Effect of Contributory Pensions Scheme on Welfare of Retirees in Nigeria

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Abstract

Pensioners in Nigeria face significant challenges when attempting to access their retirement benefits through the contributory pension scheme. Issues such as delays in the disbursement of pensions and gratuities, along with frustrations encountered during screening processes, adversely affected the welfare of pensioners. This study investigates the effect of the contributory pension scheme on the post-retirement lives of civil servants in Anambra State. A multi-stage sampling technique was employed to distribute questionnaires to 170 respondents, and in-depth interviews were conducted with three key participants. Findings indicated a significant correlation between the distribution of monthly pensions and the fulfilment of retirees' welfare needs. Also, a strong association was found between monthly pension amounts and the household size of retirees. The in-depth interviews highlighted several challenges facing the contributory pension scheme, including inadequate retirement preparation by pensioners, delayed payment of retirement benefits, corrupt practices among pension managers, and the government's reluctance to adjust pension amounts. In conclusion, the provisions of the contributory pension scheme were found to be inadequate in meeting the welfare needs of retirees in Anambra State. It recommends on the need for targeted policies that consider household size in pension planning as well as create supplementary support systems or increase pension allocations for larger households that could help alleviate financial pressures and improve overall welfare of the retirees in Nigeria.

Keywords: *Pension, Gratuity, Contributory Pension Scheme, Retirees' Welfare*

1.1 Introduction

Employees who have worked in public and private sector organizations are expected to live a comfortable life devoid of any form of dependency after their successful retirement from active service (Nwachukwu, 2007). Such life is made possible through gratuity and pension payable to such employees by their employers at the time of retirement. According to Ozor (2006), pension consists of lump sum payment to an employee upon his disengagement from active service; it is usually in monthly instalments. He further opined that pension plans may be contributory or non-contributory; fixed or variable benefits; group or individual; insured or trustee; private or public; and single or multi-employer. Pension is a contract for a fixed sum to be paid regularly to a pensioner, typically following retirement from service. It is different from severance pay because the former is paid in regular instalments while the latter is paid in one lump sum (Ayegba, James, Odoh, 2013). Thus, Pension as a scheme is designed to cater for the welfare of pensionable retired workers and it had long gained global acceptance.

In Nigeria, the pension system was established during the colonial era, with the 1951 Pension Ordinance serving as the first legislative framework for pensions, retroactively effective from January 1946. This ordinance granted public servants rights to both pensions and gratuities. Over the years, Nigeria has implemented various social protection schemes, but these have primarily been limited to the public sector (Ahmed, 2006).

Until 2004, Nigeria operated a Defined Benefit Pension Scheme (Pay-as-you-go) specifically for the public sector, which was largely non-contributory. Under this system, a retiree's final benefit was determined by their length of service and terminal remuneration, with funding provided by the Federal Government through budgetary allocations. However, the scheme faced numerous challenges, including the government's inability to manage pension and gratuity payments effectively. This was largely due to a lack of planning, incomplete records, disorganized administration, insufficient funding, pervasive fraud and irregularities, the diversion of allocated funds, and the presence of ineligible pensioners on the payroll (Ahmed, 2006).

The challenges surrounding pension payments in Nigeria prompted a reform of pension administration during Obasanjo's civilian presidency, leading to the establishment of the Pension Reform Act of 2004. This Act aimed to rectify the shortcomings of the previous Defined Benefit Pension Scheme and ensure that retirees received sufficient resources (Odia and Okoye, 2012; Nwanne, 2015). It is grounded in fundamental principles such as sustainability, accountability, equity, flexibility, and practicality. The new pension system is contributory and fully funded, with contributions directed into individual employees' Retirement Savings Accounts (RSAs), distinguishing it from the earlier scheme. The funds are held in private third-party custody, with assets allocated based on individual accounts. This scheme encompasses all employees in the federal public service, the Federal Capital Territory, and the private sector (Olanrewaju, 2011). All pensioners who retired after 2007 fall under this framework. Contributions are directly paid to Pension Fund Custodians (PFCs), who manage them under the direction of Pension Fund Administrators (PFAs). The new scheme is compulsory for all employers and employees covered by the Pension Reform Act, and it allows for the seamless transition of employees between jobs without affecting their pension benefits (Odia and Okoye, 2012).

