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Contributory Pension Scheme and the Livelihood of Retirees of some selected Tertiary Institutions in Adamawa State

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Abstract

The thrust of this paper is to examine the effect of contributory pension scheme on the welfare of retirees with particular reference to some selected tertiary institutions in Adamawa State (Federal College of Education, Yola; Modibbo Adama University, Yola and Federal Polytechnic, Mubi).Pension administration in Nigeria has been clouded with so many challenges ranges from corrupt practices to inability of retirees to access their retirement benefits as when due among others. The new contributory pension scheme was introduce to ease difficulties experienced and challenges faced in the past by retirees, but alas the sufferings of retirees has continue unabated. Data were collated from 85 respondents from the aforementioned higher institutions of learning who serve as the population and sample size since they are manageable and the researcher applied snow ball method of sampling in locating the respondents. Four point likert scale questionnaire was used in data collection and was analyzed using regression in SPSS. The independent variable (the new pension scheme) was assessed in two dimensions: lump sum and install mental payment in relation to dependent variable (retirees' livelihood).The study reveals that in hypothesis one there is a strong positive relationship between the IV and the DV with adjusted R square of. 126 and a negative relationship between IV and DV in hypothesis two. This has led to the rejection of hypothesis one and acceptance of hypothesis two. Activity theory of Aging propounded by Burgess was adopted as a theoretical framework. The paper recommends among others that information about the workings of the new pension scheme should be at public domain and worker upon retirement should be paid their benefits in a lump sum manner as that will enable them to engage in business activities to replace the lost roles.

Keywords: Pension, Retirees, Livelihood, Lump Sum, Installments, Effect,

Introduction

The means of supporting one's life especially after retirement from paid job has become a daunting and herculean task to retirees not only in Nigeria but globally. The livelihood of pensioners depends on the pension as it provides an income stream to improve the living standard of the retirees. Retirement involves withdrawal from occupational roles after attaining a particular age as specify by law, due to ill-health or the services one render is no longer require either as a result of organizational restructuring or to cut cost. Pension as a scheme is designed to provide succor to the pensionable retired workers both in public and private sectors. Some employees are fortunate to save enough money to take them through the retirement period, while a majority leaves the service with little or no savings at all. Ideally, governments and organizations where the employees work need to identify a way of accommodating and adequately rewarding employees' past efforts through organized pension plans, so that it can achieve the goals of their existence (Rabelo, 2002). Since the radical reform of Chile's social system in 1981 with the shifting from the defined benefit to defined contributory pension scheme, countries like Mexico, 1997; Hungary, 1993; Poland, 1999; Hong Kong, 1997; and Nigeria, 2004; made a similar shift in the various years (Ezenwa and Obiagwu 2020). The US has a well-developed contributory pension scheme established as far back as 1935. In the United Kingdom, there was a long tradition of funded occupational pension scheme till 1978 (Ahmad, 2006). Pension, according to Williams (1997) is the totality of planned procedures and legal process of security and setting aside of funds to meet the social obligation of care which employers owe their employees at retirement or in case of death. A pension created by an employer for the benefit of an employee is commonly referred to as an occupational or employer pension. Thus, Okotoni and Akeredolu (2005) stated that the purpose of occupational pension scheme is to provide employees regular and stable income after their retirement from service.

The first pension legislation in the country was enacted in 1951 and it was referred to as the Pension Ordinance. Although, the Ordinance was promulgated in 1951 but had a retrospective effect from 1st January 1946. This piece of legislation was primarily designed for British officers who were always moved from post to post in the vast British Empire. The intention was to ensure that they maintained continuity of service wherever whenever sent to serve. As time goes on, the law became applicable to indigenous staff but with inherent limitations where it was granted at the pleasure of the Governor-General. Due to unequal treatment under the Ordinance, Ahmad (2006; 2) pointed out that before now, 'pension was not an automatic right for Nigerians. That is it could be withheld at the flimsiest excuse'. In order to enhance the proper implementation of government pension plan, the National Provident Fund (NPF) was established under the Act of Parliament of 1961 to regulate and address pension matters. In 1979, the pension Act No. 102 as well as the Armed Forces Pension Act No.103 was formulated. Similarly, the Police and other Government Agencies pension scheme was enacted under the Pension Act No.75 of 1987. In the same year, 1987, the local government Staff Pension Board was created to handle employee pension matters. In 1993, the National Social Insurance Trust Fund (NSITF) came on board under decree No.73 of 1993 to replace the erstwhile National Provident Fund (NPF). The NSITF was meant to cater for employees in the private sector of the economy with effect from 1st July, 1994.

