistically operating the PAYE system. The Act 102 of 1979 established the PAYE system. In this process, employers of labour bear the complete burden of pension. Prior to the enactment of the Pension Reform Act 2004, Pension schemes in Nigeria had been bedevilled with many problems. The public operated an unfunded Defined Benefit Scheme and the payment of retirement benefits were budgeted annually. The annual budgetary allocation for pension was often one of the most vulnerable items in the budget implementation in the light of resource constraints. In many cases, even where budgetary provisions were made, inadequate and untimely release of funds resulted in delays and accumulation of areas of payment of pension rights. It was obvious therefore, that Defined Benefits could not be sustained.

In the private sector on the other hand, many employees were not covered by the pension schemes put in place by their employers and many of these schemes were not funded. Besides, where the schemes were funded, the management of the pension scheme funds was full of malpractices between the fund manager and the Trustees of the pension funds.

Between 1979 and 2004, several reports on pension in Nigeria affirm the fact that the PAYE scheme was associated with flaws. These flaws made it lose credibility, hence the introduction of the 2004 Pension Reform Act.

The 2004 Pension Reform Act was the product of the National Assembly of the Federal Republic of Nigeria. The Act provides a contributory pension scheme meant for payment of retired benefits of employees to whom the scheme applies under this Act. The contributory pension scheme is the type of scheme operational in Nigeria today with special reference to federal government employees. Nevertheless, it is open for adoption by state governments and private or other public sectors where the scheme did not cover. This review therefore focuses on the 2004 Pension Reform Act.

In its objectives, the 2004 Pension Reform Act provides that every person who worked in either the public service of the federation including the civil service, federal capital territory or even private sector receives his retirement benefits as and when due. It also ensures that employees save in order to cater for their livelihood during their retirement/old age. The Act also established a set of uniform rules, regulations and standards for the administration and payment of retirement benefits for both public and private sector employees. The Pension Reform Act provides that the authentic age of an employee entering the public service or any other employment shall be that submitted by him/her on entering the service or taking up the employment.

In case of employee's death, his entitlements under the life insurance policy shall be paid to his retirement savings account. In view of this, the Act provides that it is the duty of Pension Fund Administrator to apply for this amount on behalf of the deceased in favour of the beneficiaries under a will or the spouse or children of the deceased. In the same vein, where an employee is confirmed missing, his/her case is to be treated as that of a dead person.

Section 9 of the Act provides the rate of employers and employees contribution to the scheme. In the case of the civil servant, a minimum of seven and half per cent (7½%) contribution of workers' salary should be made monthly by their employers (government) while a minimum of seven and half per cent (7½%) of their monthly salaries is made by the employees (civil servants). By the provisions of this Act, the contributions of the military differ from that of the civil servants. While the military employers (government) contribute 12.5% of employees monthly salaries, the employees contribute 2.5%.

It is also the responsibility of employees to make choice of their Pension Fund Administrator. When this choice is made, each employee is mandated to open a mandatory retirement savings account with the administrator. This is subject to be transferred from one Pension Fund Administrator to another on the decision of the employee.

The Act provides the establishment and composition of a body called the National Pension Commission. The commission is charged with the responsibility of regulating, supervising and ensuring effective administration of pension matters in Nigeria.

In the case of any fraud in the management of pension funds, the Act requires the Pension Fund Administrator or Custodian to report it to the commission. This can be done on monthly basis (Pension Reform Act 2004).

Transitional Changes of 2004 Pension Reform Act to Pension Reform Act 2014

Several issues faulted the 2004 Pension Reform Act. This gave rise to the emergence of the Pension Reform Act of 2014. It is therefore, imperative to present the major highlights of the 2014 Pension Reform Act which repealed the 2004 Pension Reform Act.

