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Assessment of Pension Fund Management in Kaduna State Pension Bureau

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Abstract

The Nigerian Pension system has received significant attention for decades. The ways pension assets and benefits were managed and distributed to the target groups, are the major challenges associated with the pension schemes in the country. In order to find a lasting solution, numerous reforms were adopted, which include among others: the establishment of National Provident Fund (NPF) of 1961; the National Social Insurance Trust Fund (NSITF) Decree No.73 of 1993. The most recent reform in Nigerian pension sector was Pension Reform Act of 2014, which introduced contributory pension scheme that is privately managed by registered Pension Fund Administrators (PFAs) and Pension Fund Custodians (PFCs), under close supervision of Nigerian Pension Commission (PENCOM). This study assessed pension fund management in Kaduna State Pension Bureau. The study is a "Desk Review" i.e. a conceptual research because its analyze and synthesize existing knowledge to understand a phenomenon. Moreover, the study also relied on news reports from Premium and other relevant documents like Economic and Financial Crimes Commission (EFCC) report, 2014); Reviews of Contributory Pension Scheme in Nigeria by International Institute for legislative Affairs, 2019 and Report of Nigerian Pension commission (PenCom), 2018. The study concludes that various pension policies affected pension payment system in Kaduna State Pension Bureau; in respect to objective II and hypothesis II, the study found that challenges like embezzlement of funds and payments to unauthorized banks have had negative effects on the pension payment system in Kaduna State Pension Bureau. As a result, the study recommends the need for comprehensive accounting standard for retirement benefits to be put in place to adequately protect the pension fund; right gratuity should be restored and calculated on the basis of years in service and intensified public awareness and enlightenment in the new scheme before implemented.

Keywords: Assessment, Challenges, Disbursement of Gratuity, Pension and Pension Fund Management

Introduction

Pension system and administration has become a reoccurring issue over the centuries, following the adoption of the Elizabethan law of 1648. In the contemporary time in many diffracted cum prismatic societies, pension system has significantly attracted greater attentions of policy makers and other relevant stakeholders. However, pension administration in Nigeria is not an exception. The origination of the scheme in the Nigeria public service was the product or efforts of the Native administrative servants. This could be dated back in 1946 when the colonial government through the chief secretary to the government issued a circular numbered 19/1945 of 24th March, 1945 announcing the commencement of pension scheme in Africa for her staff. However, the colonial policy statement received a significant and appropriate legal backing and enactment following the introduction and subsequent implementation of the pension ordinance of 1951 which took retroactive effect from 1946 (Odo, Igbeka and Ani, 2015). According to Odia and Okoye (2012)

> The contents of the 1946 pension ordinance were not clear and understandable to the Native Administrators. They maintained that the 1946 ordinance contained confused information to whom is a native administrator, the nature of benefits and eligibility for either pension or gratuity.

Furthermore, it is more appreciable to note that under the 1979 Pension Act, pension and gratuity became the rights of the qualified employees. This is provided for by the Federal Republic of Nigeria's constitutions from 1979, 1989, and 1999. Section 210(1) and (2) of the 1999 Federal Republic of Nigeria constitution clearly stated: "A person serving in the public service of a state shall have the right to receive a pension or gratuity, which shall be regulated by law. Any benefit to which an individual is entitled under the laws mentioned in this section's subsection (1) shall not be withheld or altered to his disadvantages except to such extent as it permissible under any law, including the code of conduct" However, in the private sector, pension administration was adequately administered and maintained through the institution of National Provident Fund (NPF) which was the first formal pension scheme in Nigeria and was established in 1961 for private sector employers. In 1993, the NPF was replaced with Nigeria Social Insurance Trust Fund (NSITF) set up by Decree No 73 of 1993 which later commenced operation in 1994. The nature and operation of NSITF was more of contributory order than defined by both the employees and the employers (Aborisade, 2012).

