The New Contributory Pension Scheme And Prompt And Regular Payment Of Pension Benefits To Pensioners In Nigeria

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Abstract

Pension administration has been a perennial problem in the Nigerian public service since her independence in 1960. The need to have a sustainable pension scheme necessitated the introduction of the Pension Reform Act 2004. The introduction of the scheme has generated intellectual debate amongst scholars on the relevance, effectiveness and sustainability of the scheme. The objective of this study is to appraise the administration of the new contributory pension scheme in federal universities in South-Eastern Nigeria from 2004 to 2011 to determine whether the scheme has ensured prompt and regular payment of pension benefits to pensioners. Agency theory was adopted as the theoretical framework to examine the contractual relationship that exists between principal and agent. The research design applied for this work is descriptive survey design, which involved the use of primary data source (questionnaire and interview) and qualitative method for documentary evidence. T-test was used in testing the hypothesis. The result revealed that the new pension scheme has ensured prompt and regular payment of pension benefits to pensioners in federal universities in South-Eastern Nigeria. Based on the findings, relevant recommendations were made.

Key Words: Pensioners, Contributory Pension Scheme, Pension Benefits, Prompt and Regular Payment

Introduction

Pension scheme administration is one of the major problems facing Nigeria public service. The problems of retired workers appeared to have had its root during the colonial era, when people were paid such ridiculous amounts ranging from two shillings and six pence to ten shillings monthly as pension benefit. The situation appeared to have improved slightly with the attainment of independence. A systematic pattern that appeared to have evolved over the years showed that the various increases in workers' pensions and gratuity since 1971, were as a result of the combined efforts by the various governments of the country and the workers themselves (Eya, 1990).

Nigeria does not have a sustainable social security system as obtainable in developed countries, and the polygamous nature of African countries makes it imperative for one to plan for the period the body would no longer be fit to work (Agunbiade, 2006). A retirement plan is an arrangement to provide people with an income during retirement when they are no longer earning a steady income from employment. Often retirement plans require both the employer and employee to contribute money to a fund during their employment in order to receive defined benefits upon retirement. It is a tax deferred savings vehicle that allows for the tax-free accumulation of a fund for later use as a retirement income (http://en.wikipedia.org/wiki/Pension). Nigeria's first ever legislation instrument on pension matters was the Pension Ordinance of 1951 which took retrospective effect from first of January, 1946. As at this period, pension benefits in Nigeria were mere privilege not a right to indigenous workers who were perceived as inferior beings in the system. Colonial pension law was primarily designed for colonial administrators recruited from Britain, who were being deployed and/or redeployed to various locations within the vast British Empire. The essence was to maintain continuity of expatriate service irrespective of one's transfer to any location. When the law became applicable to indigenous Nigerians who were recruited into the colonial service, limited and discriminatory application of the pension scheme was introduced to the extent that pension benefits was granted to such category of employees adjudged exceptional at the pleasure of the Governor-General (Balogun, 2006; Abdulkadir,2006),

Prior to Pension Reform Act 2004, pension schemes in Nigeria had been bedeviled by many problems. The public service operated an unfunded defined pension benefits scheme. The annual budgetary allocation for pension benefits was often one of the most vulnerable items in budget implementation in the light of resource constraints. In many cases, inadequate and untimely release of funds resulted in delays and huge pension deficit. The administration of the scheme was weak, inefficient and non-transparent. There was no authentic list or data base for pensioners, whereas stringent procedures were required to process pension claims where documentation is haphazardly maintained. Similarly, sharp practices in management of pension funds exaggerated the problem of pension liabilities to the extent that pensioners, due to poor condition of their health status, were slumping and/or dying on verification queues (Olurankinse and Adetula, 2010). Retirees and their families were subjected to ridicule and unbearable lives as they could not meet their social needs. Pension Reform Act 2004 was initiated to put an end to abject poverty to which many pensioners experienced as a result of the failure of government to honour its pension obligations regularly as provided in the 1979 Pension Reform Act. Retirement is a blessing in a society where functional social security system caters for the retirees, particularly at their weak-old-age. In some developing countries like Nigeria where pre-plan for retirement age is extremely difficult with low levels of income and zero-capacity savings due to poor and inhuman wages, retirement is a curse, hence the fear and apprehension of workers about the gloomy future facing them. The socio-political economy of any nation informs the perception of its citizens about retirement either to embrace it with adequate pre-arrangement or be gripped with fear and apprehension of uncertainties that would unfold during their retirement period (Komolafe and Ahiuma-Young, 2010). As succinctly observed by Idowu and Olanike (2010:2):