With passage of time, the inadequacy and the inherent problems associated with the Defined Benefit Pension Scheme or Pay-As-You- Go (as it is generally referred) made the Federal Government of Nigeria under President Olusegun Obasanjo to embark on a Contributory Pension Reform Scheme through the enactment of Pension Reform Act of 2004. The objective of the new act was to unify the features of the public service with those of the private sector in terms of contribution to benefits key players. Under the Defined Benefit Pension Scheme, as noted by Ezenwa and Obiagwu (2020) civil servants bore no direct responsibility by way of payroll tax for the provision of pension, instead pension benefits were paid through budgetary allocation to be kept in the consolidated revenue fund. But the new contributory pension scheme requires an employee who is not on a daily paid or casual worker and the employer in either the public or private sector organization to contribute to the scheme. The employee and the employer are to contribute a minimum of seven and a half per cent (7.5%) each of the employee's consolidated monthly emoluments (or the employer alone can contribute the minimum fifteen per cent 15%) to the employee's pension fund. For the armed forces, the government contributes twelve and a half per cent (12.5%) and the armed forces personnel contribute two and a half per cent (2.5%). The contributory pension scheme is fully funded pension that generates adequate funds through certain percentage of contributions from monthly earnings by both employees and employers through a form of savings (Pension Reform Act, 2004). The new contributory pension scheme stipulated that an employee upon the attainment of 50 years of age and no longer in employment or employee who retires due to medical reasons or disability or is compulsorily retired can only withdraw from Retirement Saving Account (RSA). The law provides two models for payment of benefits at retirement; the programmed withdrawal modules of the Pension Fund Administrators (PFA) and the Annuity Option. But the focus of this paper is on the former.

The programmed withdrawal module of the PFA uses a template to compute the lump sum and the monthly pension (installment payment) payable as retirement benefits to the retiree. The lump sum withdrawal and the installment payment implies that at retirement, the retiree will have access to 50% of his/her benefits and the remaining half is spread for a period of fifteen (15) years as monthly pension(installment payment) thereafter ceased even if the pensioner is still alive. As a result of loopholes inherent in the new pension Act 2004, the Pension Reform Act 2014 was signed into law by the President on 1 July 2014. Changes in the Act have a more profound and broader effect on employers and employees of both the public and private sector. There are changes in the rates of contribution to be made to the Scheme. Under the new Act, both employer and employee are required to make a minimum of 10% and 8% respectively of the employee's monthly emoluments. Even with the passage into law the pension reform Act 2014, the sufferings of retirees has continued unabated. It is against this backdrop that this study intent to examine the effect of the new contributory pension scheme on the livelihood of retirees in Nigeria

Statement of the problem

The issue of pension has received much attention in many countries over the past decades and is designed in order to outlive the employees after their retirement from service, but this was not so as a result of plethora of problems confronting the scheme ranging from inadequate funds, corruption, inflation rate, irregular payment, paucity of data, improper modalities for paying pension benefits among others. In recent times, pension has increasingly attracted the attention of policy makers in many countries as a means of facilitating privately funded retirement income savings by an ageing workforce (World Bank Report, 2006). Many countries have opted for various forms of contributory pension scheme where employers and their employees are supposed to pay a certain percentage of the employee's monthly earnings to a retirement savings accounts from which they would be drawing their pension benefits after retirement. However, the modalities for paying pension have been fraught with damming distortions and challenges in many countries.