Nevertheless, years after its implementation, there remain doubts about the effectiveness of the new scheme (Ikeji, Nwosu, and Agaboh, 2011). Many workers harbour scepticism regarding its success, primarily due to the failures experienced with previous schemes. Some Nigerian workers have retired without a reliable pension plan because their employers failed to enrol them in the scheme or neglected to remit the required contributions to the designated pension manager. This may explain the scheme's current count of only 6.74 million contributors and assets totalling just 6 trillion naira, despite a labour force of 74 million people (Ogah, 2016).

1.2 Statement of problem

In Nigeria, the introduction of the Contributory Pension Scheme (CPS) in 2004 marked a significant reform aimed at addressing the deficiencies of the previous non-contributory Defined Benefit Pension Scheme. While the contributory pension scheme was designed to promote sustainability and improve the financial security of retirees, it has raised critical questions regarding its actual impact on the welfare of retirees. Preliminary evidence suggests that despite its intent, many retirees still experience inadequate financial support upon retirement, leading to concerns about their overall welfare (Odewole& Oladejo, 2017).

The problem lies in the disparity between the anticipated benefits of the contributory pension scheme and the realities faced by retirees. Several dimensions contribute to this issue, including the adequacy of pension contributions, the reliability of pension fund management, access to timely payments, and the overall economic conditions that affect retirees' quality of life (Abdulazeez, 2015). Factors such as the low rate of participation in the scheme, poor financial literacy among workers, and prevailing economic challenges have compounded the difficulties faced by retirees in accessing their entitlements (Nwanne, 2015).Additionally, previous studies have indicated that a significant portion of the workforce remains outside the contributory system, either due to non-compliance by employers or a lack of awareness among employees, which raises concerns about the universality of retirement benefits (Eme & Sam, 2011). The persistence of these issues may hinder the contributory pension scheme's ability to fulfill its objective of enhancing retiree welfare in Nigeria.

This research seeks to investigate the effects of the Contributory Pension Scheme on the welfare of retirees in Nigeria, focusing on both quantitative and qualitative aspects of retirees' experiences. By analyzing the adequacy and accessibility of pension funds, this study aims to identify the critical factors influencing retirees’ financial stability, health, and overall quality of life. Ultimately, the research will contribute to a better understanding of the challenges within the contributory pension scheme framework and provide recommendations for policy improvements that could enhance the welfare of retirees in Nigeria.

1.3 Objective of the Study

The main objective of the study is to examine the effect of Contributory Pension Scheme on the welfare of retirees in Nigeria. The specific objectives were to:

(1) Ascertain the effect of Contributory Pension Scheme on the retirees’ financial stability in Nigeria.

(2) Examine the effect of Contributory Pension Scheme on the retirees’ health and overall quality of life in Nigeria.

1.4 Research Questions.

(1)To what extent has Contributory Pension Scheme affected retirees’ financial stability in Nigeria?

(2)How does Contributory Pension Scheme affect retirees’ health and overall quality of life in Nigeria?

2.0 LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Pension

A pension is a financial arrangement into which an employee and their employer contribute money over the employee's working life, with the intention of providing regular payments to support the individual’s retirement. Two main types of pension plans exist: a defined benefit plan, which guarantees a fixed sum paid regularly to retirees, and a "defined contribution plan," wherein a predetermined contribution is invested, with the accumulated fund available at retirement (Munnell & Soto, 2005). It is essential to distinguish pensions from severance pay; pensions typically provide ongoing payments post-retirement, while severance pay is a one-time, fixed payment made to employees who terminate employment involuntarily before retirement age (Armstrong, 2010).

The rationale for implementing pension schemes is twofold. Firstly, organizations have a moral obligation to provide a reasonable level of social security for long-serving employees, ensuring they are financially stable during retirement. Secondly, by offering pension schemes, companies demonstrate their commitment to the welfare of their workforce. A common method of calculating an employee's pension benefits involves using a percentage of the employee’s earnings, averaged over several years, and multiplied by the total number of years the employee has served the organization (Armstrong, 2010).

2.1.2 A Brief Review of the Old Pension Scheme in the Nigerian Public Service.

Nigeria, as a former British colony, inherited a pension system in its public sector that was modelled on the British framework. The country's pension scheme was initiated in 1951 when the colonial British administration established the Pension Ordinance, which had a retroactive effect from 1946 and initially applied only to UK officials posted to Nigeria (Sule & Ezugwu, 2009; Abdulazeez, 2015).

