Contribution Pension Regime in Nigeria: Obstacles and way forward

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Abstract

This study examined the challenges of contributory pension regime in Nigeria as well as the vision achievement rate of PenCom. The study reviewed literature and published annual reports of PenCom. The study revealed that reluctance and disbelief by workers to register with Pension Funds Administrator, compliance, benefit inadequacy, low capital formation, non-inclusion of the informal sector, overlapping regulations, and coverage are persistent challenges confronting recent pension reforms in Nigeria. In addition, it was found that the vision achievement index by PenCom is below average after 14 years of operation. The study recommends a synergy between Pension Fund Administrators, Pension Fund Custodians and PenCom in order to combat some challenges of noncompliance. In addition, these stakeholders should adopt best processes and technologies that would influence workers positively and change the unwillingness and disbelief by workers to register with Pension Funds Administration (PFAs).

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1. Introduction

Work relationship has advanced over the years. Organisations and employees have benefited from this relationship. On the part of employees, it is their right and privilege to present and future benefits. The present benefits entail sum of current earnings and the future benefits entail deferred earnings often referred to as pension. Generally, across the globe, different forms of pension are in place. Pension Watch (2015) reported some kind of social pension in over 100 of the 195 countries. Stewart and Yermo (2009) reported the prevalence of occupational pensions in Nigeria.

Pension is a post-employment benefit as well as a form of social security that caters for a certain class of citizens of any nation that have offered the productive part of their lives in paid employment in public and some private institutions. Iwu (2007) defines pension as a regular payment to a worker by an employer for services provided by on the basis of a legally binding contractual agreement at the time of cessation of the appointment. Several pension schemes such as noncontributory Defined Benefit Pension Scheme that came into existence in 1946, National Provident Fund of 1961 and Nigeria Social Insurance Trust Fund of 1993 have been implemented in the Nigeria state. The most recent being the Defined Contribution scheme that came into effect via the Pension Reform Act of 2004 signed on June 25, 2004 into law and subsequently replaced by the Pension Reform Act 2014. The prior Defined Benefit (DB) pension plan and the different enabling laws such as Pension Ordinance of 1951, Pension Reform Act 102 of 1979 and the Pension Act, 1990 preceding the Pension Reform Act 2004 have encountered several challenges such as inefficiency, non-transparency, corruption, perpetual verification, poor administration, lack of up-to-date records and non-remittance of gratuity and related benefits (Admad, 2008). However, the new Defined Contributory Pension Scheme initially powered by the Pension Reform Act 2004, now replaced by 2014 Pension Act, is immune from some drawbacks. Ozokwere (2008) identified too many regulations and overlapping functions as some of the critical challenges of concern to Pension Fund Administration. Ikeanyibe and Osadebe (2014) identified corruption and sharp practices as significant impediments to pension administration in Nigeria. Similarly, Oluwagbemiga, Olugbenga, and Adeoluwa (2013) identified corruption in their study. The pension scam of the Presidential Task Force on Pension Reform in 2013 attest to the prevalence of corruption. Fapohunda (2013) noted employees' unwillingness to register with Pension Fund Administrators (PFAs). Abdulazeez (2014) described coverage as a fixed contributory pension problem because the majority of Nigerians working in the informal sector have not benefited from basic social security at old age. In addition, Prince Water Coopers (PWC) (2016) identified benefit adequacy, coverage compliance and financial sustainability as crucial challenges plaguing the contributory pension scheme in Nigeria. The narratives by PWC (2016) align with the position of Mercer (2018) that adequacy, sustainability and coverage are challenges facing policy makers. These narratives and the change of PenCom's vision from being a topnotch organisation ensuring the speedy delivery of pension benefits and fostering a sustainable pension industry that has a positive influence on Nigeria's economic development to a pension industry with 20 million contributors delivering measurable effect on the Economy by 2019 is indeed compelling. It is, therefore, imperative fifteen years after instituting contributory pension reforms in Nigeria to identify and isolate the persisting issues and complexities of pension reforms in Nigeria. Consequently, the following research questions were addressed.

i. What are the persistent challenges of the contributory pension reforms in Nigeria?
ii. To what extent has Pencom achieved the vision of pension reforms in Nigeria?