Worried by the devastating sufferings of the vast majority of public sector pensioners who have served the nation meritoriously, the Federal government of Nigeria decided to do something positive about the matter. The dehumanizing suffering of the pensioners seems to have been widely reported in the electronic and print media. Scholarly publications have also focused on the plight of pensioners regarding inadequacy, shoddy and irregular payment of their pension entitlements among other problems (Ogunbameru, 1999 and Idowu, 2006). These and other problems have persisted especially in the less developed countries Nigeria inclusive. Prior to the enactment of the Pension Reform Act 2004(as amended in 2014), the government has been responsible for the provision of pension to public workers after retirement, while the employers of labour take that responsibility in the private sector. With the advent of the Pension Reform Act 2004(as amended in 2014), employees were made to contribute part of their earnings to the pension scheme. The new pension scheme introduced in 2004 was received with accolades and cheers especially from would-be-retirees and pensioners who hitherto saw the old scheme as ineffective occasioned by weak administration and corruption as well as unreliable records keeping (Ohai et al, 2013). Shortly after coming on board, many Nigerians became apprehensive with the activities of the Pension Fund Administrators and Pension Fund Custodians. Significantly, many pensioners and would-be-retirees seems to have not informed about the operations of the new pension scheme. This seemly low level of awareness has triggered off anxiety and uncertainty about their retirement years (Omoni, 2013).

Furthermore, the National Pension Commission (PenCom), saddled with the responsibility of regulating the activities of the Pension Fund Administrators (PFAs) and Pension Fund Custodians (PFCs) seems to have unable to regulate the activities of the PFAs and PFCs. As Omoni (2013) observed that with the level of corruption in the country, it is doubtful that one regulatory body like PENCOM could check fraud by PFAs and PFCs. More importantly, pensioners across the country seems to experience irregularities and non-payment of their pension as and when due. In spite of giant strides seems to have made in the administration of pension matters in Nigeria, the retirees have continued to suffer untold hardship in regard to access to pension benefits which have affected their livelihood. It is in view of the above that this paper is timely and intends to examine the effect of the new contributory pension scheme on retiree's livelihood in Nigeria. In an attempt to address the problem, the paper posed the following questions: what effect does lump sum payment of pension benefits have on the livelihood of retirees of some selected tertiary institutions in Adamawa State? How does install mental payment of retirement benefits has impacted on the livelihood of retirees of some selected tertiary institutions in Adamawa State?

Objectives of the Study

The paper generally sought to examine the effect of the new contributory pension scheme on the livelihood of retirees in Nigeria. Specifically, the paper is designed to:

1. Examine the effect of lump sum payment of retirement benefits on the livelihood of Nigerian retirees.

2. Find out whether install mental payment of retirement benefits has an impact on the livelihood of retirees in Nigeria.

Significance of the study

The significance of this study is germane considering the important of pension entitlements in the lives of pensionable retiring workers and those in active service. This study will be theoretically and empirically beneficial in the following ways.

First, it reviewed problems associated with old Pension Schemes and examine how the New Contributory Pension Scheme could be used to salvage delay in pension payment.

Secondly, this study would help the commission and other stakeholders involves in the new administration of Pension Scheme to be alive to their responsibilities by ensuring efficiency and effectiveness in its operations by dispelling fears express by retirees..

Thirdly, this study will go a long way restoring hope to the Nigeria workers, give an insight on the New Contributory Pension Scheme and encourage the Nigerian the need to embrace it. This can be achieved through proper awareness campaign by the PENCOM.

Also, this study will serve as useful reference material for further research work and as well as a useful literature on Nigeria Pension Scheme and its reform. Besides, this study will be of great use in managing pension and pension related problems more effectively and efficiently, because information provided will serve as good basis for realistic decisions.

Lastly, the recommendations proffer in this study will be useful to the government in policy making regarding pension matters in order to curtail future problems.

Scope and Limitations of the Study

This study focuses on the effect of the New Pension Scheme on Retirees' livelihood in Nigeria; to determine the relationship that exists between the New Contributory Pension Scheme and the livelihood of retirees' in Nigeria and assess whether there are any challenges being faced by retirees in accessing their retirement benefits in Nigeria. The time frame for the study is ten years covering the period 2010 to 2020. The sample size of the study is made up of eighty five (85) retirees from Federal Polytechnic Mubi, Federal College of Education Yola and Modibbo Adama University yola. These retirees were selected based on the fact that they provided the researcher the requisite data to infer from (Asika, 2005).The study was limited to three federal tertiary institutions in Adamawa State.