Upward review of the penalties and sanctions

The sanctions provided under the Pension Reform Act 2004 were no longer sufficient deterrents against infractions of the law. Furthermore, there are currently more sophisticated mode of diversion of pension assets, such as diversion and/or non-disclosure of interests and commissions accruable to pension fund assets, which were not addressed by the Pension Reform Act 2004. Consequently, the Pension Reform Act 2014 has created new offences and provided for stiffer penalties that will serve as deterrent against mismanagement or diversion of pension funds assets under any guise. Thus, operators who mismanage pension fund will be liable on conviction to not less than 10 years imprisonment or fine of an amount equal to three-times the amount so misappropriated or diverted or both imprisonment and fine.

Power to institute criminal proceedings against employers for persistent refusal to remit pension contributions

The 2014 Act also empowers National Pension Commission (PenCom), subject to the fiat of the Attorney General of the Federation, to institute criminal proceedings against employers who persistently fail to deduct and/or remit pension contributions of their employees within the stipulated time. This was not provided for by the 2004 Act.

Corrective actions on failing licensed operators

The Pension Reform Act 2004 only allowed PenCom to revoke the licence of erring pension operators but does not provide for other interim remedial measures that may be taken by PenCom to resolve identified challenges on licensed operators. Accordingly, the Pension Reform Act 2014 now empowers PenCom to take proactive corrective measures on licensed operators whose situations, actions or inactions jeopardize the safety of pension assets. This provision further fortifies the pension assets against mismanagement and/or systemic risks.

Restructuring the system of administration of pensions under the defined benefits scheme (PTAD)

The Pension Reform Act 2014 makes provisions for the repositioning of the Pension Transition Arrangement Directorate (PTAD) to ensure greater efficiency and accountability in the administration of the Defined Benefits Scheme in the federal public service such that payment of pensions would be made directly into pensioners' bank accounts in line with the current policy of the Federal Government.

Utilization of pension funds for national development

The Pension Reform Act 2014 also makes provisions that will enable the creation of additional permissible investment instruments to accommodate initiatives for national development, such as investment in the real sector, including infrastructure and real estate development. This is provided without compromising the paramount principle of ensuring the safety of pension fund assets.

Enhanced coverage of the CPS and informal sector participation

The Act expanded the coverage of the Contributory Pension Scheme (CPS) in the private sector organizations with three (3) employees and above, in line with the drive towards informal sector participation.

Upward review of rate of pension contribution

The Pension Reform Act 2014 reviewed upwards, the minimum rate of Pension Contribution from 15% to 18% of monthly emolument, where 8% will be contributed by employee and 10% by the employer. This will provide additional benefits to workers' Retirement Savings Accounts and thereby enhance their monthly pension benefits at retirement.

Access to benefits in event of loss of job

The Pension Reform Act 2014 has reduced the waiting period for accessing benefits in the event of loss of job by employees from six (6) months to four (4) months. This is done in order to identify with the yearning of contributors and labour.

Opening of temporary RSA for employees that failed to do so

The Pension Reform Act 2014 makes provision that would compel an employer to open a Temporary Retirement Savings Account (TRSA) on behalf of an employee that failed to open an RSA within three (3) months of assumption of duty. This was not required under 2004 Act.

Consolidation of previous legislations amending the PRA 2004

The Pension Reform Act 2014 has consolidated earlier amendments to the 2004 Act, which were passed by the National Assembly. These include the Pension Reform (Amendment) Act 2011 which exempts the personnel of the Military and the Security Agencies from the CPS as well as the Universities (Miscellaneous) Provisions Act 2012, which reviewed the retirement age and benefits of University Professors. Furthermore, the 2014 Act has incorporated the Third Alteration Act, which amended the 1999 Constitution by vesting jurisdiction on pension matters in the National Industrial Court.

National Pension Commission (PenCom)

The National Pension Commission was established by the federal government as a regulatory body of all pension managers. This commission was established by 2004 Pension Reform Act.