Therefore, the objectives of this study are to identify the major challenges of pension reforms in Nigeria and to examine the extent Pencom has achieved the vision of becoming a pension industry with 20 million contributors by 2019. The scope of the study is the challenges and prospects of contributory pension reform in Nigeria. The study was conducted in Nigeria and covers a period of fifteen years from 2004 to 2019.

2. Review of Related Literature

Brief History of Pension in Nigeria Pension in Nigeria has a long history that dates back to the colonial era. During the colonial period, the British administration introduced a pension scheme for Nigerian civil servants who were employed in the colonial service. This scheme was designed to provide retirement benefits to civil servants who had completed their service or had reached the mandatory retirement age (Ogunba&Odusanya, 2013). According to Ogunba and Odusanya, (2013) after Nigeria gained independence in 1960, the country continued to operate a defined benefit pension scheme for public sector employees. Under this scheme, retired civil servants were entitled to receive a monthly pension payment based on their length of service and the average of their last three year' salaries. However, the pension scheme suffered from significant challenges, including inadequate funding, corruption, and mismanagement. This led to delays and non-payment of pensions to retirees, which resulted in hardship for many pensioners negating the whole essence of public service employment.

The pension scheme has undergone several changes over the years (Aina&Ogunmola, 2018). The first pension scheme in Nigeria was introduced in1951 for public servants under the Pension Ordinance of 1951. This scheme covered only federal government employees and provided retirement benefits based on the employee's length of service and salary at the time of retirement. In the 1970s, the pension scheme was extended to cover state government employees and employees of private companies (Aina&Ogunmola, 2018). However, the scheme remained largely unfunded, and payments were made from the government's annual budget.

To address these challenges, the Nigerian government introduced the Pension Reform Act (PRA) in 2004 which was reformed in 2014. The PRA established a new pension scheme called the Contributory Pension Scheme (CPS). The CPS is a defined contribution pension scheme that requires both employers and employees to contribute a minimum of 10% of the employee's salary to a Retirement Savings Account (RSA). The funds in RSA are then invested by licensed Pension Fund Administrators (PFAs) to generate returns (Oladipo&Ojo, 2015).

Since the introduction of the CPS, there have been several amendments to the Pension Reform Act, aimed at improving the administration of the scheme and ensuring that employees receive their benefits promptly (Okafor, 2017). The pension in Nigeria is still evolving, but it has come a long way from its early days and is now a more robust and sustainable system that provides retirement benefits to millions of Nigerians. The CPS has significantly improved the pension system in Nigeria, as it is more sustainable and better regulated than the previous defined benefit scheme. The implementation of the CPS has also led to the creation of a large pool of pension assets, which is being invested in the Nigerian economy to support economic growth and development (Adewole, Akinlo, &Adewole, 2017).

Overview of the Pension Scheme in Nigeria

The pension scheme in Nigeria is managed by the National Pension Commission (PenCom), which was established by the Pension Reform Act of 2004 (Onakoya, Asaolu&Adenji, 2019). The aim of the pension scheme is to provide retirement benefits to employees in the public and private sectors of the economy. There are two types of pension schemes in Nigeria: the Defined Benefit Scheme (DBS) and the Contributory Pension Scheme (CPS). The DBS is a traditional pension scheme in which retirement benefits are based on the employee’s final salary and years of service. The CPS, on the other hand, is a mandatory scheme in which both the employer and the employee contribute a certain percentage of the employee’s salary to a Retirement Savings Account (RSA). The RSA is managed by a pension Fund Administrator (PFA), who invests the funds on behalf of the employee (Adekoya&Adekoya, 2018).

Under the CPS, employees are entitled to a lump sum payment of up to 25% of their RSA balance upon retirement, while the remaining balance is used to purchase an annuity from a Pension fund Custodian (PFC). The annuity provides the employee with a regular income for life (Ogundipe&Adeniyi, 2019). The pension scheme in Nigeria is regulated by PenCom, which oversees the activities of PFAs and PFCs, ensures compliance with the Pension Reform Act, and protects the rights of pension contributors (Ogundipe&Adeniyi, 2019).