Another limitation is difficulty in locating the retirees' and the financial implication of that task.

Literature Review

Concept Pension

Pension according to Uzoma (1987) is a series of regular payment provided by a former employer to a retired employee. Also, pension is basically a human affair that employees are expected to enjoy a retirement benefit that corresponds with the amount of commitment they have invest in the achievement of the profit maximization or service oriented goals of the organization or government (Bunmi and Obaro, 2007). In the same vain, Ako (2006) view a pension system as essentially an income security program which provides benefits to beneficiaries who may be retirees, pensioners or the destitute. The concept of pension denotes periodic payments a worker receives after retirement from either the public or private sector employment. It is usually part and parcel of the employment contract. In the early days of public service in Nigeria, the factor of pension was a major attraction to civil service career. Encyclopedia Britannica (2019) defines pension as a series of periodic money payments made to a person who retires from employment because of age, disability or the completion of an agreed span of service. The payment generally continues for the remainder of the natural life of the recipient. Beyond the monetary value, pension serves as a bond between the retiree and the former employer. It is essentially designed to afford the retiree the capacity to sustain and maintain a life style equivalent to what is obtainable while in service. Adeniji, et al (2017) citing Adams(2015) defined pension as the amount paid by the Government or a company to an employee after working for a specified period of time, either considered too old or ill to work or having reached the statutory age of retirement.

Similarly, Ozor (2006) conceived pension as a lump sum payment paid to an employee upon his disengagement from active service. This payment is usually in monthly instalments, which may be contributory or non-contributory; fixed or variable benefits; group or individual; insured or trustee; private or public and single or multi-employer. Adebayo (2006) and Robelo (2002) opined that pension is also the method whereby a person pays into pension scheme a proportion of his/her earnings during his working life. One striking thing that is common in the above definitions is that pension serves as a source of livelihood to retirees and is pay only to persons that work and leave service voluntarily or retired. Therefore, pension according to Pension Reform Act (PRA, 2014) is 'an investment fund within the pension scheme which is intended to accumulate during an individual's working life from contributions and investment income with the intention of providing income in retirement from the purchase of an annuity or in the form of programmed withdrawal, with the possible option of an additional tax-free cash lump sum being paid to the individual'. The PRA definition encapsulates almost all that is involved in the new contributory pension scheme like the contributions (mandatory and voluntary), investment, retirement pay and its methods.

Concept Livelihood Defined

Livelihood is derived from 'life-lode' which was translated to mean 'way of life' or 'a means of keeping one alive'. At its most basic, a livelihood is a means to a living. According to UK Department for International Development (DFID, 2000), a livelihood comprises the capabilities, assets and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base. A frequently cited definition of a livelihood is 'the assets (natural, physical, human, financial and social capital)), the activities, and access to these (mediated by institutions and social relations) that together determine the living gained by the individual or household' (Ellis, 2000 p, 10). A person's livelihood refers to their means of securing the basic necessities (food, water, shelter, and clothing) of life. It is also involves the capacity to acquire basic needs in order to satisfy oneself and household repeatedly and in sustainable manner. Therefore, at this context all activities a retiree is involved in finding food, searching for water, shelter, clothing and all necessities required for human survival after disengaging from paid employment are referred to as a livelihood.

The New Pension Scheme and Standard of Living of the Retirees

One of the reasons why the old pension scheme was jettisoned was because of lack of fund and late payment of pensioners' benefits. These and other palpable reasons pauperized and reduced the retirees to live in misery to the extent that some people referred to them as "dead woods". However, the introduction of the new pension scheme rekindled their hopes and the hopes of would-be-retirees. Significantly, the turn of events in recent days as regards late payment or non-payment of pension is beginning to dampen the hopes of these people. Recently, the pensioners in Nigeria Railway Corporation (NRC) protested over non-payment of their retirement benefits and pension for more than 10 months.