Needless to say, Nigeria implemented a pension reform in 2004. The reform switched her pay-as-you-go run public pension scheme to a contributory regime. The new pension scheme owes its origin to the need to bequeath Nigerians an entirely new pension market that not only procures pension for both private and public sector workers but guarantees a framework that delivers regular pension income for retired workers. In the years prior to the passage of the Contributory Pension Act, 2004 (now repealed and replaced by Pension Act, 2014), pension administration in Nigeria had proved largely chaotic and unsustainable (Binuomoyo, 2019; Inabo, 2015; Oloja, 2015). As at 2005, the pension debt in the public nation-wide was N2 trillion (FGN, 2005). The crisis reflected mainly in huge pension arrears, delay in release of budgetary allocations, cumbersome pension delivery system, inaccurate data base for pensioners and alleged cases of pension-related fraud (Inabo, 2015; Oloja, 2015 and Binuomoyo, 2019). This was the background before the passage of the Act, which has clearly articulated objectives namely, ensuring that every person who worked in either the public service of the Federation, Federal Capital Territory or the private sector receives his retirement benefits as and when due; assisting improvident individuals by making sure that they save to cater for their livelihood during old age (poverty-reducing objective) and establishing a uniform set of rules, regulation and standards for the administration and payment of pension benefits for the public service of the federation, Federal Capital Territory and the private sector (The National Assembly, 2004). It is against this background that the study assessed pension fund management in Kaduna State Pension Bureau.

Statement of the Problem

Pension schemes all over the **world** are confronted with a lot of challenges, which Nigeria is not an exception. Over the years, **Nigeria** has experimented with different pension schemes, with lofty ambitions to ameliorate the suffering of aged and retirees. Many, even with sterling objectives, have failed. Since the introduction of the Contributory Pension Scheme in the Nigerian Public Sector in 1998 and the inception of the 2004 reform, it has been evidenced that the Nigerian government has too failed in its obligation in fulfilling the ultimate aim of establishing the scheme; such as: inability of government and its agencies to ensure prompt payment of retirement benefits to its retiring employees as at when due, inability of government to implement policies that would enhance efficiency in the management of the scheme, lack of government commitment in mandating its regulatory body to ensure the enforcement of laid down policies that would encouraged PFA's and PAC's to perform inefficiently, poor recruitment process and used of unqualified staff in viable framework for collection and analysis of data relating to retiring employee (Nwalo, 2017).

In Kaduna State**,** pension policies have undergone significant changes in recent years. The State Pension Law of 2016 introduced a contributory pension scheme, which requires both employers and employees to contribute to a pension fund. This is intended to provide a more secure and sustainable pension system for the people of Kaduna State. in addition, the State Government has implemented a number of reforms to the pension system, including the establishment of a database to track pensioners and payments and the development of mechanism to ensure timely payment of benefits. However, several sources have it that interruptions from various pension policies and reform implanted in Kaduna State have both positive and negative effects on the pension payment system. On the positive side, the reforms have helped to improve efficiency and transparency in the system and have made it easier for pensioners to receive their benefits in a timely manner. The argument of some documentary sources in Kaduna State shows that the pension policies and reforms have caused some disruptions and delays in payments as well as confusion among pensioners about their entitlements (Kaduna State Pension Law, 2016 and Kaduna State Social Protection Strategy, 2018-2023).

The mismanagement, corruption, and incompetence of some pension administrators have resulted in certain shortcomings in the pension administration of Kaduna State. Because some pensioners will have to beg for what is rightfully theirs, unlike what is available in other uncorrupt countries, this unfortunate situation is a setback to national development. Furthermore, a lot of Nigerian pension administrators adhere to the quick money syndrome theory, which motivates them to embezzle funds under their control at the expense of the beneficiaries. Another major challenge is incompetence personnel who are often saddled with critical task of computing pensions lists and accounts, this no doubt result in wrong placement of document and misleading information which surrounding these pension manager, VG pension, Lead Way Pension, Sigma Pension, Stanbic IBTC Pension, Arm Pension, Premium Pension (Kaduna State Social Protection Strategy, 2018-2023).