The 1951 Pension Ordinance marked the first legislative action focused on pensions in Nigeria, followed by the establishment of the National Provident Fund (NPF) in 1961 to address pension needs in the private sector. In 1979, the Pension Act No. 102 was enacted alongside the Armed Forces Pension Act No. 103. Subsequently, the Police and other government agencies' pension schemes were established under Pension Act No. 75 of 1987. Additionally, in 1987, the Local Government Staff Pension Board was created to manage pension issues for local government employees (Sule & Ezugwu, 2009). Ayegba, James, and Odoh (2013) noted that the shortcomings of these earlier schemes led to the introduction of the National Social Insurance Trust Fund (NSITF) in 1993, aimed at addressing pension and retirement concerns within the private sector.

Historically, pension schemes in Nigeria have relied on budgetary allocations and have been characterized as non-contributory and inadequately funded. This has resulted in numerous challenges, including delays or failures in payments that have sometimes led to deaths among retirees (Abdulazeez, 2015; Ayegba, James, & Odoh, 2013). These persistent issues prompted the pension reform of 2004, which established the Contributory Pension Scheme as a means to enhance the sustainability of pensions in Nigeria.

Prior to the Pension Reform Act of 2004, civil servants did not bear direct responsibility for pension provision through payroll taxes, as pension benefits were covered by budgetary allocations from the Consolidated Revenue Fund. Pension schemes structured on a pay-as-you-go basis were particularly vulnerable to political risks (Abdulazeez, 2015). These risks can be categorized into three areas: first, politicians may propose substantial pension increases to gain electoral support, which may remain unpaid or fall upon subsequent administrations; second, the pension accounts, not sufficiently insulated from political interference, are frequently subject to misappropriation by politicians seeking to address temporary fiscal challenges; and third, there is a notable indifference among politicians toward the plight of pensioners (Abdulazeez, 2015; Odewole& Oladejo, 2017).

Furthermore, the management of pensioner records in the public sector and the payment procedures are fraught with inefficiencies. Many organizations lack accurate records of actual pensioners, which fosters corruption and exacerbates existing challenges in the absence of reliable data (Nwanne, 2015; Abdulazeez, 2015).

Another critical weakness in the public sector system is the inadequate treatment of retirees. Many are compelled to travel long distances to receive their pensions, often enduring harsh conditions while waiting for extended periods—sometimes even days—before they can collect their payments. Reports have indicated that some pensioners have died while waiting in line to access their pension funds (Ozor, 2006; Abdulazeez, 2015).

2.1.3 Nigerian Pension Reform Act 2014

The Nigerian Pension Reform Act, signed into law on July 25, 2004, was enacted out of necessity to address the challenges within the pension system. This Act was later repealed and replaced by the Pension Reform Act of 2014, which established a contributory pension scheme for employees in the federal public service, the Federal Capital Territory (FCT), and the private sector across Nigeria. Section 4 of the Act mandates a minimum contribution of 10% from employers and 8% from employees on their monthly emoluments. The scheme is contributory, fully funded, and based on individual accounts managed privately (PenCom, 2014).

The objectives of the scheme, as detailed in Section 2 of the Act, include encouraging workers to save for retirement to secure their livelihoods in old age, ensuring that federal, public, and private sector employees receive their retirement benefits promptly, and standardizing the rules, regulations, and benchmarks for administering and paying retirement benefits (PenCom, 2014). Furthermore, the Act aims to create investable funds that complement the government's long-term macroeconomic goals, including stabilizing inflation and interest rates, enhancing infrastructural development, and fostering investment in the real sector (Eme & Sam, 2011).

2.1.4 Contributory pension scheme and welfare of retirees

The contributory pension scheme, established in 2004, requires both employers and employees to contribute to a Retirement Savings Account (RSA) for each employee. The primary goal of this scheme is to ensure a stable income for retirees after they leave the workforce (National Pension Commission, 2004). The welfare of retirees under the contributory pension scheme is significantly influenced by the timely disbursement of funds, the adequacy of those funds, and overall financial security. When the scheme operates effectively, retirees enjoy financial stability; however, delays or insufficient payouts can lead to hardships, reduced access to healthcare, and a lower quality of life (Adewumi & Ogunyemi, 2018). This relationship highlights that the efficiency and management of the contributory pension scheme directly affect the economic well-being and overall welfare of Nigerian retirees.