Function of the commission

1. Regulation and supervision of the scheme established under the Act.
2. Issuance of guidelines for the investment of pension funds.
3. Approving, Licensing, regulating and supervising pension fund administrators, custodian and other institutions relating to pension matters as the commission may, from time to time, determine.
4. Establishing standards, rules and guidelines for the management of pension funds under the Act.
5. Ensuring the maintenance of a National Data Bank on all pension matters.
6. Carrying out public awareness and education on the establishment and management of the scheme.
7. Promoting capacity building and institutional strengthening of pension fund administrators and custodians.
8. Receiving and investigating complaints of impropriety levelled against any pension fund administrator, custodian or employer or any of their staff or agents.
9. Performing such other duties which, in the opinion of the commission, are necessary or expedient for the discharge of its functions under the Act.

Powers of the commission

The commission shall have the power to:

1. Formulate, direct and oversee the overall policy on pension matters in Nigeria.
2. Fix the terms and conditions of service including remunerations of the employees of the commission.
3. Request or call for information from any employer or pension fund administrator or custodian or any other person or institution on matters relating to retirement benefit.
4. Charge and collect such fees, levy or penalties, as may be specified by the commission.
5. Establish and acquire offices and other premises for the use of the commission in such as it may deem necessary for the proper performance of its functions under the Act.
6. Establish standard, rules and regulations for the management of the pension funds under the Act
7. Investigate any pension fund administrator, custodian or other party involved in the management of pension funds.
8. Impose administrative sanctions or fines on erring employers or pension fund administrators or custodian.
9. Order the transfer of management or custody of all pension funds or assets being managed by a pension fund administrator or held by a custodian whose licence has been revoked under this Act or subject to insolvency proceedings to another pension fund administrator or custodian, as the case may be.
10. Do such other things which in its opinion are necessary to ensure the efficient performance of the functions of the commission under the Act (Sources: 2009 National Pension Commission – PenCom).

Comparative Discourse of Pension Schemes of Selected Countries

In this segment of this review, care is taken to present basic indices associated with each country's pension scheme. Table 2.1.1 contains indices such as their nature of benefits, taxation of funded scheme, social security components and their regulation of portfolio.

Table 2.1.1: Nature, taxation structure, social security contents and regulatory portfolio of the pension schemes of Ukraine, Argentina and Nigeria

INDICES	UKRAINE	ARGENTINA	NIGERIA
Nature of benefits for average member.	Publicly Funded PAYE System	Multi-Pillar System	Defined contribution Pension Scheme
Taxation of funded scheme	Benefits are tax-free	Contributions and assess returns tax free, benefits taxes.	Contributions are not tax deductible. Pension benefits are taxed
Social Security	High replacement ratio	High replacement ratio.	High replacement ratio.
Regulation of portfolios	Employers' contribution is 32% of workers' salaries and employees contributes 1% of the wage budget.	Majority are listed in long-term capital and insurance	Employers are to contribute 10% while employees contribute 8% each of employees basic salaries monthly for civil service and public sector only while for the military, employers contribute 12.5% while employees contribute 2.5%

Source: *Riboud and Chu 1997 and modified by Nweke 2015*

Information in table 2.1.1 shows that Ukraine operates the PAYE pension scheme while Argentina is using a three pillar system. The Argentina's scheme has a mixture of both compulsory and voluntary savings. In the case of Nigeria, contributory pension scheme is in force especially for staff of the federal government and federal capital territory. The implication is that states and other formal work organizations not covered by the scheme that are willing could adopt the scheme.

Ukraine's pension is funded by workers and managements/ employers of labour. Funds are generated by management /employers by their contribution of 32.56% of workers' salaries while employees on their part contribute 1% of their salaries. The scheme is jointly funded by both employers of labour and employees. This scheme is similar to the Nigeria's 2004 Pension Reform Act. In the case of Nigeria, the contributions of employers are 10% and employees are 8% of workers monthly basic salaries. For the military, employees only contribute 2.5% while employers contribute 12.5% of workers' monthly basic salaries.

Argentina has three pillars that are publicly funded. In this case, the first pillar is built by compulsory contribution while the second pillar is tax financed. It is a special scheme for the less privileged old citizens of the country. The third pillar is built by voluntary savings. People are encouraged to make savings they will gradually draw from when they are old and could no longer work. This offers additional protection to the old / the elderly since they will have more funds to take care of their welfare needs.