They decried the disparity between the old pension and the new pension. According to them those in the old pension received about 80 per cent of their money while those in the new pension received less than 30 per cent (FRCN, News, 2015). More importantly, the Pension Reform Act of 2004, section 4c stipulates that:' Retirees will have not less than 50% of their last pay as monthly pension as at the date of retirement". Unfortunately, none of the retirees enjoyed this amount since the inception of the Act till date (Kajusola, 2015). Furthermore, the old pension scheme was characterized with late payment and the new scheme was meant to ensure that retirees received their pension as at when due but was not the case.

However, most retirees do not get their entitlements as at when due. Some are owed for up to 10 months due to some administrative bottlenecks either from the Pension Commission or the Pension Fund Administrators. Derowoju, (2012) noted that many retirees' benefits are delayed because some of them do not inform their Pension Fund Managers before retirement; this results to late clearance from the employers and incomplete documentation with the PFAs. Again, the investment of Retirees' contributions take some time to produce returns and this often causes some delays in paying the pensioners their benefits. As Adedeji (2013) observed that returns can be inversely correlated so when one is up the other is down, some assets are long term in nature and may take time to generate returns, thus the delay in these returns means delay in the payment of pension to retirees. Furthermore, the contributory pension scheme is still haunted by the old fears of corruption that engulfed the old system. Already there are complications in the form of sharp practices among the staff of some unnamed PFAs in the new pension scheme (Ohai et al, 2013); and these complications have resulted in non-payment of some pensioners in the new scheme their complete retirement package (Kajusola, 2015). This has greatly affected the life style of retirees negatively causing untold hardship by not meeting up with their daily necessity.

Empirical Review

Dogon Daji and Mukhtar (2012) conducted a research on the contributory pension scheme and the plight of Nigerian workers. The study revealed that CPS is very unlikely to help in improving existing poor condition of a retired worker in the country, largely owing to the inherent, unstable and unpredictable characteristics of some salient variables influencing the scheme, even though it is acknowledged that the schemes has laudable objectives aimed at addressing the problem of pension administration in the country.

Ahmed, Abayomi and Nureni (2016) assessed the effects of contributory pension scheme on employees' productivity in Lagos state. The findings of the study revealed that there is adequate relationship between adequate retirement package and employees' productivity and that it has a positive impact on the organization's efficiency

Oluwatoyin and Ikechukwu (2009) in their study on the evaluation of the application of contributory pension scheme on employee's retirement benefits of quoted firms in Nigeria concluded that even though the contributory pension scheme has positive impact on employee retirement, effective monitoring, supervision and enforcement of the provisions of the pension reform act needs to be carried out to forestall any danger that might occur in the future.

Olatunji and Aduwo (2013) conducted a study on the empirical analysis of contributory pension scheme on retiree's benefits in Nigeria. The result of the study revealed that pension was established for the purpose of motivating and stimulating workers for productivity, enhancing socio-economic standards, encouraging fairly old workers to quit work so that young minds will be absorbed into the system. They concluded that contributory pension scheme has positive impacts on retirees' social and economic life in Nigeria, recommending that effective monitoring and application of penalties for non-compliance by employees of labor.

Theoretical Framework

Every research is guided by a theoretical postulation which aids in analyzing the phenomenon under study. A theoretical Framework is a way or mode of seeing, analyzing, interpreting, describing and predicting issues under investigation (Obasi, 1999). Theoretical framework is not a description of theories existing in that field, but it is rather, an application of a relevant theory to guide a research work (Chukwuemeka, 2006). In view of this, this study would employ the Activity Theory of Aging as a theoretical framework.