Owing to the challenges and the interruption from pension policies, the effectiveness/efficiency of the administration is in most cases jeopardized in Kaduna State. In Kaduna State, the effectiveness and efficiency of the pension administration has been affected by a number of factors, including a lack of transparency, weak enforcement of regulations, and a lack of resources. This inconsequence caused financial difficulties for pensioners and has led to dissatisfaction with the pension system (Kaduna State Pension Bureau Appraisal report, 2022). It is against these stated problems that the study assessed pension fund management in Kaduna State Pension Bureau.

Research Objectives

The aim of the study is to assess of pension fund management in Kaduna State Pension Bureau. The specific objectives are as follows:

i. To examine the effects of various pension policies on pension payment system (disbursement of pension and gratuity) in Kaduna State Pension Bureau.

ii. To identify the challenges encountered in pension payment system (disbursement of pension and gratuity) in Kaduna State Pension Bureau.

iii. To assess the effects of effectiveness/efficiency of the pension administration on pension payment system (disbursement of pension and gratuity) in Kaduna State Pension Bureau.

Research Hypotheses

Ho_1 Various pension policies have no significant effect on pension payment system (i.e. disbursement of pension and gratuity) in Kaduna State Pension Bureau.

Ho_2 Challenges encountered have no significant effect on pension payment system (i.e. disbursement of pension and gratuity) in Kaduna State Pension Bureau.

Ho_2 Effectiveness/efficiency of the pension administration has no significant effect on pension payment system (i.e. disbursement of pension and gratuity) in Kaduna State Pension Bureau.

Methodology

The study is a “Desk Review” i.e. a conceptual research because its analyses and synthesis existing knowledge to understand a phenomenon. Moreover, the study also relied on news reports from

Premium and other relevant documents like Economic and Financial Crimes Commission (EFCC) report, 2014); Reviews of Contributory Pension Scheme in Nigeria by International Institute for legislative Affairs, 2019 and Report of Nigerian Pension commission (PenCom), 2018.

Conceptual Review

Pension

A pension is a contract for a fixed sum to be paid regularly to a pensioner, typically following retirement from service. An occupational or employer pension is a pension plan established by an employer for the benefit of their staff. Since pension plans frequently provide benefits to beneficiaries who are disabled or survivors, many of them also include an extra insurance component. The payments that an individual receives upon retirement are commonly referred to as a pension, typically under predetermined contractual and/or legal terms (Ahmad, 2018). Adams (2005) defines a pension as the sum that an employer or government pays to a worker who has worked for a set amount of time and is deemed too old or sick to continue working or who has reached the legal retirement age. Because the retired officer worked for the organization that was paying the amount, it is also viewed as the monthly payment made to the officer until their death. According to Adebayo (2006), pensions are another way that people contribute to pension plans by allocating a portion of their earnings from their working years. An income (or pension) that is considered earned income upon retirement is provided by the contributions. This is subject to income tax at the investor's marginal rate.

Classification of Pensions in Nigeria

According to Ugwu (2006) there are four main classes of pensions in Nigeria. These are:

- **Retirement Pension:** This kind of pension is typically given to worker who is allowed to leave the workforce after a predetermined amount of time, typically 30 to 35 years, or upon reaching the age of 60 to 65 for Nigerian public servants and 70 years of age for instructors and judges (Alo, 2004).
- **Compensatory** pensions are given to employees whose permanent positions are eliminated and for whom the government is unable to find them suitable substitute jobs (Dostal and Cassey, 2017).
- **Superannuating Pension:** A worker who retires at the age specified in their condition of service will receive this type of pension plan (Ahmad, 2018).
- **Compassionate Allowance:** This happened when pension is not admissible or allowed on account of a public servants' removal from service for misconduct, insolvency or incompetence or inefficiency (Amujiri, 2019).