In Ukraine, pension benefits are tax free while in Argentina, contributions and benefits are taxed. In the Nigeria's case both contributions and pension benefits are taxed. The entire three pension schemes have high replacement ratio in their operations. Table 2.1.2 presents issues relating to their regulation of funding, maturity of funds, insurance benefits and portability associated with the pension schemes.

Table 2.1.2: Regulation of funding, maturity of funds, insurance benefits and portability associated with the pension schemes of Ukraine, Argentina and Nigeria

INDICES	UKRAINE	ARGENTINA	NIGERIA
Regulation of funding	52% contribution by payroll taxes and the remaining from the government budget	The First Pillar: 16% employers' contribution. Taxes and transfer from General Revenue. The Second Pillar 11% employers contribution rate	Mandatory contribution by both employees of federal government of Nigeria and their employers too but could be adopted by states and other public and private work sectors
Maturity of funds	Mature	Immature	Immature
Coverage of workforce (approx)	100% (Public) Unknown (Private)	60%	100% of federal government employees. States and private sectors were excluded.
Insurance benefits	Yes (Publicly guaranteed)	Yes (This is via the AFJP) Insurance Scheme	Yes (Publicly guaranteed)
Portability features	Vesting is 5 years. Lump sum benefits not transferable other than in the public sector.	Immediate Access to Minimum contributions. Imperfect vesting for employers' excess contribution.	Immediate Access to Minimum contributions. Imperfect vesting for employers' excess contribution.

Source: *Riboud and Chu 1997 and modified by Nweke 2015*

The contents of table 2.1.2 indicate that Ukraine's pension scheme is a mature scheme while that of Nigeria and Argentina are immature in terms of funding. Under Ukraine's provision, her pension scheme funds are pulled from payroll taxes (52%) while the remaining from government yearly budget. Argentina pulls funds from employees and from taxes too. The third pillar is voluntary savings sponsored. In the case of Nigeria, both employers and employees jointly fund the scheme.

It is clear that 100% of work force in Ukraine is covered in their pension scheme. Other individuals who are not employed are also protected. The Argentina's scheme covers 60% of the work force population while Nigeria's scheme covers 100% of federal government's work force. Employees at state and private work sectors are excluded. In the main, all these pension schemes are guaranteed through insurance; hence they have solid financial security. It is also clear that access to any of the scheme by beneficiaries is at maturity.

It is important to look at the challenges that face these pension schemes. Information in table 2.1.3 shows the problems and schemes constraints.

Table 2.1.3: Problems and constraints associated with pension schemes of Ukraine, Argentina and Nigeria

INDICES	UKRAINE	ARGENTINA	NIGERIA
Problems	1. High level of spending 2. Pensions represent ¼ of the population 3. Pensions represent 8% of GDP	1. Low effective coverage 2. Low contribution rate 3. Low beneficiaries 4. Heavy operating loss 5. High operating cost	Not fully implemented at all levels of workforce ie; states, L.G.As and the private sector
Constraint	1. Revenue of the Fund declined 2. Number of the beneficiaries continues to grow	1. relatively new system 2. High switching of accounts between private and public pillar.	1. Relatively new system 2.Very complex in implementation

*(**Source:** Riboud and Chu 1997 and modified by Nweke 2015).*

Information in table 2.1.3 shows that all the pension schemes reviewed have daunting challenges. In Ukraine, there is a teaming population of pensioners. Pension constitutes ¼% of her total population. This implies that ¼ % of her national income or budget should be targeted at the welfare of the elderly. In this light, pensions in Ukraine represent 08% of the total GDP.

Argentine's pension scheme has a challenge of low effective coverage, low contribution rate, heavy operating loss and high operating cost. This implies that there is heavy pension burden on the country which would likely affect the provision of welfare packages for other citizens.