> The Nigerian post-reform public pension scheme, which itself was informed under Pension Decree No.102 of 1979, has been unfavourable to most current pensioners. In spite of the benefits that were supposed to accrue to

pensioners, it has also succeeded in breeding numerous costs, which are being dealt with by both the government and the pensioners themselves. Despite the wealth of Nigeria, especially through the bulk of her oil revenue, there still exist very large pension deficits and actuarial imbalance between the pension contributions and benefits, which have led to huge pension liabilities over the years. This clearly shows that the Federal Government is not showing the readiness or eagerness to meet the obligation of financing the pension scheme as deemed necessary. The inadequacy and inefficiency of the government's public pension system have resulted into deteriorating well-being for pensioners in Nigeria. Yet, for many years the government did not seem perturbed enough by this development to find a lasting solution to the falling standard of living of pensioners, until 2004, when it reformed the existing pension scheme with the aim of providing a solution to the pension problems.

In the private sector, many employees were not covered by the pension schemes put in place by their employers and many of these schemes were funded, the management of the pension funds was full of malpractices between the fund managers and the trustees of the pension funds. Most pension schemes were designed as "resignation" scheme rather than "retirement" scheme. Broadly speaking, pension schemes in Nigeria were largely unregulated and unsupervised. Therefore, no standard rules and regulations in its operation. The failures of pension schemes in Nigeria have been attributed to poor pension fund administration, outright corruption and embezzlement of pension fund as well as inadequate build-up of funds and poor supervision. Although the old public service pensions were paid from the consolidated revenue fund of the federation, the Federal Government found it difficult to grapple with the enormous amount of money involved. A scenario was painted where, in the absence of reforms, the annual pension bill might be in the long run equal or exceed the annual wage bill of the active workforce (Aderinokun and Adoba, 2004). Okpara (1990:44) is of the view that "the way any individual perceives retirement depends largely on the values and attitudes prevalent in one's society". He stresses that "in a society where workers are retired and benefits are rarely paid, or in a society where retired persons are treated as nuisance to society, retirement is bound to be looked upon as the end of life, irrespective of individual variations that may occur". The nature of our society has not done enough to help persons see retirement in a positive manner because lack of provision of social security, nonpayment of pension benefits to beneficiaries as and when due, backlogs of unsettled pension liabilities, lack of data base of pensioners in Nigeria, lack of accountability and transparency, corruption, improper and/or outright absence of documentation that characterized the old defined pension benefits made the old system unmanageably unsustainable. Those workers who preplanned very well welcome retirement even at short notice and are always well adjusted in retirement. Those who failed to plan are always afraid of retirement. Some of them falsify documents to stay put in service until they are forced out through compulsory retirement. Retirement, therefore, is seen by them as a curse rather than a blessing (Sababa and Usman, 2005). The ugly situation of pensioners that centred on poor and miserable working conditions were responsible for the planlessness of public sector employees towards retirement. The new contributory pension scheme was introduced to give such workers a renewed hope for better life after retirement from active service. This article, therefore, investigates the activities of the licensed independent pension funds operators to ascertain whether pensioners in federal universities in South-Eastern Nigeria are being paid their pension benefits as and when due.

The New Contributory Pension Scheme

The above scenario necessitated the administration of former President Olusegun Obasanjo to constitute a committee of core professionals, headed by Mr Fola Adeola, to study the problems associated with pension administration in the country and make appropriate recommendations. The report of this Committee formed the basis of the Pension Reform Act 2004 to address and/or eliminate the problems. The main thrust of the Act is to ensure that every person who worked in either the public service of the federation, federal capital territory or private sector receives his or her retirement benefits as and when due; assist individuals by ensuring that they save to cater for their livelihood during old age and thereby reducing old age poverty; ensure that pensioners are not subjected to untold suffering due to inefficient and cumbersome process of pension payment; establish a uniform set of rules, regulations and standards for the administration and payments of retirement benefits for the public service of the federation, federal capital territory and the private sector; and stem the growth of outstanding pension liabilities. The 2004 Pension Reform Act created the National Pension Commission as the sole regulatory agency on all pension matters to supervise the activities of the licensed private pension operators.