The contributory pension scheme ensures that retirees receive a regular income after retirement, fostering their financial stability and independence (Ogunbiyi, 2020). A well-managed pension system allows retirees to afford necessary healthcare services and maintain a reasonable quality of life. Conversely, delays in payments, along with factors such as inflation and inadequate funding, can adversely impact retirees' welfare, leading to financial insecurity, health issues, and an overall decline in well-being (Eguabor, 2021).Thus, the effectiveness of the contributory pension scheme plays a crucial role in determining the standard of living for retirees in Nigeria.

Contributory pension schemes offer financial security and welfare to retirees through systematic contributions throughout an employee’s working life, and the dynamics of Social exchange theory manifest in the relationships employees develop with their organizations within this framework; when employees perceive their organization values their contributions and well-being—especially through reliable pension schemes—they often feel a sense of obligation to reciprocate, leading to increased job commitment and satisfaction during their employment, and this perception of support continues to influence retirees' evaluations of their post-retirement welfare based on the organization's fulfillment of financial commitments (Eisenberger et al., 2001).

2.2 Theoretical Framework

This study is based on the Peter Blau's **social exchange theory**, developed initially by George Homans (Ritzer, 2008). Social exchange theory views social behaviour as an exchange involving activities—both tangible and intangible—between at least two individuals, characterized as less rewarding or costly (Homans, 1961). In organizational contexts, the theory emphasizes the global exchange between employees and their organizations as well as the dynamic relationships between employees and their supervisors, highlighting the significance of perceived organizational support and trust, which play critical roles in shaping employee attitudes and behaviours (Rhoades & Eisenberger, 2002). Moreover, employees invest in their pension schemes with the expectation of receiving benefits during retirement. When retirees receive their anticipated benefits, they generally regard the exchange positively, fostering trust and loyalty towards the organization even after they retire. This employer-employee relationship under contributory pension scheme resembles a social contract, where employees trust that their contributions will secure a reliable retirement.

Social exchange theory offers a valuable lens through which to examine the dynamics of contributory pension schemes and their impact on retiree welfare. The expectations of mutual benefits and obligations between employees and organizations create a transformative effect on the perceived value of retirement benefits. When organizations commit to fulfilling these obligations, they foster trust and positive relationships, leading to enhanced welfare outcomes for retirees. Conversely, breaches of these expectations can result in negative repercussions for both the retirees' quality of life and the organizations' reputation. Understanding these dynamics is essential for policymakers and organizational leaders seeking to improve the efficacy and perception of contributory pension schemes.

By providing a valuable framework for understanding the interplay between contributory pension schemes and retirees' welfare, social exchange theory highlights the mutual benefits and obligations that shape perceptions of retirement benefits, thereby illustrating how organizations' commitments to these obligations can enhance trust and relationships, leading to improved outcomes for retirees, while any breaches can harm both retirees' quality of life and the organizations' reputation—understanding this dynamic is crucial for policymakers and organizational leaders aiming to enhance the effectiveness and perception of contributory pension schemes.

2.3 Empirical studies

Umar, and Oladele, (2022) studied the health implications of the contributory pension scheme with a mixed-methods design encompassing quantitative surveys of 200 retirees alongside qualitative interviews. Logistic regression revealed that retirees receiving regular pension payments are more capable of affording necessary healthcare services, which significantly enhances their overall welfare and contributes to better health outcomes.

Osuolale, (2022) focused on the impact of inflation on contributory pension scheme payments through a time-series analysis of historical data. Findings from inflation-adjusted regression models indicated that high inflation rates erode the real value of pension payments, which negatively impacts retirees' welfare, highlighting the urgent need for pension schemes to factor in inflation to maintain purchasing power for beneficiaries.

In similar study by Babalola, (2021) on retirees' satisfaction with the contributory pension scheme through a survey design that involved 300 retirees in different sectors. Data were analyzed using ANOVA to compare satisfaction levels among various demographic groups. Findings indicated that those with higher pre-retirement contributions reported better welfare outcomes after retirement, suggesting that pre-retirement planning and contribution levels significantly influence post-retirement quality of life.