The theory attempts to explain factors responsible for successful adjustment in retirement. American Sociologist E. W. Burgess (1950) proposed that old age should be viewed as a stage "without role" and that the individuals should be challenged to replace lost roles with new ones in order to adapt to role transition (Kim & Moen, 2001; Novak, 2012). The theory proposes that active retirees, especially those involved in meaningful social and economic activities, are likely to have sustainable livelihoods and better quality of life, and be more satisfied in retirement. Studies have shown that retirees who are successful at substituting lost roles with new roles report better living conditions in retirement than retirees who are fully disengaged (Lemon, Bengtson, & Peterson, 1972). The theory submits that an active life will lead to a greater chance of gaining access to sustainable livelihoods, which promotes well-being and improves quality of life of retirees (Kim & Moen, 2001; Novak, 2012). It further suggests that the best way to ensure optimal well-being is to encourage retirees to remain active as much as possible after paid employment (Atchley, 1976). The only exception when reduced social interaction is considered functional for the individual is when the elderly is sick or physically challenged (Atchley, 1985; Novak, 2012). Likewise, engagement in income-earning activities, social integration, and moderate exercise positively influences health status, livelihoods, and quality of life of retirees (Atchley, 1985; Lemon et al., 1972; Moody, 2012). On the other hand, Longino and Kart (1982) cited in Szinovacz (1996) observed that informal activities as well as attitudes and expectations about activities are more important determinants of quality of life in retirement than mere engagement in activities. This theory fails to explain the motivating factors behind retirees' engagement in new or substituted roles. What activities constitute relevant activities to retirees? This depends largely on retirees' perceptions and interpretations of their everyday life situations. Expecting continued and active engagement of retired workers while youths are without jobs in Nigeria is a daunting task. It is also doubtful if there are indeed widespread economic, social, and political activities in Nigeria to replace lost roles in retirement.

The theory is relevant to the study because its seek to emphases the need for retirees in Nigeria to engaged in activities such as business ventures in order to replace the loss roles and not only that but be able to meet up the basic demands of life and sustained their livelihood. The theory emphases how important involving in activities by retirees would go a long way in improving their livelihood which play a big role in increasing life expectancy.

Hypotheses

Arising from the statement of problem, the research objectives, the following null hypotheses were formulated for the study:

H1: That the Lump Sum payment of retirement benefits has no any significant effect on the livelihood of retirees in Nigeria

H2: That the install mental payment of retirement benefits has not significantly improved the livelihood of retirees in Nigeria.

Research Procedure

This section presents the discussion on the research methodology of the study, the subjects, sampling technique, research instruments, procedure of data gathering and statistical treatment that will be uses for accurate data analysis and interpretation. A total of 85 retirees in three (3) federal government establishments were contacted through their Desk Officers in- charge of pension matters. The 85 retirees were adopted as sample size from Federal Polytechnic (FPM), Mubi; Modibbo Adama University (MAU), Yola and Federal College of Education,(FCE) Yola using snow ball sampling method. This method was suitable for this kind of research because it enable the researcher to have a link to other respondents through their colleagues as a result of their exposure and educational background. That is when you identify one retiree he/she will link you to the remaining colleagues since most of them have contact with each other. Out of the 85 retirees identify, the researcher through the method of snow balling was able to contacted 27 retirees from Federal College of Education (FCE), Yola, 32 retirees from Modibbo Adama University (MAU), Yola and 26 retirees from Federal Polytechnic (FP), Mubi respectively.

Research Design

A research design is specification of the procedure for collecting and analyzing the relevant data in solving a problem. For the purpose of this study, the survey design is adopted for describing the relationship between independent and the dependent variables because it postulated the rate at which a variable influence another.

Sources and Method of Data Collection

The sources of the research work were both primary and secondary sources, and also Primary sources were majorly through the instrumentality of structured questionnaire. Secondary sources entail the use of both published, unpublished works and textbooks gotten from the school library, the internet, the Pension Fund Administrators (PFA). The questions were structured in the close ended format using the four (4) point Liker scale response categories. This requires the respondents to either “Strongly Agree”, “Agree”, “Disagree” and “Strongly Disagree”. The instrument of data collection was in line with the objectives of the study and stated hypotheses.

Validity and Reliability of Instruments

The reliability test was done using Cronbach alpha. Cronbach alpha is a statistic commonly quoted by researchers to demonstrate the tests and scales that have been constructed or adopted for research works are fit for the purpose. According to George & Malley

(2003), Cronbach alpha of > .9 is excellent, > .8 is good, > .7 is acceptable, > .6 questionable, > .5 is poor while < .5 is unacceptable. Therefore, the Cronbach Alpha of the variables lies between .794 to .910 which indicates that the model is fit and reliable.