Overview of the Pension Reform Act/Pension Policies

Before Nigeria's pension reform act was passed in 2004, the Securities and Exchange Commission (SEC), National Insurance Commission (NAICOM), and Joint Tax Board (JTB) were in charge of regulating pension-related activities. Fund managers were licensed by the SEC, insurance companies nationwide were licensed and regulated by NAICOM, and all private pension plans were approved and overseen by the JTB using authorization powers from Schedule 3 of the Personal Income Tax Decree 104 of 1993 (Bassey, Etim, and Asinya, 2016). Retirees received pensions or gratuities based on their final pay, which was charged to the federation's consolidated revenue fund. However, because the programs were marked by delays and occasionally non-remission of benefits to beneficiaries throughout the public sector, the administration was poor. According to Orifowomo (2006), stakeholders' low compliance was caused by the regulatory authorities' inadequate oversight of pension-related activities as well as their lack of clear legal and administrative consequences for violators. Additionally, neither a personal retirement savings account nor a regular publication schedule for statements of accounts and returns were included. Similarly, workers were left to the mercy of the fund managers and could not select the administrators of their pension plans.

The Pension Reform Act of 2004 was enacted in part due to the inability of previous initiatives to meet Nigerians' pension requirements and in part because stakeholders were trying to come up with a plan that would cover workers in both the public and private sectors. The Nigerian Social Insurance Trust Fund Act of 1993 was repealed by it. In the private and public sectors, employers and employees contribute 7.5% of their monthly salaries to this program; in the military, the contributions are 2.5% and 12.5%, respectively. According to the Act, the employer must take deductions and send payments to the custodian of the pension fund no later than seven days after the deduction. The pension fund custodian, in part, must notify the Pension Fund Administrator within 24 hours of receipt of such contribution. It also made provision for an apex regulating agency (PENCOM), responsible for monitoring and controlling the deduction, administration and custody of pension funds, thus, ensuring prompt payment to beneficiaries (Ugwoke & Ogoegbunam 2013).

Meanwhile, the most recent legislation of pension in Nigeria is the Pension Reform Act of 2014 (see Contributory Pension Scheme below), which was subsequently amended in 2014, the new reform act aimed at addressing the associated problems of the old Pension Systems. It also established a uniform Pension System for both the public and private sectors; and provided a contributory pension scheme; whereas both the employees and employers are to contribute a minimum of eight (8%) and ten percent (10%) of the employee's basic salary respectively, so the total minimum monthly contribution of a typical employee is 18 percent of his/her basic salary. (PRA, 2014 S. 9 (1) (a).

The Contributory Pension Scheme

The 2004 Pension Reform Act in Nigeria is a total deviation from the previous pension schemes. It is said to be contributory in nature and fully funded. The National Pension Commission (PENCOM) was established by the Pension Reform Act (2004) (The Act) to act as the sole regulator and supervisor on all pension matters in the country. Any complaint of impropriety made against a Pension Fund Administrator (PFA), Pension Fund Custodian (PFC), employer, employee, or agent under the Act must be received by PENCOM, which is then required to look into it. The Commission's primary goal as a watchdog is to make sure that all pension-related matters are handled with the least amount of fraud and risk possible.

Under the new scheme, it is required that each employee covered by the scheme must open a Retirement Savings Account (RSA) in which his/her monthly pension contributions would be credited. Each employee will contribute 7.5 percent of his/her monthly emoluments (here defined as basic salary, housing and transport allowances) and the employer will contribute an equivalent amount. Thus, a minimum of 15 percent of the monthly emoluments would be credited into the Retirement Savings Account of the employee. The funds are managed by licensed Pension Fund Administrators (PFAs), while the custody of the pension fund assets are provided by licensed Pension Fund Custodians (PFCs). The Commission can apply sanctions on any operator, its agent or the compliance officer for non-compliance. Sanctions could either be legal or administrative or both and could range from 0.2 million naira to ten million naira as well as from 3 to 10 years' imprisonment or both fine and imprisonment depending on the gravity of the offence. To this effect, all activities of the pension fund operators and their agents must be transparent, they are also required by law to publish their audited accounts.