Adewuyi, and Akinyemi, (2021) studied the macro-economic impact of the contributory pension scheme using a comparative research design. Regression analysis demonstrated that retirees under the contributory pension scheme experience better financial stability, particularly in urban centres where the scheme has been effectively implemented, suggesting its positive influence on the local economy.

Ibrahim, (2021) focused on the impact of pension fund transparency using a correlational research design. Through Pearson correlation coefficients, the results demonstrated that transparent management of pension funds is associated with significant improvements in retirees' welfare, as it fosters trust and encourages timely disbursement of benefits.

Adams, and Ogunleye, (2020) reviewed the role of pension fund administrators through a survey involving 350 retirees from diverse backgrounds. Multiple regression analysis indicated a strong correlation between better fund management practices and improved retirees' welfare, especially for those residing in rural areas where access to resources is limited.

Olatunji, Bolaji and Adeniyi, Joy (2020) evaluated the role of policy enforcement in the contributory pension scheme using a case study of Nigerian pension institutions. Through qualitative content analysis, the study revealed that poor enforcement of pension policies results in delayed disbursements and lower welfare standards for retirees, calling for stricter compliance measures.

Ogunleye, and Ojo, (2020) assessed the effectiveness of the contributory pension scheme in reducing poverty through a longitudinal study that monitored pensioners in Lagos and Ogun states over five years. Utilizing time-series analysis, the study demonstrated that the contributory pension scheme has led to a significant reduction in poverty levels among retirees compared to pre-contributory pension scheme periods, emphasizing its role in alleviating financial insecurity among the elderly.

Adeola, (2020) examined the impact of the contributory pension scheme on retirees' financial well-being through a survey design that targeted a sample of 500 retirees across several states in Nigeria. The study utilized regression analysis to assess the relationship between pension disbursement frequency and living standards. Findings revealed that timely pension disbursements significantly improve retirees' living standards, especially in urban areas, highlighting the crucial role of consistent financial support in enhancing overall welfare.

Fashina, Kehinde and Ajala, Samuel (2019) investigated pension fund investment strategies using a quantitative research design that involved analysis of investment performance data. Findings from factor analysis suggested that well-managed and invested pension funds yield better returns, which directly enhance the financial welfare of retirees, affirming the importance of strategic investment for long-term sustainability.

Ajibola, and Ajayi, (2019) explored the sustainability of the contributory pension scheme using a qualitative case study approach that focused on Nigerian pension agencies. The researchers employed content analysis to investigate the factors affecting pension fund management. Results revealed that mismanagement of pension funds not only diminishes economic well-being among retirees but also erodes public trust in pension systems, particularly within the public sector.

Adewunmi, and Ajayi, (2019) evaluated the effect of pension reforms in Nigeria using a descriptive research design involving survey responses from various stakeholders. Through chi-square tests, the findings showed that delayed pension payments dramatically increase retirees' vulnerability to economic shocks, rendering them more susceptible to poverty and reducing their quality of life.

Olaniyi, and Dada, (2018) analyzed administrative efficiency in the contributory pension scheme using a cross-sectional design involving 400 participants from various regions. Descriptive statistics were applied to assess the correlation between administrative processes and retirees’ experiences. The study found that bureaucratic delays in pension payments have a detrimental impact on retirees’ welfare, exacerbating financial difficulties and leading to increased stress and uncertainty in retirement.

3.0 Methodology

This study employed a descriptive survey design and simple random sampling to determine the sample size. Both quantitative and qualitative research methods were used to explore the relationship between welfare of pensioners and pension scheme. Discussions with administrative staff and retirees from various ministries.

A sample of pensioners was selected to represent the larger population, with a pre-test of the data collection tool to ensure reliability. The study focused on pensioners in the federal ministry of health (Nnamdi Azikiwe University Teaching Hospital, Nnewi) in Anambra state and Hospital Amaku, Awka. The population of this study consists of 1,149 retired civil servants in Anambra State as at 2023. Additionally, three interviewees were selected from the Nigerian Labour Congress and the Nigerian Union of Pensioners, Anambra State.

A sample size of 170 was derived from the study population using Yaros (1967) formula:

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

Where N = is the total population, 1 is a constant, and e is the error margin. A multi-stage sampling technique was employed, beginning with grouping respondents into two: Federal Government retirees, and Anambra State retirees.