Method of Data Presentation and Analysis

The researcher used four (4) point likert scale structured questionnaire in an effort to collect relevant and dependable data for the study different dimensions for measuring effect of the New Contributory Pension Scheme (NCPS) were synthesized to test the hypothesis formulated. After data cleaning and preparation, the analysis was done using regression method in SPSS version 23 in order to ascertain the strength of relationship between the independent and dependent variables. As earlier stated, 85 retirees participated in the study, 27 from the FCE, Yola; 32 from MAU,Yola and 26 from FP, Mubi. All form the sample of the study.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.355[a]	.126	.105	2.19753	1.724

a. Predictors: (Constant), Install mental, Lump sum
b. Dependent Variable: Livelihood

Regression coefficient of R=355 or 35.5% indicate that relationship exist between independent variable and dependent variable. Coefficient of determination R2=.126 which shows that 12.6% of variation in livelihood is explained by effect of pension (lump sum). The adjusted R square in the table shows that the dependent variable (livelihood) is affected by 10.5% by independent variable (pension). This also goes with Durbin Watson statistics of 1.724 which falls within the acceptable range of 1.5 to 2.5 which means that autocorrelation is relatively normal and falls within acceptable range.

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	57.257	2	28.628	5.928	.004[b]
	Residual	395.990	83	4.829		
	Total	453.247	85			

a. Dependent Variable: Livelihood
b. Predictors: (Constant), Installment, Lump Sum

The above table shows that the overall conceptual model is fit and suitable since it is significant at 0.004 which is less than the level of significance 0.05. This means that the independent variables (pension) have a significant effect on retirees' livelihood generally. The F statistics of 5.928 also indicate that the relationship is significant.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	17.422	3.281		5.310	.000		
	Lump sum	.237	.069	.357	3.442	.001	.991	1.009
	Installment	-.070	.168	-.043	-.413	.681	.991	1.009

a. *Dependent Variable: Livelihood of Retirees*

Coefficient of determination for the effect of new pension scheme on the livelihood of retirees in Nigeria on the table above shows that lump sum payment of pension has a positively significant relationship with the livelihood of retirees at 0.001 level of significance and the unstandardized beta coefficient of 0.237. This means that one unit change in lump sum payment of pension benefits will increase retirees' livelihood by 0.237. So also the table above shows that installment payment of retirement benefits has a negatively non-significant relationship with p-value of 0.681 which is far greater than the level of confidence 0.05

Findings and Discussion

The section will involve critical analysis of each hypothesis. The work has two (2) hypotheses which will be discussed based on the available statistic obtained from the SPSS analysis and was stated in a null form.

The first hypothesis which state that: The lump sum payment of retirement benefits has no significant effect on the livelihood of retirees in Nigeria was not supported because most respondents prefer the lump sum method of payment of retirement benefits as it afford them the opportunity to invest in choice business venture. This was statistically determine as the lump sum payment of retirees' benefits has a p-value of 0.001.This implies that one unit change in lump sum payment will increase retirees' livelihood.

Similarly, the second hypothesis which state that: The installment payment of retirement benefits has not significantly improved the livelihood of retirees in Nigeria was accepted. The reasons are not far fetch as it indicate a negatively non-significant relationship with p-value of 0.681 which is far greater than the level of confidence at 0.05. Most respondents demonstrate their fear about the installment payment which was clouded with both administrative and political maneuvering and liable to be abuse. Some cited issues ranges from corruption, delay in monthly pension payment compare to the old system and difficulty in obtaining information from both Pension Fund Administrators (PFAs) and Pension Fund Custodian (PFCs) when the need arises. Therefore in the whole, we reject the null hypothesis one and accepted the alternate hypothesis. However, the null hypothesis two was accepted meaning the rejection of the alternate hypothesis.

The result of hypothesis one corroborated with a study conducted by

Kehinde, (2008) on the impact of the contributory pension scheme on employee retirement benefits of quoted firms in Nigeria. Data were obtained from the annual accounts and reports of the ten (10) quoted firms that made up of the sample to test the hypothesis of the study. Therefore, the techniques of analysis utilized in the study were the student's test for paired observations and qualitative grading using a compliance index to test the hypothesis. The result showed that the contributory pension scheme had significant impact on employee retirement benefits of quoted firms in Nigeria. The second hypothesis which states that there was no relationships that exist between the impact of the contributory pension scheme and the standard of living was tested using the Pearson product moment correlation coefficient. The result showed that the contributory pension scheme had significant impact on employee retirement benefits of quoted firms in Nigeria. From the results it was discovered that a significant relationship exist between the impact of the contributory pension scheme on employee retirement benefits and standard of living.