Challenges of Pension Management

These challenges frequently make pension administration less efficient. The enormous challenges include but are not limited to, pension fund theft, government delays in paying pensioners, bureaucratic obstacles in the processing of retirement documents, pension fund disbursement to individual accounts, fixed deposit accounts, and incorrect banks, inadequate payment vouchers, privatization of businesses and parastatal, and deaths of pensioners exposed to inclement weather during screening exercises.

i. **Embezzlement of pension funds:** is the misappropriation of funds intended for payments is a significant obstacle to effective pension administration. Accordingly, Oviomo (2017) and Ajayi (2018) state that due to the high level of systemic corruption, retired civil servants' or pensioners' circumstances are typically extremely disappointing, depressing, pitiful, and discouraging. According to Abu and Musari (2012), Dr. Sani Teidi Shuaibu's property valued at N4.5 billion was seized by the Economic and Financial Crimes Commission due to a pension scam. Similarly, Musari (2012) claims that the EFCC would confiscate the assets of 31 individuals who had committed pension fraud totaling more than N4.56 billion. Still writing about pension fraud, Musari (2012) details how the Police Pension Office's N1.1 billion monthly frauds were discovered by a task force on police pensions. This is in line with Alli's (2012) observation that two Federal Permanent Secretaries and detectives at the EFCC were questioned for purportedly stealing N14.3 billion in Police Pension funds.

ii. **Government's Prolonged Unpaid Pensions**: The Vanguard Newspaper also notes that more than 15,000 Federal

Civil Service Pensioners who lived in Lagos wrote to then-President Olusegun Obasanjo, "save our souls," requesting that he grant their pensions, which would have increased by 142%. The Nigerian Union of Pensioners, in a 2002 statement, voiced its concern about the delays members experience when pension rates are reviewed by circular, with payments not occurring for a year or two (Vanguard Newspaper, November 22, page 4). Onwe (2015) provides evidence to support this claim, stating that during her time working in four commercial banks, she encountered depressing elderly retirees who crowded the banking halls in anticipation of receiving their meager monthly pensions. From the horrifying expressions on their faces, I could tell that in every instance, the money was their only hope of surviving until the next payment. Some of them I interviewed said they were hopeless as the monies they were being paid was just for the settlement of old debts-the worst of it being that they did not know when the next payment would come.

iii. **Deaths of pensioners brought on by exposure to terrible weather conditions:** Three Nigerian Railway Corporation (NRC) pensioners passed away while waiting for their 20-month pension arrears, according to an article published in The Vanguard Newspaper on August 4, 2005. 3,000 of its members, according to the umbrella organization of the Nigerian Railway Corporation Pensioners Welfare Association, had allegedly passed away since the pension crisis began. Adunwoke (2016) supports this viewpoint by stating that elderly people die at a high rate due to exposure to bad weather.

iv. **Payment of Pension Funds to Unauthorized Banks, Fixed Deposit Accounts, or Private** Accounts: The Police Pension Reform Task Team was accused of embezzling N197 billion, according to Uwerunonye (2013). The ramifications of the aforementioned cases demonstrate that frauds are the main cause of pension administration in Nigeria, negatively impacting the lives of current and future retirees.

v. **Government-owned Companies and Parastatals**: Retirees are frequently negatively impacted by the privatization of government-owned companies. They run the risk of losing their pensions as a result. This is the situation that Kaduna State's striking employees and retirees faced when they stopped work and barricaded the company's main entrance due to the Federal Government's refusal to pay their benefits after the Bureau of Public Enterprise sold the business to Global Infrastructure (Vanguard of April 23, 2003; 9).

Pension Administration in Nigeria

A contributory pension plan must be established for any employment in the Federal Republic of Nigeria, per the Pension Reform Act (PRA) 2004. It lays out the payment of retirement benefits to all workers who are covered by the plan, which includes all private and public sector workers in a company employing more than five people. The Act also creates the National Pension Commission (PENCOM), whose responsibilities include setting standards, regulations, and guidelines for the management and investment of pension funds in Nigeria; approving, licensing, and supervising the administration of pension funds by suitable pension administrators; and ensuring the efficient administration of pension matters in Nigeria (PENCOM, 2004).