The main focus of this study is to critically appraise the operation of the new pension scheme with the primary aim of determining its effectiveness in prompt and regular payment of pensioners. The research design applied for this work is descriptive survey which involved the use of primary data source. Qualitative method is also used for documentary evidence. T-test is used in testing the hypothesis. The population of the study is 765. Purposive sampling was adopted in selecting the sample elements. In purposive sampling, specific elements which satisfy some predetermined criteria are selected. This guaranteed that all relevant strata are represented in the sample. The sample size for this study is 365 respondents randomly drawn from the four federal universities in the South-Eastern Nigeria. Simple random sampling technique was applied to select the respondents. This involved questionnaire and interview. Out of the 365 copies of the questionnaire distributed to pensioners and employees of federal universities in South-Eastern Nigeria, 345 were completed and returned. Oral interviews were also conducted.

Theoretical Framework

The theoretical framework adopted for this study is agency theory. Agency theory in a formal sense originated in the early 1970s, but the concepts behind it have a long and varied history. Among the influences are property-rights theories, organization economics, contract law, and political philosophy, including the works of Locke and Hobbes. Some noteworthy scholars involved in agency theory's formative period in the 1970s included Armen Alchian, Harold Demsetz, Michael C. Jensen, William Meckling, and S.A. Ross. The concept of agency theory originated from the works of Adolf Augustus Berle and Gardiner Coit Means, Stephen Ross and Barry Mitnick some of who were discussing the issues of the agent and principal as early as 1932. Ross was responsible for the origin of the economic theory of agency and Mitnick originated the institutional theory of agency, though the basic concepts underlying these approaches are similar as they are conceived as complementary in their uses of similar concepts under different assumptions (http://www.wisegeek.com/what-is-an-agency-theory.htm).

Berle and Means explored the concepts of agency and their applications toward the development of large corporations. They saw how the interests of the directors and managers of a given firm differ from those of the owners of the firm, and used the concepts of agency and principal to explain the origins of those conflicts. Michael C. Jensen and William Meckling shaped the work of Berle and Means in the context of the risk-sharing research, popular in the 1960s and 1970s to develop agency theory as a formal concept. Jensen and Meckling formed a school of thought arguing that corporations are structured to minimize the costs of getting agents to follow the direction and interests of the principals. Indeed, Ross introduced the study of agency in terms of problems of compensation contracting. In essence, agency was seen as an incentives problem. Mitnick introduced the now common insight that institutions form around agency, and evolved to deal with agency, in response to the essential imperfection of agency relationships. The theory stresses that behaviour never occurs as it is preferred by the principal because it does not pay to make it perfect. However, society creates institutions that attend to these imperfections, managing or buffering them, adapting to them, or becoming chronically distorted by them. These institutions are legally created to instruct and manage agents, and to deal with the inevitable imperfections of control (http://www.wisegeek.com/what-is-an-agency-theory.htm).

Simon's (1945) work straddled both economics and public administration; and in political science, Clark and Wilson (1961) developed an incentives model of organizations. The key concepts of agency theory were developed by scholars in economics and political science and incorporated into the agency approach. Besides, agent-principal was employed in a number of works across the social sciences, well before an explicit theory of agency was proposed. In political science, Pitkin (1967) and Tussman (1960) used agent-principal language in works on political philosophy; and Swanson (1971) described collective society using such terms in sociology. In the early 1970s, agency theory was not known in political science and sociology before Mitnick. Susan Shapiro introduced agency concepts to sociology in 1987. Agency theory was first introduced to political science by Moe in 1984. Eisenhardt introduced the theory to management in 1989. In all cases, these scholars acknowledged Mitnick's works. Mitnick introduced the study of delegation as the creation of agents in government. His book on Corporate Political Agency in 1993 included the applications of agency theory and basic theory about agency relationships developed in the context of corporate political activity (http://www.wisegeek.com/what-is-an-agency-theory.htm).