Data for this study were collected from both primary and secondary sources. Primary data were gathered through questionnaires and in-depth interviews. The questionnaire included both structured and unstructured items. The structured questions aimed to assess respondents' perceptions of how adequately pensions meet their welfare needs, while the unstructured questions allowed respondents to express their views on pension issues and challenges related to retirement, such as delays and nonpayment of gratuities.

The questionnaire was divided into two sections: Section A focused on the socio-demographic data of respondents, and Section B addressed pension matters. In-depth interviews were conducted with the President of the Nigerian Union of Pensioners (NUP) in Anambra State and the President and Secretary of the Nigerian Labour Congress (NLC) in the state.

Secondary data were obtained from libraries and documents related to civil service and pension issues, which were subsequently reviewed. Qualitative data from interviews were subjected to content analysis, while quantitative data were analyzed at univariate and bivariate levels.

4.0 Results and Discussion

The study collected information from the two groups of respondents (federal and state government workers), including gender, marital status, educational qualifications, current age, years of service, monthly pension levels, and family size. According to the data in Table 1, 47.9% of the respondents identified as male, while 52.1% were female, indicating a higher proportion of female respondents among the sample. This suggests that more female have retired compared to their male counterpart. This observation was contrary to the view of Udegbe's (1997) who asserted that women's reproductive roles, socio-cultural beliefs, educational barriers, and the glass ceiling effect contribute to the underrepresentation of women in the formal workforce.

Additionally, the results indicate that 79.2% of respondents were married, while only 0.5% identified as single. In terms of religion, the data show that 96.7% of the respondents were Christians, and 2.7% identified as traditionalists.

Table 1: Socio-economic and demographic characteristics of retirees

VARIABLES	RETIREES	
	Frequency	**%**
Sex		
Male	81	47.9
Female	89	52.1
Total	**170**	**100**
Marital Status		
Single	36	21
Married	128	75
Divorced	6	4
Total	**170**	**100**
Education Qualification		
No Formal education	4	2
FSLC	13	8
WAEC / GCE	24	14
OND / NCE	47	28
HND / First Degree	78	46
M.Sc, PhD, Others	4	2
Total	**170**	**100**
Age		
30yrs- 45 yrs	4	2
46 yrs - 70 yrs	122	72
70 yrs and above	44	26
Total	**170**	**100**
Years put in Service		
10yrs - 16yrs	8	5
17yrs - 23yrs	25	15
24yrs -30yrs	58	34
31yrs - 36yrs	79	46
Total	**170**	**100**
Monthly pension		
Less than N20,000	12	7
N21,000 - N30,000	23	14
N31,000 - N40,000	36	21
N41,000 - N50,000	41	24
N51,000 above	58	34

No response	0	0
Total	**170**	**100**
Household size		
1 - 4 persons	33	19
5 - 8 persons	112	66
9 - persons and above	20	12
No Response	5	3
Total	**170**	**100**

The table presents demographic and socio-economic characteristics of the group of retirees used in the study, summarized by various categories.

Sex: There are 81 male retirees (47.9%) and 89 female retirees (52.1%). The retiree population has a slightly higher proportion of females compared to males. **Marital Status**: A majority are married, with 128 retirees (75%), followed by singles (36 retirees, 21%) and divorced (6 retirees, 4%). This indicates that most retirees are likely to have a stable family structure.

Education Qualification: The highest educational attainment is predominantly HND/First Degree (78 retirees, 46%), followed by OND/NCE (47 retirees, 28%). A low percentage of retirees (2%) have no formal education, while only 2% hold advanced degrees (M.Sc, PhD). Overall, this suggests a generally well-educated retiree population. **Age**: Most retirees (122 retirees, 72%) are aged between 46 and 70 years, which is typically a common retirement age bracket. 44 retirees (26%) are 70 years and above, while only 4 retirees (2%) are aged 30-45 years, indicating that most retirees fall into the older age categories.

Years Put in Service: Most retirees have served in their profession for a significant duration, with 79 retirees (46%) having served for 31 to 36 years. 58 retirees (34%) served for 24 to 30 years, suggesting a trend of long-term employment prior to retirement. A small number (5%) served between 10 and 16 years. **Monthly Pension:** A significant number of retirees receive pensions of N51,000 and above (58 retirees, 34%), with 41 retirees (24%) receiving between N41,000 and N50,000. The majority (7%) receive less than N20,000 monthly, indicating some variance in pension amounts.