Comprehensively, the introduction of the CPS has led to an increase in the number of Nigerians covered by a pension scheme and has improved the management and funding of pension schemes in the country. However, there are still challenges such as inadequate funding and low levels of awareness among the informal sector, which need to be addressed to ensure the success of the pension scheme in Nigeria.

Conceptual Definition

Adams (2005) defines pension as the monthly money paid to a worker by the government or corporation after a specified period of employment. Ozor (2006) opined that pension comprises of a lump sum payment to an employee on a monthly basis after retirement from active service. Ayegba, James, and Odoh (2013) defined pension as a term used to denote an individual's remittance upon retirement, typically under specified legal and contractual terms.

Pension is a sum of money regularly paid to a person who no longer works because of old age, disability or retirement or to his widowed or dependent children by the state, former employers or from a provident fund to which he and his employer both contributed.

Pension systems are generally grouped into Defined-Benefit (DB) and Defined Contribution (DC) pensions. The former promised retirement pension payout based on the final contributions and number of years of service, while the latter elicits contributions from employers and employees and benefits. The advent of pension scheme into Nigeria is credited to the colonial administration (Sunday & Ehiogu, 2014; Uzoh & Anekwe, 2018). The authors' maintained that pension was founded on the premise that, after retirement, British citizens employed in Nigeria would be provided with old age revenue and protection. The historical development of pension and its reforms in Nigeria is documented in several studies such as Ekpulu and Bingilar (2016), Odia, and Okoye (2012). The focus in this paper is on the recent reforms; Pension Reform Act 2004 and Pension Reform Act 2014 that ushered in the contributory pension era in the Nigerian Pension landscape. All forms of pension scheme effective in Nigeria prior June 30th 2004, were defined benefit plan and are non-contributory. The new contributory pension scheme, however, came into existence because of the 2004 Pension Reform Act (PRA), which created for all public and private workers a compulsory and contributory funded pension scheme. The Act is contributory in nature and is mandatory for all categories of workers in the public and private sectors.

The objectives of the Pension Reform Act were to:

1. Ensure that contributors received their retirement benefits as and when due;
2. Assist "improvident" individuals to save for old age, thus reducing old age poverty;
3. Establish a uniform set of rules, regulations and standards for the administration and payments of retirement benefits to those covered by the law.

Amended Pension Reform Act of 2014

The 2014 update to the Pension Reform Act came into force on 1 July 2014. It repealed the 2004 Pension Reform Act. Oyedele (2014) asserted that the main aim of the 2014 Reform Act is to guarantee that donors received their benefits promptly and to help imprudent persons to save thereby safeguarding and providing for their later life. The amended Pension Reform Act 2014 recorded significant improvement. The Act has extended the application to public service employee and private sector employees. Similarly, the rate of contribution was raised from fifteen (15) percent to eighteen (18) percent and made provision for voluntary contribution by the employee.

Oyedele (2014) identified some concerns with the amended Pension Reform Act 2014 in Nigeria. They include the increase in the contribution rate of employers to 10%, the definition and scope of what constitute monthly emoluments and tax avoidance under the voluntary contribution. The researcher maintained that an increase in the contribution rate of employers would result in retrenchment exercise by employers due to an increase in the cost of employment.

S/N	Characteristics	Old Scheme	New Scheme
1.	Type	Largely defined benefit	Defined contribution
2.	Funding	Mostly unfunded and pay as you go (PAYG)	Contributory and fully funded
3.	Membership	Voluntary in private sector	Mandatory for all employees in public and private sector except pensioners and those with 3 years to retire
4.	Pension portability	Not portable	Personalized and very profitable
5.	Management	Largely State and management union	Private sector and individual choice
6.	Retirement benefit	Discriminatory	Uniform application
7.	. Supervision	Fragmented and unregulated (SEC, NAICOM and JTB)	Strictly regulated by PENCOM.
8.	Pension liability	Implicit and not transparent	Explicit through retirement bond and capped
9.	Tax exemption	Limited	Contribution and retirement benefits
10.	Insurance policy	Voluntary and mostly in private sectors	i) Mandatory for all employers ii) Three times the employees emolument
11.	Dismissal from service	No pension benefits	Full pension rights
12.	Collateral for loans	Benefits could be used as collaterals	Benefits cannot be used as collaterals
13.	Deductions from benefits	Benefits can be subjected to deductions especially employers in any financial obligations in the employee.	Contents of RSA can be used for payment of retirement benefits only.
14.	Claiming retirement benefits	Cumbersome	Straight forward
15.	. Minimum service years	Generally 5 years for gratuity & 10 years for pensions	Month of employment for all benefits subjects to minimum age
16.	Gratuity	Provided to those qualified	Provision for lump sum withdrawal
17.	Risk Management	No provision	Adequate provision