Agency theory explains the relationship between principals, such as shareholders and agents. In this relationship, the principal delegates or hires an agent to perform work. The theory attempts to deal with two specific problems; firstly, that the goals of the principal and agent are not in conflict (agency problem), and secondly, that the principal and agent reconcile different tolerances for risk. Agency theory suggests that the firm can be viewed as a nexus of contracts (loosely defined) between resource holders. An agency relationship arises whenever one or more individuals called principals, (in this sense the contributory employees) hire one or more other individuals called agents, (here also the pension fund administrators and the pension fund custodians) to perform some service and then delegate decision-making authority to the agents to keep custody of the fund and assets and to invest as he considers fit on behalf of the principal. The primary agency relationships in business are those between stockholders and managers; and between debt holders and stockholders. These relationships are not necessarily harmonious; indeed, agency theory is concerned with so-called agency conflicts, or conflicts of interest between agents and principals whereby the agents, taking advantage of their expertise, skill and knowledge of the act, pursue personal interest rather than that which will serve and protect the interest of the principals, with the belief that the principal will not understand the agents behaviour. The theory argues that this has implications for, among other things, corporate governance and business ethics. When agency occurs it also tends to give rise to agency costs, which are expenses incurred in order to sustain an effective agency relationship (e.g. offering management performance bonuses to encourage managers to act in the shareholders' interests). Accordingly, agency theory has emerged as a dominant model in the financial economics literature, and is widely discussed in business ethics texts. Research on agency theory has had several findings to support this argument. The most notable result holds that an agent is more likely to adopt the goals of the principal, and thus behave in the interest of the principal, when the contract is outcome-based. Also, when the agent is aware of a mechanism in place that allows the principal to verify the behaviour of the agent, he is more likely to comply with the goals of the principal to sustain and respect the letters of the contractual agreement (http://www.enotes.com/biz-encyclopedia/agency-theory).

The agency theory framework analysis was applied to the study and it explained explicitly the relationship between the principal and the agent in a contractual venture. The application of the operational guidelines and the regulatory policy instruments issued (from time to time) by the National Pension Commission to the licensed pension fund administrators and custodians translated to prompt and regular payment of pension benefits to retirees. The application of the theory indicated that the activities of the agent serve the interest of the principal in terms of prompt and regular payment of pension benefits to pensioners in federal universities in South-Easter Nigeria, which is the hallmark of pension fund administration in Nigeria. Besides, the application of the theory in the analysis revealed that there is adequate fit-and-proper-person protections to prevent the agency from being deliberately manipulated by the government or the board of the agency to the principal's detriment. This impetus gave an insight of agent's capability to secure the consolidated funds bond through maintenance of "retirement savings account" to sustain higher borrowing capacity of investors for enhanced investment returns. Therefore, it was imperative to have studied and evaluated the administration of the new pension scheme using the theory of principal-agent tools as the appropriate theoretical framework.

Administration of the New Pension Scheme

The new contributory pension scheme was introduced to stem the deficits of the unsustainable old defined pension scheme. The old pension scheme was characterized by weak administration, inadequate budget allocations, untimely release of the insufficient allocations which culminated in huge arrears of pension benefits and particularly perpetuated irregular payment of pensioners their legitimate pension rights. In the old pension system, pensioners were not paid their pension benefits promptly and regularly due to corruption, mismanagement of pension funds and financial constraints. The new pension scheme was introduce to ensure that retirement benefits are paid as and when due to avoid subjecting retirees to untold suffering. This article investigates to determine whether the new contributory pension scheme payment mode has ensured prompt and regular payment of pensioners in federal universities in South-Eastern Nigeria.

Data Presentation and Analysis

In collating the questionnaires, the researcher observed that out of 365 questionnaires administered to pensioners and employees under the new contributory pension scheme in federal universities in South-Eastern Nigeria, 345 questionnaires only were completed and returned. 103 questionnaires administered to pension funds administrators and custodians, only 81 were duly completed and returned. PenCom duly completed and returned the 10 questionnaires administered unto them. The data generated on the hypothesis were illustrated to indicate the level of frequency of response and its significance percentage on each variable so as to establish the mean and standard deviation. The mean value enabled the researcher to take decision on whether the respondents agreed or disagreed on any particular item.

Data Elicited from Retirees and Contributory Workers

In the table below, the remarks "agreed" and "disagreed" are based on the mean value of the responses for each item. An item is deemed agreed if the mean value is 2.5 and above. However, an item is deemed disagreed if the mean value is less than 2.5. The following illustrate the data elicited from retirees and the contributory workers in the new pension scheme in federal universities in South-Eastern Nigeria, pension fund administrators and custodians and National Pension Commission employees:

Figure 1

Level of agreement indicated by pensioners and contributory workers on the statement that the new contributory pension scheme payment mode ensures prompt and regular payment of pensioners in federal universities in South-Eastern Nigeria