Household Size: Most retirees live in larger households, with 112 retirees (66%) living with 5 to 8 persons. A smaller portion lives alone or in very small households (31 retirees, 18% in 1-4 persons; 2 retirees, 1% in 14 persons and above). This suggests that many retirees may have multiple family members living together, which could impact their social support systems. Overall, the data reflects a diverse retiree population with a relatively high level of education, a strong presence of married individuals, long service years before retirement, and significant variations in pension amounts. The information can be useful for understanding the demographic profile and needs of retirees in this population.

The table presents data on respondents' perceptions of the adequacy of pensions in meeting their welfare needs across various aspects of life for retirees

Table 2: Distribution of respondents on the adequacy of pensions in meeting their welfare needs

Variable	Perceived adequacy	Perceived inadequacy
Good accommodation	8% (14)	9 2% (156)
Balanced diet	4% (8)	96% (163)
Clean clothes for the household	9% (16)	91% (154)
Good health services	16% (28)	84% (142)
Good education for their children	9.4% (16)	9 0.6% (154)
Meet financial obligations in their communities	15.3% (26)	84.7% (144)
Meet financial obligations in their religious groups	1 4.7% (25)	85.3% (145)
Meet financial obligations in their extended families	21.8% (37)	78.2% (133)

The data paints a stark picture of the inadequacy of pension funds in supporting the welfare needs of retirees across various critical domains. The overwhelming perception of inadequacy in meeting fundamental needs such as proper housing, nutrition, healthcare, and education underscores a systemic issue that could lead to greater social and economic challenges for retirees. This suggests a need for policy intervention or structural reform in pension systems to enhance the financial security and welfare of older adults, ensuring they can live with dignity and fulfil their roles within their families and communities.

Housing and Accommodation: A small percentage (8%) of retirees feel their pensions adequately provide for good accommodation, while a significant majority (92%) perceive their pensions as inadequate in this regard. This suggests that most retirees struggle to secure decent housing with their pension income. **Nutritional Needs**: Only 4% of respondents feel their pensions meet the needs for a balanced diet, highlighting a troubling statistic wherein 96% believe their pensions are inadequate to afford proper nutrition. **Clothing**: 9% of retirees believe they can afford clean clothes for themselves and their families, while 91% find their pensions insufficient for this basic need, reflecting broader issues of financial insecurity among retirees. **Healthcare**: Although 16% of respondents are satisfied with the adequacy of pension funding for good health services, a large portion (84%) considers their pensions inadequate. This indicates that healthcare access remains a critical concern for most retirees. **Education for Children:** 9.4% of retirees feel that their pensions are adequate for providing good education for their children, with 90.6% indicating inadequacy. This may result in perpetuating cycles of poverty, as many retirees may struggle to support their children's education.

Financial Obligations to Community: 15.3% feel they meet their financial obligations within their communities, while 84.7% do not, reflecting challenges in participating in community life and support. **Religious Groups**: A majority (85.3%) indicate inadequacy in meeting financial obligations to religious groups, suggesting difficulties in maintaining ties with religious communities that often rely on contributions. **Extended Families**: A notable 21.8% feel they can fulfill obligations toward their extended families, yet 78.2% feel unable to do so, emphasizing the financial strain many retirees face.

Table 3: Association between monthly pension's distribution and household size

Level of Monthly Pensions	Household Size			
	1 - 4	**5 - 8**	**9 - above**	**Total**
Less than N20,000	5 (3%)	13 (8%)	2 (1%)	20(12%)
N21,000 - N30,000	13 (8%)	14 (8%)	3 (2%)	30(18%)
N31,000 - N40,000	11 (6%)	20 (12%)	4 (2%)	35(21%)
N41,000 - N50,000	18 (11%)	10 (6%)	4 (2%)	32(18%)
N51,000 above	28 (16%)	23 (14%)	2 (1%)	53(31%)
Total	75 (44%)	80 (47%)	15 (9%)	170(100%)

Understanding the relationship between monthly pension distributions and household sizes is crucial for assessing the welfare of retirees. Pensions are a primary source of income for many retirees, influencing their ability to meet daily needs, access healthcare, and maintain an acceptable quality of life. This analysis uses the data provided to explore how different pension levels correlate with varying household sizes and the implications for retiree welfare.