So also, the findings of hypothesis two is in tandem with study conducted by Anazodo, Ezenwile, Chidolue & Chidima (2014). The study found amongst other things that most retirees are not fully aware of the operations of the new pension scheme and that the regulations guiding the new pension scheme were properly drafted, but the ecological situation in Nigeria impedes its achievements. The study also found out that the pension scheme has not significantly improved the welfare of the retirees when compared with the old scheme.

Summary

The paper was able to establish that new contributory pension scheme is in two different dimensions (lump sum payment of retirement benefits and installment payment). The lump sum withdrawal implies that at retirement, the retiree will have access to 50% of his/her benefits kept in Retirement Saving Account (RSA) as retirement benefits. However, the installment payment means the remaining half (50%) is spread for a period of fifteen (15) years as monthly pension thereafter ceased even if the pensioner is still alive. The rationale behind that action was that based on data available the life expectancy of an average Nigerian civil/public servant is peck at 55.12 years (WHO HDI Report, 2020). This means that Nigerian workers at most has 55 plus years to live and upon reaching the retirement age of 60-70 years, pension managers believed that most retirees will not live more than fifteen (15) years after retirement. That inform why the 50% was spread for such period of time to be given as periodic pension. The result reveals that the first predictor (lump sum) significantly has a positive impact on the livelihood of retirees in Federal Polytechnic, Mubi, Federal College of Education, Yola and Modibbo Adama University, Yola, because it afford the retiree to invest a little and cater for post-retirement life, while the second predictor has a negative effect on the livelihood of retirees in the study areas. This shows that retirees are not comfortable with the installment payment of pension benefits rather prefer the lump sum payment which allows retirees access to their entire retirement savings affording them the opportunity to invest and manage their resources instead of someone managing it. They argued that with experience gained and education acquired over time, it will equip them with requisite knowledge to manage their finances very well. The views goes in line with the Activity theory of Ageing propounded by American Sociologist E. W. Burgess (1950) which proposed that old age should be viewed as a stage "without roles" and that the individuals should be challenged to replace lost roles with new ones in order to adapt to role transition (Kim & Moen, 2001; Novak, 2012). The theory proposes that active retirees, especially those involved in meaningful social and economic activities, are likely to have sustainable livelihoods and better quality of life and be more satisfied in retirement than those that did not.

Conclusion

Pension administration in has undergone series of reforms all gear towards ameliorating the plight of pensioners in the country but to no avail. Past antecedents have make pensioners and would-be pensioners skeptical about new scheme calling for reverting to the old or defined pension scheme. Pension is paid to a retiree after he/she has served satisfactory and reached the stipulated years in order to cater for life after retirement. Experience has shown that the livelihood of retirees usually worse-off after retiring from active service, which can be attributed to non-payment and inconsistence payment of retirement package. Thus, the new pension scheme can only guaranteed steady income to retirees in the selected institutions and Nigeria at large if retirees are allowed to access their pension benefits in a lump sum manner affording them the opportunity to invest in various life endeavors or engaged in other business activities to replace lost roles.

Recommendations

Based on the findings of this study, the paper recommend as follows:

1. The PENCOM and the major stakeholders should liaise with IPPIS office and relevant agencies for speeding processing of retirement benefits to retirees within first month of retirement. This will minimizes unnecessary shifting of processing procedures to the retirees and the hardship undergoes during waiting period.

2. The New Contributory Pension Act 2014 should be amended by removing the installment payment and make it mandatory for every retiree to have access to his/her retirement benefits in lump sum form which will enable the retirees to engage in any form of business venture or investment activity to replace loss roles for life longevity.

3. The government and pension managers should restored confidence into the system so that the fear and sufferings shown and experienced by retirees in the past will not resurface again. This can be achieve through transparent management of pension issues and nationwide sensitization campaign by the PENCOM and other critical stakeholders to the beneficiaries on workings of the new pension scheme to dispel any element of distrust in the system.

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