S/N	Items	SA	A	D	SD	Mean	STD	Remarks
1.	Pensioners are being paid	105 (30.9%)	128 (37.6%)	45 (13.2%)	62 (18.2%)	2.81	1.067	Agreed

	monthly pension benefits promptly							
2.	Pensioners are being paid monthly pension benefits regularly	95 (28.2%)	141 (41.8%)	44 (13.1%)	57 (16.9%)	2.85	.977	Agreed
3.	Retirement bonds redemption funds ensures prompt payment of pensioners	59 (17.6%)	159 (47.3%)	62 (18.5%)	56 (16.7)	2.64	.976	Agreed
4.	Retirement bonds redemption funds ensures regular payment of pensioners	53 (16.4%)	162 (50.0%)	48 (14.8%)	61 (17.7%)	2.64	.968	Agreed
5.	Pensioners start to receive pension benefits after 6 months waiting period	45 (13.4%)	151 (45.1%)	68 (20.3%)	71 (21.2%)	2.52	**.963**	Agreed
6.	Pensioners are promptly enrolled for pension benefits immediately on retirement	47 (13.9%)	145 (43.0%)	71 (21.1%)	74 (22.0%)	2.50	.976	Agreed
7.	Abolition of gratuity has stemmed down pension liabilities and ensures regular payment of pension benefits	49 (14.5%)	152 (44.8%)	66 (19.5%)	72 (21.2%)	2.54	.964	Agreed
8.	Contributory	88	173	36	44	2.92	.897	Agreed

	pension scheme guarantees availability of funds for prompt payment of pensioners.	(25.8%)	(50.7%)	(10.6%)	(12.9%)			
9.	Contributory pension scheme guarantees availability of funds for regular payment of pensioners.	91 (26.9%)	176 (52.1%)	37 (10.9%)	34 (10.1%)	2.95	.899	Agreed
10.	Independent management of pension funds by pension funds administrator and custodian guarantees availability of funds for payment of pensioners.	59 (17.4%)	174 (51.3%)	43 (12.7%)	63 (18.6%)	2.73	.894	Agreed

The above table indicates that all the respondents agreed on the ten items in response to the hypothesis. Respondents agreed that retirement bonds redemption funds and the contributory pension scheme guarantee availability of fund and prompt enrollment of pensioners for prompt and regular payment of pension benefits. Respondents also agreed that abolition of gratuity has stemmed down pension liabilities and ensures availability of fund and regular payment of pension benefits through independent management of pension funds by licensed private operators.

Data Elicited from Pension Fund Administrators and Custodians

In the table below, the remarks "agreed" and "disagreed" are based on the mean value of the responses for each item. An item is deemed agreed if the mean value is 2.5 and above. However, an item is deemed disagreed if the mean value is less than 2.5. The following illustrate the data elicited from pension fund administrators and pension fund custodians.

Figure 2

Level of agreement indicated by Pension Fund Administrators and Pension Fund Custodians on the statement that the new contributory pension scheme payment mode ensures prompt and regular payment of pensioners in federal universities in South-Eastern Nigeria

S/N	Items	SA	A	D	SD	Mean	STD	Remarks
1.	Pensioners are paid monthly or quarterly pension benefits promptly.	59 (72.8%)	22 (27.2%)			3.73	.448	Agreed
2.	Pensioners are paid monthly or quarterly pension benefits regularly.	62 (76.5%)	17 (21.0%)		2 (2.5%)	3.74	.494	Agreed
3.	Retirement bonds redemption funds ensures prompt payment of pensioners	33 (43.4%)	39 (51.3%)	4 (5.3%)		3.33	.737	Agreed
4.	Retirement bonds redemption funds ensures regular payment of pensioners	25 (36.8%)	38 (55.9%)	4 (5.9%)	1 (1.5%)	3.24	.755	Agreed
5.	Pensioners are promptly enrolled for monthly/quarterly pension benefits immediately after the six months waiting period	21 (28,8%)	36 (49.3%)	9 (12.3%)	7 (9.6%)	2.95	.941	Agreed
6.	Contributory pension scheme guarantees availability of funds for prompt and regular payment of pension benefits to pensioners.	61 (76.3%)	19 (23.8%)			3.76	.428	Agreed
7.	Management of pension funds by independent pension funds administrators and custodians guarantees availability of funds for prompt and regular	61 (76.3%)	17 (21.3%)	1 (1.3%)	1 (1.3%)	3.73	.551	Agreed