The Act also stipulates that only Pension Fund Administrators (PFAs) licensed under the Act may administer and manage pension funds. During the course of their administration, the PFAs would: open retirement savings accounts for their clients; invest and manage assets and pension funds in compliance with Act provisions; and keep books of account for the pension funds they oversee in addition to regularly updating the Commission and staff on investment strategy, returns, and other performance indicators. Nonetheless, the Act mandates that an independent Pension Fund Custodian (PFC), whose duties include receiving the entire amount of contributions sent by the employer within 24 hours, hold all pension funds and assets exclusively for the PFA, notify of PFA of same and retain the pension assets in safe custody on trust for the employee and beneficiaries of the retirement savings account (PENCOM, 2004; Sogunle, 2015).

Pension Payment under Pension Reform Act: Islamic Perspective

According to Section 4 of the Pension Reform Act, 2014, an employee can only make withdrawals on retirement from his Retirement Savings Account (RSA) in the form of a programmed monthly or quarterly withdrawal based on his expected life span or purchase of life annuity from a life insurance company. Similarly, a lump sum withdrawal can be made from the balance in his RSA, provided that the amount left in the account after the withdrawal is sufficient to fund a life annuity or programmed withdrawals of not less than 50 per cent of his annual remuneration at the date of retirement.

Table 1: A Table Comparing the Programmed Withdrawal and the Life Annuity, in Accordance with New Pension Reform Act

S/No.	Item	Programmed Withdrawal	Life Annuity
1.	Provider	Pension Fund Administrator (PFA)	Life insurance company
2.	Guaranteed Period	Estimated based on lifespan; and continuous as long as account is funded	10 Years
3.	Balance of RSA Upon Death	The remaining RSA balance is paid out to the deceased's estate	No other payment is made to the family, unless, if an annuitant dies within the guaranteed period (i.e. Before 10 years)
4.	Option to Change	A retiree on program withdrawal can change to annuity but will not be paid a second Lump sum	Once an individual has purchased a life annuity, he/she cannot change to programmed withdrawal
5.	Profit of Investment	Return on investment belongs to the retiree	Belongs to the life insurance company

Source:Adopted from Abubakar, 2017.

Review of Empirical Studies

Nyong and Duze (2015) carried out a study on the Pension Reform Act 2004 and retirement planning in Nigeria. The study used survey research design and a multi-stage random sampling technique to select the sample size of 3000 from the population of serving teachers and teacher pensioners in Federal and State Public Secondary Schools between the ages of 55 and 59 years. The results revealed that the objectives of PRA 2004 were yet to be achieved since retired persons still suffered trauma, pains and even death before they received their pension packages. The study recommended e-payment of pensions to ensure easy referencing, easy update and logistics of pension scheme system.

Abubakar (2017) examines the modalities of Pension payment under this contributory pension scheme, by assessing its provisions, in the light of the general principles of Sharia; in order to find out whether it is in conformity with the Islamic dictates or not. The paper identifies some areas that contradict Islamic teachings and suggests alternatives from Islamic perspectives. Analytical and descriptive approaches were adopted in this study. The main findings of the paper have shown that some of the payments devices of the Nigerian Pension Reform Act, 2014 are in conformity with the dictates of Sharia, while others vary. It has also shown that some of the components that are not in conformity with Sharia can be properly replaced with Sharia-compliant payment systems; in order to establish an Islamic platform for Pension Payment in Nigeria.

Theoretical Framework: The Deferred Wage Theory

The major theory adopted this study is the deferred wage theory, as referred in Adejoh (2013), which consider pension plan as a method to postpone some compensation until a worker retires. The employer promises to provide a pension payment in exchange for current services. The deferral of wages often results in individual tax savings. The advantages to the employer of providing a pension plan are less obvious. Under the deferred wage theory, firms offer pension plans because of economies scale in administrative, portfolio management and other costs, e.g. Lester (1967), Fosu & Strobel (1983) and Freeman (1981). The deferred wage theory generally incorporates a long-term or lifetime implicit labor contract between the employer and employee that has various implications for the employer (Logue, 1979).

Empirical Cases

The study relied on empirical cases (each for every research objective) from documentary sources. It should be noted that the documents are coded (the codes replace the documents as the source of the information)

Table II: Documentary Sources for the Study

S/No.	Documents Reviewed	Code
1.	Economic and Financial Crimes Commission (EFCC) report, 2014).	D_1
2.	Reviews of Contributory Pension Scheme in Nigeria by International Institute for legislative Affairs, 2019	D_2
3.	Premium Times newspaper, November, 2017.	D_3
4.	Report of Nigerian Pension commission (PenCom), 2018.	D_4

Source: Desk Review, 2023.