The table shows that a significant proportion of pensioners in larger households (5-8 members) receive less than N20,000, indicating that larger households are often at a disadvantage in terms of pension income. With 68% of this group falling into lower pension brackets, their ability to support a larger number of family members is severely limited.

Also, individuals in smaller households (1-4 members) tend to receive higher pensions compared to those in larger households. For instance, while 8% from smaller households receive N21,000 - N30,000, the same bracket accommodates an equal percentage from household sizes of 5-8. This reflects a pattern where retirees with fewer dependents receive relatively better pensions, enabling them to allocate resources more effectively. The trend reverses for higher pension levels, where retirees in smaller households (1-4 members) again dominate, amounting to 16% receiving more than N51,000 compared to 14% in the 5-8 member category. This suggests a correlation between lower household sizes and higher pensions, likely due to reduced financial obligations.

Retirees in larger households are likely to experience economic strain as the distribution of pensions suggests that those with more dependents have lower income brackets. This can result in compromised living standards, limited access to healthcare, and increased vulnerability to financial emergencies. The distribution indicates that smaller household sizes have higher pension allocation (pension income / number of members in household), enhancing their ability to manage daily living expenses, seek healthcare, and invest in additional needs. This inequality in pension distribution raises concerns about the social safety net's adequacy for larger families.

The association between monthly pension distribution and household size reveals significant insights into the welfare of retirees. Larger households face challenges due to lower pension allocations, creating a need for adjustments in pension policies that consider not just income levels but also family size. Ensuring equitable support across diverse household structures is essential for enhancing the welfare of all retirees, ultimately leading to more sustainable living conditions and better health outcomes in the elderly population.

5.1 Summary of findings

The results of this study indicate that pensions provided to retirees under the contributory pension scheme do not adequately meet their welfare needs. This finding strongly supports the assertions made by Umar, and Oladele, (2022), Babalola, (2021) and Osuolale, (2022) that the typical retiree in Nigeria faces several challenges, including insufficient financial resources, difficulties in securing residential accommodation, a decline in social status, limited access to nutritious food, and declining health. There is a consensus that delays in the release of pensions and periodic reviews, as mandated by the enabling law, contributed to these challenges. Moreover, pension funds are often mismanaged by certain stakeholders, adversely affecting the timely disbursement of pensions and gratuities to retirees, which has negative consequences for their quality of life.

The findings of this study also affirm the theoretical framework of social exchange theory as proposed by Peter Blau. From this perspective, the results indicate that organizational support for workers is crucial, particularly during retirement. Therefore, the government, as the employer of civil servants, is expected to fulfil its obligations to these workers upon retirement. Pensions and gratuities represent the anticipated exchange that employees expect from their employers. When the government meets these expectations, it positively influences the lives of retirees by providing the necessary support. Conversely, the failure to deliver this reciprocal value in exchange for retirees' contributions has significant negative implications for their well-being.

This study demonstrates that the government's inability to provide appropriate rewards in exchange for employees' labour constitutes a breach of both social and psychological contracts (Babalola, 2021). The results indicate that retirees experience considerable hardship when denied access to basic welfare provisions due to the poor management of the contributory pension scheme. Pensions offered by this scheme are largely inadequate to meet retirees' welfare needs, which affect their sustainability and that of their households.

5.2 Conclusion

This study has explored the situation of retirees under the contributory pension administration in Nigeria. The results indicated that the contributory pension scheme has a detrimental effect on the post-retirement lives of civil servants in Anambra State. There is a consensus that pensions provided by the scheme are grossly inadequate and face numerous pervasive problems. In-depth interviews revealed several issues confronting the contributory pension scheme, including inadequate preparations for retirement by pensioners, delays in the payment of retirement benefits, corrupt practices among pension managers, and the government reluctance to review pensions. The provisions of the contributory pension scheme are insufficient to meet retirees' welfare needs in Anambra State. Therefore, the study recommends a further amendment of 2004 Pension act to address the challenges observed in the management of the contributory pension scheme in Nigeria.

5.3 Recommendations/ Policy considerations

There is a dear need for targeted policies that will consider household size in pension planning.

Government should consider supplementary support systems or increase pension allocations for larger households, this could help alleviate financial pressures and improve overall welfare of retirees in these situations.

A further amendment of 2004 Pension act is recommended to address the challenges observed in the management of the contributory pension scheme in Nigeria.

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