	payment of pensioners.							
8.	Retirement bonds redemption funds is promptly accessed on retirement	17 (21.0%)	47 (66.2%)	6 (8.5%)	1 (1.4%)	3.06	.773	Agreed
9.	Remittances from employers on staff/employers' contribution to retirement fund are always inaccurate due to under cast of the total sum remitted.	5 (6.6%)	16 (21.1%)	29 (38.2%)	26 (34.2%)	1.96	.930	Disagreed
10.	Retirement benefits of deceased workers or pensioners are easily accessed by their survivors.	13 (16.5%)	44 (55.7%)	12 (15.2%)	10 (12.7%)	2.73	.916	Agreed
11.	Consolidated funds of the scheme will ensure sustainability of the project for prompt and regular payment of pension benefits.	26 (35.1%)	42 (56.8%)	4 (5.4%)	2 (2.7%)	3.22	.745	Agreed

In the table above, the outcome of the data generated shows that the respondents agreed on all the items except item number 9 in responding to the hypothesis. The respondents agreed that the monthly remittance on employees and employers contributions to retirement savings account is mostly accurate. In a situation where there is under-payment, pension fund administrator concerned and the employer involved must quickly correct the mistake and inform the employee accordingly. Respondents also agreed that survivors of deceased workers or pensioners easily access retirement benefits of the deceased. The research revealed that consolidated funds of the scheme guarantees sustainability and availability of funds for prompt and regular payment of pension benefits.

Data Elicited from National Pension Commission (PenCom)

In the table below, the remarks “agreed” and “disagreed” is based on the mean value of the responses for each item. An item is deemed agreed if the mean value is 2.5 and above. However, an item is deemed disagreed if the mean value is less than 2.5. The following illustrate the data elicited from the National Pension Commission.

Figure 3

Level of agreement indicated by employees of National Pension Commission on the statement that the new contributory pension scheme payment mode ensures prompt and regular payment of pensioners in federal universities in South-Eastern Nigeria

S/N	Items	SA	A	D	SD	Mean	STD	Remarks
1.	Pensioners are paid monthly or quarterly pension benefits promptly.	7 (70.0%)	3 (30.0%)			3.70	.483	Agreed
2.	Pensioners are paid monthly or quarterly pension benefits regularly.	8 (80.0%)	2 (20.0%)			3.80	.422	Agreed
3.	Retirement bonds redemption funds ensures prompt payment of pensioners	4 (40.0%)	6 (60.0%)			3.40	.516	Agreed
4.	Retirement bonds redemption funds ensures regular payment of pensioners	6 (66.7%)	3 (33.3%)			3.67	.500	Agreed
5.	Pensioners are promptly enrolled for monthly/quarterly pension benefits immediately after the six months waiting period	1 (16.7%)	5 (83.3%)			3.17	.408	Agreed
6.	Contributory pension scheme guarantees availability of funds for prompt and regular payment of pension benefits to pensioners.	8 (80.0%)	2 (20.0%)			3.80	.422	Agreed
7.	Management of pension funds by	10 (100%)				4	.000	Agreed

	independent pension funds administrators and custodians guarantees availability of funds for prompt and regular payment of pensioners.							
8.	Retirement bonds redemption funds is promptly accessed on retirement	5 (50.0%)	4 (40.0%)		1 (10.0%)	3.40	.699	Agreed
9.	Remittances from employers on staff/employers' contribution to retirement fund are always inaccurate due to under cast of the total sum remitted.			5 (50.0%)	5 (50.0%)	1.50	.527	Disagreed
10.	Retirement benefits of deceased workers or pensioners are easily accessed by their survivors.	2 (20.0%)	6 (60.0%)	1 (10.0%)	1 (10.0%)	2.90	.876	Agreed
11.	Consolidated funds of the scheme will ensure sustainability of the project for prompt and regular payment of pension benefits.	6 (60.0%)	3 (30.0%)	1 (10.0%)		3.40	.966	Agreed

The above table indicates that the respondents agreed on all the items except item number 9 in responding to the hypothesis. The research revealed that where an employer remits payments on behalf of the employees with underpayment, such employer is made, through administrative processes, to pay up the remaining balance through separate voucher within a specified period. The interview conducted revealed that the incident of underpayment does not occur always. Respondents agreed that retirement bonds redemption funds is promptly accessed on retirement and retirement benefits of deceased workers or pensioners are easily accessed by their survivors. Pensioners are promptly enrolled for monthly or quarterly pension benefits immediately after the six months waiting period. It is evident from the study that pensioners in the new pension scheme in federal universities in South-Eastern Nigeria receive their retirement benefits promptly and regularly.