Source: Admad, M.K. (2008a)

Oluwagbemiga, et al. (2013) examined the difficulties and outlook of the contributory pension scheme in Nigeria. The study examined the factors responsible for the lag in retirement payment and gratuity, as well as the potential impact on pensioners and the economy in general. James (2017) examine the complexities of introducing the contributory pension scheme in Nigeria's public universities. The study identified defiance by universities operated by many state governments, the failure of retired employees to obtain their pension benefits, the insufficient training and orientation system amongst others. The study recommends that state governments should pass legislation in all state-owned institutions, including universities, to ensure compliance.

Anyim et al. (2014) conducted a study to appraise the Pension Reform Act, 2004 in Nigeria. The study employed a qualitative research method and identified fraud, corruption and abuses as essential defects persisting in the operations of the Pension Reform Act, 2004. The study recommended that an immediate overhaul of certain sections of the Pension Act be undertaken. Ekpulu and Bingilar (2016) examined the Nigerian pension fund in general and specifically examined the historical development of pension and pension fund in Nigeria, the Pension Reform Act 2004 and the present Act of 2014. The study used secondary materials and reported the problems of low capital formation and the non-inclusion of the informal sector in the 2004 pension scheme. The study recommends the diligent execution of the Pension Reform Act 2014 as it incorporates informal sector.

3. Methodology

This paper made use of qualitative design. This means that data analysis was done qualitatively. Qualitative data analysis focuses on expressive data that provide descriptive details majorly in narrative form to examine the aim and specific objectives of the study (Chioke, 2022b). In this regard, qualitative descriptive method of analysis involves explanation or descriptive analysis regarding the generated data for the objective of the study (Arinze, Osegbue&Osuji, 2022). Therefore, secondary sources of data were utilized by the researchers in the course of this study. Chioke (2016) noted that, “This source comprises of already written or published works by different authorities documented in books, newspapers, magazines, notes, journals, official government documents and articles.”

4. Results

Confronting the challenges of Contributory Pension Scheme (CPS) in Nigeria

Although the introduction of the CPS has eliminated some of the harrowing experiences of pensioners, we are not yet at the stage where we can rest on our oars. Some of these challenges keep coming in different shapes and forms. There are issues on many fronts: constitutional, legal, economic, cultural, administrative and political. They are discussed thus:

Poor practices. Although the Pension Industry is one of the most tightly regulated in Nigeria, the Commission still discovers and deals with sharp practices. There was a time some PFAs went above the investment limits set by the Commission. Some employers were remitting pension contributions without attaching the appropriate schedules. Customers were lodging complaints with PFAs over service quality but these were not resolved satisfactorily. We also discovered that there were delays in the payment of retirement benefits, a disturbing development given the fact that the reform was targeted at solving this particular problem of delays. Some PFAs also failed to implement disaster recovery plans. We tackled these practices with regulations, sanctions or interventions as required. We are constantly on the look-out for infractions.

Slow adoption. Despite the huge figures of enrolees and pension assets, they could have been double or even triple if the Scheme covers the vast majority of Nigerian workers. This is not bad news as such — it is a good opportunity for the Pension Industry. It means there are still a vast number of workers that can be part of the Scheme. If States, Councils, and the Informal Sector fully buy into pension reform, the Pension Industry would be much bigger than it currently is and the economy would feel the impact in jobs, capital formation and infrastructural development, in addition to an assured future for contributors.