Relating to Objective I: In 2015, Kaduna State Pension Government implemented a policy that required all civil servants to contribute 8% of their salaries to the pension fund, while the government contributed 7%. However, many civil servants were not paid their pensions on time, and many experienced delays in receiving their benefits. This caused a great deal of frustration and hardship for many pensioners. In addition, the State Government has faced challenges in collecting contributions from employers, which has further impacted the pension payment system (**D_2**).

Relating to Objective II: There are also number of cases where challenges like embezzlement of funds and payments to unauthorized banks have had negative effects on the pension payment system in Kaduna State Pension Bureau. For example in 2012, it was discovered that Kaduna State Pension Fund had been mismanaged and that over #6Billion had been embezzled. This led to a number of pensioners not receiving their benefits on time, or at all. In addition, unauthorized banks were used to pay pensions, which resulted to money being lost and further delays in payment (**D_1**).

Relating to Objective III: In respect to effectiveness or otherwise, in 2017, it was reported that thousands of pensioners in Kaduna State did not receive their monthly pension payments on time due to problems with pension administration. In addition, there have been cases of pension administrators not following the proper procedures for processing and paying out pensions, leading to delays and difficulties for pensioners. But in cases where problems with pension administration are minimal, the pension payment system is applauded by the public (**D_3 and D_4**).

Summary of Findings

The study assessed pension fund management in Kaduna State Pension Bureau. From the empirical cases, the study found out the following:

i. The study found that various pension policies affected pension payment system in Kaduna State Pension Bureau; for example, in 2015, Kaduna State Pension Government implemented a policy that required all civil servants to contribute 8% of their salaries to the pension fund, while the government contributed 7%. However, many civil servants were not paid their pensions on time, and many experienced delays in receiving their benefits.

ii. In respect to objective II and hypothesis II, the study found that challenges like embezzlement of funds and payments to unauthorized banks have had negative effects on the pension payment system in Kaduna State Pension Bureau. For example in 2012, it was discovered that Kaduna State Pension Fund had been mismanaged and that over #6Billion had been embezzled. This led to a number of pensioners not receiving their benefits on time, or at all.

iii. Finally, the study found that there have been cases of pension administrators not following the proper procedures for processing and paying out pensions, leading to delays and difficulties for pensioners. But in cases where problems with pension administration are minimal, the pension payment system is applauded by the public. In essence, pension administration is a vital ingredient to the performance of pension payment system in Kaduna State and Nigeria as a whole.

Conclusion and Recommendations

By reconciling pension and old age, the former becomes an essential form of social security and safety nets for the later. This is so because retirement and old age is a must and inevitable for every employee and this underscores the urgent need for a sustainable pension program which will holistically serves as a form of social security against the likely unknown and challenges of retirement in old age. Besides, more than 40,000 workers were retrenched and forcefully retired in Kaduna state and up till now some of them have not received their gratuity and dead benefit. However, arising the foregoing, the paper adequately recommends the following for policy implementation:

i. The study recommends the need for comprehensive accounting standard for retirement benefits to be put in place to adequately protect the pension fund. Also, government should provide a relatively safe and less volatile area in the pension funds which can be invested with consume rate returns assured to the beneficiaries.

ii. The right to gratuity should be restored and calculated on the basis of years in service. This should be paid directly to the employees by the employers upon retirement to avoid the current situation where benefits are subject to management and processing fee by the Pension Fund Administrators (PEAs)

iii. There must be intensified public awareness and enlightenment in the new scheme. There is lots of misinformation and ignorance and government needs to demonstrate strong political will and support thereby enhancing relevant legal framework to be put in place.

iv. With the recent reform Act of 2014, public servants should retire with eight percent of their salaries as obtained under the old scheme. Also, pension should be paid for life and not calculated on the basis of life expectancy.

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