Analysis

The data generated were analyzed through the test of the hypothesis. T-test was used to test the hypothesis. The probability-value of the t-test determined the result under remarks. The main objective of analyzing the data is to establish whether or not the hypothesis have been validated. The analysis illustrates the t-test of the hypothesis and the result is summarized under the table.

Test of Hypothesis
Figure 4

Hypothesis 1 Tested

<table>
<tr><th>Group</th><th>Hypothesis</th><th colspan="3">Agree</th><th colspan="3">Disagree</th><th colspan="2">T</th><th colspan="2">P-Value</th><th>Remarks</th></tr>
<tr><td>1</td><td>H.1</td><td colspan="3">2.85±0.44</td><td colspan="3">1.76 ± 0.311</td><td colspan="2">18.274</td><td colspan="2">0.000</td><td>Accepted</td></tr>
<tr><td>2</td><td>H.1</td><td colspan="3">3.24±.344</td><td colspan="3">2.36</td><td colspan="2">2.542</td><td colspan="2">.013</td><td>Accepted</td></tr>
<tr><td rowspan="2">3</td><td rowspan="2">H.1</td><td colspan="3">Agree</td><td colspan="3">Agree</td><td colspan="2">Agree</td><td colspan="2">Agree</td><td rowspan="2">Accepted</td></tr>
<tr><td>3</td><td>4</td><td>4</td><td>3</td><td>4</td><td>3</td><td>3</td><td>3</td><td>3</td><td>4</td></tr>
</table>

Result

H_1: The hypothesis of this study is stated as "the new contributory pension scheme payment mode has ensured prompt and regular payment of pensioners in federal universities in South-Eastern Nigeria''.

(a) Group 1: The hypothesis is accepted because the p-value of the t–test conducted is 0.000, which is less than 0.05.

(b) Group 2: The hypothesis is accepted because the p-value of the t-test conducted is .013, which is less than 0.05.

(c) Group 3: The outcome of the responses indicates that there is a unanimous agreement amongst the respondents on all the variables, except item number 9 which is negligible. Therefore, there is nothing to compare in this case because the negligibility of the variable in the overall mean makes the value of "disagreed" response minute. As a result, t-test was not conducted and no p-value result was obtained. The hypothesis was accepted.

Discussion of Research Findings on the Hypothesis

The issues raised in the questionnaire and interviews conducted are the thesis of this discourse. The objective of this discussion is to highlight those indicators that validated the hypothesis and align them with the provisions of the Pension Reform Act 2004 as it relates to the activities of Pension Fund Administrators and Pension Fund Custodians in the new pension scheme. The discussion also focused on the role of the National Pension Commission in its statutory duty of supervising and regulating the functions of these operators to conform with the provisions of the Act. The questionnaires underscored most disturbing issues pensioners and contributory workers have been complaining about. The discussions centred mostly on the findings based on the main indicators as contained in the hypothesis that guided this article, as well as the findings during the interviews conducted.

The researcher interviewed pension funds administrators, custodians, and the National Pension Commission. The interactive sessions and the result derived from the analysis of the data generated revealed that retirees, contributory workers, pension fund administrators, custodians and the National Pension Commission agreed that pensioners in federal universities in South Eastern Nigeria are being paid their pension benefits promptly and regularly. This is a healthy development to pensioners under the new scheme because it is better than what was being experienced in the old scheme. Retirees in the old pension scheme suffered irregular payment of pension benefits due to corruption and mismanagement of pension funds. The promptness and regularity of payment of retirement benefits in the new scheme is guaranteed by the retirement bonds redemption funds. Respondents agreed that availability of fund and independent management of the scheme guarantee prompt and regular payment of pension benefits. This practice is a total departure from the old pension scheme where government solely administer pension matters without supervision and regulation. UBA Pension Custodian Limited affirmed that great success had been recorded on prompt and regular payment of pension benefits. The Stanbic IBTC Pension Limited agreed that their clients are being paid pension benefits promptly and regularly, and this has made their clients to have confidence in the operation of the organization. Leadway Pension Limited explained that payment of pension benefits is made in their organization between 18 and 19 of every month, and this has ensured prompt and regular payment of pension benefits to their clients. Premium Pension Limited stated that prompt and regular payment of pension benefits to retirees coupled with alert services on notice to clients on their retirement savings account is a huge success on their service record.