The Nigerian Constitution defines the role of Federal Government and State Governments in pension matters. Although the PRA 2014 empowers PenCom to regulate the Pension Industry across the Federation, Section 210 of the Constitution vests the powers to make laws regarding State employees in the State Houses of Assembly, not the National Assembly which is limited to Federal Public Servants and the Private Sector. PenCom's powers are thus limited. It cannot force any State to domesticate the PRA 2014. Many States have opted for what they call the Contributory Defined Benefits Scheme (CDBS), which is a hybrid of the CPS and the DBS. The CDBS gives States the leeway to do things they cannot normally do under the CPS.

The provision of the PRA 2014 on the coverage of employees of the States and Local Governments is redundant. It requires a further State legislation to make it effective, and this is usually difficult to achieve except with the cooperation of all stakeholders at the State level.

As at the first quarter of 2023, a total of 25 of the 36 States had keyed into the CPS. Seven states have started the process by passing the necessary laws and five are practising the CDBS. Of the 25 states that have embraced the CPS, only 15 have established pension bureaus/boards in line with the CPS. Eight are still in the process of enacting the laws to implement the CPS.

Partial compliance. Over time, we have been engaging with the States to encourage them to implement the CPS and to help with whatever technical support they might require. Many States that have commenced the implementation of the CPS fail in consistently remitting their monthly pension contributions. Many find it difficult to fund the Accrued Pension Rights for past service prior to the cutover to the CPS. These are usually the outcomes of low revenue and lack of fiscal diligence on the part of the States.

There was a time we met with representatives of the Ekiti State Pension Commission (ESPC) to discuss the challenges in the implementation of the CPS in the State. We also made presentations at the Pension Management Retreat organised by the FCT Area Councils Staff Pension Board (ACSPB) in Akwanga, Nasarawa state. We engaged with the Government of Rivers State over its inability to take steps to fully implement the CPS. We held meetings with the Government of Ogun State on its persistent non-remittance of pension contributions into the State employees' RSAs. All these have implications for employees who are about to retire.

At the end of 2022, only 10 States had started remitting employer and employee pension contributions, while only seven had started paying pensions to retirees under the CPS. The non-remittance of deductions and payment of pension raised questions on the Scheme at the sub-national level. Default in pension remittances by some employers negatively impacts the growth of employees' RSA accounts and contravenes the provisions of the Pension Reform Act 2014, which stipulates remittance within seven working days of salary payment.

Some Private Sector employers are not remitting employees' monthly pension contributions into their RSAs as and when due. This is being tackled in collaboration with the Bureau for Public Procurement (BPP) to ensure that Pension Compliance Certificate (PCC) is a prerequisite for companies bidding for Government contracts. This has seen many companies improve their compliance levels. We also apply the rules by engaging agents to recover unremitted pension contributions from private sector employers.

Low accumulation. The CPS is a fully funded Scheme in which the final pay-out is a function of the total balance in the RSA of each contributor at the time of retirement. However, since the legal framework of the CPS provides only a minimum rate of contribution at the benefits accumulation stage, employers and employees are entitled to do more than the minimum. Unfortunately, employers, especially in the Public Sector, always comply with only the basic minimum. This results in low accumulation and ultimately low pay-out on retirement. This is one reason the Scheme is not that popular among employees of Treasury-funded MDAs.

Funding shortfall. Although there is a consensus that the CPS is more efficient and far less expensive than the DBS, we are still faced with the implementation setbacks in the Federal Public Service as a result of the accumulation of huge pension liabilities against the Federal Government. These huge liabilities have eroded the confidence of some stakeholders in the pension reform. The shortfalls usually arise from Accrued Rights and pension increases as a result of upward salary adjustments.

The arrears were almost cleared at a point but new ones were accumulated thereafter. The new rates of contribution under the PRA 2014 were not implemented for a long time, thereby increasing the outstanding liabilities. Nevertheless, if the Federal Government was lagging behind in making budgetary provisions for the CPS, which it partly funds for its employees, what would have happened if it carried entire the pension burden as it was under the DBS? The fact that the Scheme is delivering results in spite of these failings on the part of the Government is a testimony to its robustness.