However, in Nigeria, the contributory pension scheme is virtually new. It's about 14 years old but has a challenge of low effective coverage of workforce. The workforce within the federal domain is protected whereas those of states and the private work sectors are not protected. Nevertheless, states or private sector employers of labour are at liberty to adopt the scheme or continue to use the old scheme (non-contributory pension scheme). For instance, public servants in the federal civil service feel protected by the scheme while their counterparts in states like Ebonyi are still grappling with the challenges of the non-contributory pension scheme (Nweke 2015). The non-contributory pension scheme is more expensive on all counts to a contributory scheme which offers a better alternative by any rational socio-economic logic (Adegoke 2006; Nwalo 2007 and Dike 2007).

The major constraint to Ukraine's pension scheme is dwindling of funds. As payroll taxes reduce, these also affect pension funds. The number of pensioners keep increasing on daily basis for Argentina, the major constraints are that the scheme is relatively new and there is high switching of accounts between private and public pillar. In Nigeria the scheme is assessed to be new and not yet matured. It is also very complex and technical in operation. One thing that is unique with it is that there are in built mechanisms of checks on the managers in order to avoid pension frauds or when it is noticed, it will be at minimal level.

The last indices to critically look at now are the possibilities and indexations akin to the pension scheme reviewed. Table 2.1.4 contains the needed information.

Table 2.1.4: Possibilities and indexation of pension schemes of Ukraine, Argentina and Nigeria

INDICES	UKRAINE	ARGENTINA	NIGERIA
Possibilities	1. Reduced budget transfer 2. Shrinking benefits 3. Narrowing range of payment 4. reducing overall benefits	1. Compulsion 2. Right to choose between the public and private pillar 3. Right to select and change pensions fund management company.	1. Compulsory to all federal civil servants. 2. It gives retirees access to their retirement funds. 3. It reduces the risks of frauds in pension fund management.
Indexation	Mandatory	Indexation not compulsory but almost universal in practice	Indexation not compulsory but almost universal in practice

Source: *Riboud and Chu 1997 and modified by Nweke 2015*

In table 2.1.4, the possibilities associated with Ukraine, Argentina and Nigeria's pension schemes vary in their contents. Ukraine's has reduced budget transfer, shrinks benefits, narrows range of payment and reduces over all benefits. Argentina's has the possibility of compulsion associated with the first pillar. Individuals have the option of choosing between the public and private pillars. The right to select or change pension funds managing company is also functional in Argentina's case. The possibilities found under Argentina's scheme also function in the case of Nigeria. In Nigeria, the scheme is compulsory for all federal civil servants. Its benefits are that it gives retires access to their retirement savings and reduces the risk associated with pension frauds. In their management, indexation for Ukraine is very compulsory while it is not in Argentina and Nigeria's though it's almost universal in practice.

Summary

Pension scheme is a social security maintenance scheme for the elderly especially employees of formal work organizations. The basic contents of pension schemes of many nation states differ in terms of kinds of pension plan. Some of these plans though differ in title but have similar operational contents like it is noticed in Ukraine, Argentina and that of Nigeria. Significantly, it is the responsibility of the state/nation to define the pension plan and contents that can thrive in the state. The major determinant of this is the kind of welfare scheme, the political and economic structure of the state. This is usually made possible through establishing the enabling law.

Conclusion

Pension as a social security is needed by any human person that is retiring from active service. As long as one is ageing, pension is inevitable. This is essential in order to build confidence in the future for the elderly especially those who have laboured in their active years for their father land. The reviewed pension schemes opened an understanding to several challenges facing pension schemes in other countries. For instance, as the life expectancy of people keep increasing, there is the likelihood that pensioners will keep growing population wise. This has adverse socio-economic effect on state finances especially in welfare provisions.

Recommendations

In view of this review, the following recommendations are made:

1. Employers of labour should take it as a priority to keep to the terms associated in labour contracts entered into with their employees.

2. Employees should design measures to monitor their level of contributions to their pension scheme in order to dictate any misappropriation of pension funds. In addition, employees who operate the PAYE scheme need to be conscious of the contents of the gratuity and pension rates as may be provided for them.

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