Respondents also agreed that abolition of gratuity has stemmed down pension liabilities and ensures availability of funds for regular payment of pension benefits. Pension gratuity of 300% terminal emolument of an employee in the old defined pension scheme is better than the 25% bulk withdrawal from the RSA because the total amount of money involved is bigger. But its receipt is unending. Therefore, many retirees in the old scheme do not receive their pension rights before their death. The general contention amongst the retirees under the new scheme is that the sum being remitted to them on monthly or quarterly basis as pension benefits is grossly inadequate to take care of them sufficiently. As a result, there is a general disenchantment among the pensioners about the schedule of payment. Leadway Pension Limited explained that both pensioners and the contributory workers are not happy with the schedule of payment of retirement benefits. Hence, agitations from their clients for a review of the Act, particularly on benefit calculation. Some pensioners, out of ignorance or sheer desperation, demand for 100% bulk withdrawal of their credit balance in their retirement savings account, while others ask for at least 50% instant bulk withdrawal without reference to the provisions of the Act. Such ignorant clients, it was revealed, cast doubts about the genuineness of the new scheme.

Leadway Pension Limited pointed out that some pensioners suffer avoidable delays in receiving their benefits because some of them, out of ignorance, filled more than one retirement application form with different Pension Fund Administrators. In such cases, the personal identification number (PIN) determines the first pension fund administrator the client filled the form with, irrespective of how many forms she or he filled with whosoever; or due to inadequate completion of the necessary forms committed out of carelessness and/or poor level of education of the applicant. ARM Pension Managers (PFA) Limited pointed out that lack of knowledge of the new scheme among workers and pensioners is the major challenge facing the pension industry. This generates feelings of misgivings with the new scheme as pensioners are no longer paid any gratuity. The 25% lump sum bulk withdrawal does not replace gratuity. Rather, the abolition of gratuity has stemmed down pension liabilities on the part of government, and enthroned prompt and regular payment of pension benefits as against what was obtainable in the defined scheme. There are serious lacunae in communication between the pension fund administrators and their clients. Creation of awareness amongst workers and pensioners is a statutory function of the National Pension Commission and the Pension Fund Administrators themselves. Workers are ignorant of the scheme because they have not been sufficiently educated about the existence and the benefits of the new scheme. Lack of information is the major challenge in the pension industry. There is no clear cut platform to capture the beneficiaries as no data bank with individual personal profile exists. A scenario was highlighted where employers will remit employees' benefits by e-payment without uploading the schedule at the same time, and the money so remitted would hang endlessly because there is neither identity nor particulars of the beneficiaries to facilitate crediting their retirement savings account. Such lapse obviously delay prompt payment of pension benefits.

Conclusion

The new contributory pension scheme is a success story because there is a unanimous agreement among the respondents that pensioners are promptly enrolled for pension benefits immediately on retirement, and they commence to receive pension benefits after six months waiting period. The respondents also agreed that the scheme has ensured prompt and regular payment of pension benefits to retirees. The National Pension Commission, as the only regulatory and supervisory agency on pension matters, issues guidelines and regulatory policy instruments in the pension industry to monitor the activities of the licensed independent pension funds administrators and pension funds custodians. This ensures availability of funds for prompt and regular payment of pension benefits.

Recommendation

Lack of knowledge of the new pension scheme by the contributory workers and pensioners is identified as one of the major problems in this study. Many contributory workers and retirees do not know or understand the provisions of the Act. Some retirees, out of ignorance, give personal interpretation of the provisions, and often make demands that are out of context of the Act. There is urgent need for employers of labour to organize interactive forum with their employees, pension funds administrators, and the National Pension Commission officials. The researcher recommends creation of awareness through the media, organizing conferences, seminars and workshops. The movie industry may be involved to package message oriented movies on the new contributory pension scheme to disseminate such vital information relating to the Act as well as activities of licensed private pension funds operators.

Periodic review of the Act is recommended to keep its provisions in tune with realities of economic and social changes and development in our national life. Government should take close look at the grey areas being highlighted by concerned pensioners and contributory workers as it concerns benefit calculation, age for accessing of pension benefits, and the issue of reintroducing gratuity into the scheme. Further input to strengthen the Act should be broad-based to capture the input of organized labour and other stakeholders in the act of governance. It is also recommended that the present practice whereby employees contribute 7.5% of their monthly emolument and employers contribute 7.5% of the employees monthly emolument be reviewed to employees contributing 7.5% of their monthly emolument while employers contribute 15% of their employees monthly emolument.

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