The funding shortfall became noticeable with the drop in crude oil prices in 2014. This negatively affected Government revenues. Inadequate budgetary provision was subsequently made for the payment of Accrued Pension Rights to Federal Government retirees. Under the 2014 Appropriation Act, mandates for September to December 2014 to the tune of N10 billion were not cash-backed and therefore not released into the Retirement Benefits Bond Redemption Fund (RBBRF) Account maintained with the CBN. This led to the non-payment of the Accrued Pension Rights of some Federal Government retirees.

Also owing to shortfall in the provision for RBBRF under the 2015 Appropriation Act, the accrued pension liability of N11.6 billion for 2,403 Federal Government employees who had retired from service between November and December 2015 could not be settled. The death benefits of 353 deceased employees amounting to N1.5 billion remained outstanding. Thus, as at December 2015, the outstanding accrued pension liability of the Federal Government totalled N13 billion as a result of non-release of N10 billion for September to December 2014 Mandates as well as the shortfall in 2015 Appropriation for Accrued Pension Rights.

The Commission, based on the number of verified and enrolled Federal Government employees scheduled to retire in 2016 under the CPS as well as deceased employees within 2016, requested for the provision of N91 billion in the 2016 Appropriation Bill. However, the National Assembly approved only N50 billion, thereby resulting in a shortfall of N41.7 billion.

In April 2017, the Federal Government intervened by releasing the sum of N54 billion to clear the backlog of Accrued Pension Rights appropriated for 2014 and 2016 budgets. The money was used to pay the affected retirees. Still, the challenge persisted. The Commission had requested for the provision of the sum of N113 billion in the 2017 Appropriation Bill. The National Assembly approved only N50 billion in the 2017 Appropriation Act, thereby increasing the shortfall to N62.8 billion.

In 2018, the National Assembly approved the sum of N110 billion in the Appropriation Act as requested by the Commission. Furthermore, although the National Assembly approved the sum of N74 billion in the 2019 Appropriation Act as requested by the Commission, only N65 billion was released in the year, thereby resulting in a shortfall of N9.3 billion.

In 2021, the Federal Government also approved the release of over N150 billion for the settlement of Federal Government retirees' outstanding Accrued Pension Rights and other pension liabilities. These approvals had consequentially addressed the challenge of payment of the outstanding Accrued Pension Rights of verified and enrolled Federal Government retirees pension liabilities which had lingered since 2014 owing to the non-provision of sufficient funds to settle pension liabilities over the years. In addition, the Federal Government ensured that up-to-date remittances were effected into the RBBRF Account in order to ensure the timely payment of benefits to retirees. The Commission, between the period of December 2017 and February 2023, received the total sum of N396 billion from the Federal Government for the payment of Accrued Pension Rights of retirees/deceased employees of Treasury-funded Ministries, Departments and Agencies (MDAs).

The Federal Government also, in 2021, approved the sum of N79.8 billion for settlement of the 2.5% shortfall in the rate of employer pension contribution for employees/retirees of Federal Treasury-Funded MDAs. The shortfall resulted from the increase in the minimum pension contribution for employers from 7.5% to 10% under the PRA 2014. The payment of the 2.5% shortfall in the rate of employer pension contribution for active employees covered the period of July 2014 to March 2017, while that of retirees/deceased employees covered the period of July 2014 to December 2020.

The payment was another significant step in ensuring compliance with the PRA 2014, as it signified the commencement of payment of the reviewed monthly pension contribution rate for employees of Treasury-funded MDAs which was outstanding since 2014.

NSITF switch. Following the enactment of the PRA 2014, the Commission was saddled with the responsibility of supervising the transfer of the Nigerian Social Insurance Trust Fund (NSITF) contributions of employees into their respective RSAs under the CPS. As at May 2023, only the contributions of 136,377 NSITF members had been transferred into their respective RSAs. The number of RSAs credited with NSITIF contribution is a far cry from the over 1.2 million workers that transited from the NSITF Scheme to the CPS.

To address the challenge of contributor apathy, the Commission published advertorials in National Dailies requesting NSITF contributors to apply for the transfer of their contributions into their RSAs. Employers need to encourage their employees who have contributed to the NSITF Scheme to liaise with the PFAs and in particular Trustfund Pensions for guidance on how to have their contributions transferred to their RSAs. We also advised members who contributed to the NSITF Scheme to visit the Commission's website for Guidelines on the transfer of NSITF contributions.

Cultural and extraneous issues. The Micro Pension Plan, which was developed to cater for the bulk of workers in the Informal Sector and the self-employed, has grown slowly but not at the speed that is required. What we discovered is that the low adoption has a cultural reason. Perhaps because of low income, there is no appetite to participate in a formal system. Most would rather continue with their age-old practices such as thrift collection and esusu (informal saving schemes), among others, where financial activities are done informally and based on communal trust.

The trust gap between the people and the Government is a major setback. Some workers suspect that Micro Pension was designed so that the Government could capture them into the tax net and tax their incomes. The suspicion, which is unfounded, is a major hindrance to wide adoption of the Micro Pension Plan, although economic challenges might have also contributed to the slow progress. Inflation wiped away the value of incomes and the COVID-19 pandemic also slowed down economic activities. Savings become a luxury for low income earners under such circumstances.

There were also incorrect perceptions of pension and retirement benefits. Many in the Informal Sector do not have a positive view of pension after witnessing the experiences of those associated with the old Defined Benefit Scheme and how pensioners were frustrated with the verification processes. These negative perceptions are still prevalent. The Commission is tackling them with strong public enlightenment and communication through various channels.

5. Conclusion

Overall, the PRA 2014 seeks to ensure that Nigerians have a reliable and sustainable pension system that will help them enjoy a comfortable retirement.In conclusion, pension management in Nigeria has been a major challenge due to factors such as corruption, mismanagement, and inadequate legislation. In this regard, this paper agrees with the need for the political class to run a system that transparent, Administration that is service delivery conscious, free from corruption and related problems (Chioke, 2023).However, the introduction of the Contributory Pension Scheme (CPS) in 2004 has been a major milestone in addressing these challenges. The CPS has helped to ensure that pension funds are better managed and protects from mismanagement and corruption. The establishment of the national Pension Commission (PenCom) as the regulatory body for the pension industry in Nigeria has also helped to ensure compliance with the CPS and protect the rights of pension contributors. There have also been efforts to improve pension legislation in Nigeria, increased public education and awareness, and use of technology to improve pension administration. While these measures have helped to address many of the challenges facing pension management in Nigeria, there are still lapses bedeviling pension administration that need to be corrected and improved upon. A major pitfall in the pension scheme in Nigeria is inclusivity where very many employees in the public and private sectors are not covered.

Recommendations

Based on the challenges facing pension management in Nigeria, and the solutions implemented so far, some recommendations/strategies that could further improve the system include:

1. Strengthening regulatory oversight: The regulatory body PenCom, should be strengthened to ensure that it has the power and capacity to effectively monitor and enforce compliance with the CPS. This could include increased funding, training of staff, and the introduction of stricter measures/penalties for non-compliance.
2. Improved transparency: There is a need for greater transparency in the pension system to reduce the risk of corruption and mismanagement. This could be achieved through the regular publication of financial statements and audits of pension funds, as well as the introduction of measures to protect whistleblowers.
3. Expansion of coverage: The CPS should be expanded to cover more workers, particularly those in the informal sector who are currently not covered. This could be achieved through the introduction of incentives for employers to participate in the scheme and the introduction of simplified registration processes.

4. Collaboration with stakeholders: The government, regulatory bodies, pension fund administrators, and other stakeholders should collaborate to ensure that the pension system is properly managed and that retirees receive their benefits in a timely and efficient manner. This could involve regular stakeholder meetings, the introduction of feedback mechanisms, and the sharing of best practices.
5. Continuous public education: There is a need for continuous public education on the importance of pension planning and CPS. This could involve the use of various media platforms such as radio; television, and social media to disseminate information about the CPS and encourage more Nigerians to participate in the scheme.

By implementing these recommendations, Nigeria could further improve its pension system and ensure that retirees receive their benefits in a timely and efficient manner.

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