THE IMPACT OF THE NEW PENSION POLICY OF THE FEDERAL GOVERNMENT OF NIGERIA ON EMPLOYEES AND PUBLIC SECTOR ADMINISTRATION: A STUDY OF MICHAEL OKPARA UNIVERSITY OF AGRICULTURE, UMUDIKE (2008- 2018)

Hillary I. Ekemam[1]* & Donald Oluchukwu Obi[2]

[1,2]Department of Political Science, Imo State University, Owerri, Nigeria

*larryimsu@yahoo.com

ABSTRACT: The study examines the Impact of the New Pension Policy of the Federal Government on Employees and on the Administration of the Nigeria Public Sector using Michael Okpara University of Agriculture, Umudike (MOUAU) as a case study. The Nigeria public service before the introduction of Pension Policy in 2004 operated an Unfunded Defined Benefit Scheme (UDBS) and the payment of retirement benefits were budgeted annually. The annual budgetary allocation made the old Scheme to be most vulnerable. The New Pension Scheme upon introduction was found to be associated with several corrupt practices, amongst which is non-release of pension funds. The study is poised to unravel the extent to which the New Pension Scheme has improved the welfare of retired personnel, amongst others. Data for the study were obtained from a combination of primary and secondary sources. Four research questions were raised and questionnaires developed using Four Point Rating Scale. The population of study comprised the entire employees of MOUAU which is 3400 with a sample size of 340. The data analysis showed that the new pension policy is properly implemented, improves the welfare of retired personnel's, addresses the problems of corruption and guarantee minimum living standards for employees in MOUAU but still saddled with some inadequacies. like delay in payment of benefits, among others. The study recommended amongst others, that Federal Government should revisit the policy by making employees access their savings as loans while in service to solve their imminent proplems,and that government should through her agencies conduct trainings for potential retirees, increase salaries of workers to boost their retirement savings etc

Keywords: New Pension Policy, Nigeria Public Sector, Employees, Federal Government of Nigeria

INTRODUCTION

Retirement is stage where an employee gives up his or her office for younger generations to take over and goes home to enjoy his/her old age. It ought to have been a thing worthy of celebration for an employee who successfully completed his service years of 35 or service age of 60years without dyeing in office. But the case in Nigeria is a different thing all together going by the anomalies and problems associated with the pension policy administration.

According to Nwajagu (2007), a person who is retired is one who has given up office. The oxford dictionary defined retirement as the net of stopping ones regular work especially because one has reached a particular age, the event of retiring or state of having retired from work. Nwajagu (2007) also states three ways in which a civil or public servant may retire or give up his office. They are; voluntary retirement, statutory or mandatory retirement and compulsory retirement. An employee is bound to retire on completing 60 years of service age or 35 years of service year. Statutory retirements attract payment of gratuity and pension.

The public service before the introduction of pension policy in 2004 operated an Unfunded Defined Benefits Scheme (DBS) and the payment of retirement benefits were budgeted annually. The annual budgetary allocation for pensions has been most vulnerable items in budget implementation in the face of resources constraints. Indeed, even where budgetary provisions were made, inadequate and untimely release of funds results in delay and accumulation of arrears. In most cases, the pension Fund Administrators will Siphon the accumulated arrears making it difficult for retirement benefits provided by the government to reach the supposed beneficiaries (Amujiri, 2009).

The level of corrupt practices, misappropriation and mismanagement associated with the old pension scheme, has made life a living hell for retirees. This has made employees to dread retirement as if it is a curse and they can do anything to remain in office. This goes in tandem with what president Olusegun Obasanjo said in 2004 that over the years, retirement in Nigeria society has become synonymous with suffering as if ageing is a curse rather than blessing FMIC (2004 in Obi 2016).

In an attempt to curtail the problems and challenges of fiscal distress in retirement, the Federal Government of Nigeria introduced the pension Act of 2004. The Act abolished Non-contributory pension and introduced Contributory Pension Scheme. Despite the New Pension Act 2004, retirees still find it difficult assessing gratuity and monthly pensions.

This study is geared towards examining the impact of the New Federal Government Pension Policy on employees and on the administration of the Nigerian Public Sector for a period of 10 years (2008-2018) having been in operation since 2004. Michael Okpara University of Agriculture, Umudike (MOUAU) is used as a case study.

Statement of Problem

Prior to the introduction of Pension Reform Act 2004, Pension Schemes in Nigeria where categorized into public and private sector. The public sector has the Pay As You Go (PAYG) Defined Benefits, a Non-Contributory Pension Scheme which was bedeviled by many problems. Against the backdrop of an estimated 2trillion deficit, budgeted appropriations for pension benefits had over the year fallen for short of promised benefits. According to Adesina (2006) the administration of Pension Scheme in public sector organization before the advent of Pension Act 2004 is the prerogative of the Pension and Records Department of the office of establishment and management service based on a defined benefit structure. Adesina (2006) opines that the public pension and social security payments in Nigeria have been rising dramatically.

The difficulties connected with paying the pension and gratuity of deserving Nigeria workers have been with Nigeria for quite some time. It is also true to state that the problems that exist now have not been there. There was a time pensioners on retirement or disengagement were sure of instant access to their entitlements. This scenario has changed now because of government irresponsibility, non-release of pension funds; mismanagement of funds and outright diversion of pensioners' funds by government officials. One may wonder here why the payment of pension has become a problem to a government that has been lucky that its revenue has been increasing every year in the past eight years. According to News Magazine (2004), the revenue of the Federal Government was put at 172.5 billion, in 1999. In 2000, it rose to 469.5 billion, in 2001, it was 533.6 billion and increased to 574.7 billion in 2002. This shows that with the increase in revenue, government does not have excuses or explanations for not paying pension to retired Civil Servants. Weekly Trust (2006) in its editorial argued that it is not therefore, a consolation though to note that world-wide even in the most advanced economies of the world, like the United States of America (USA), United Kingdom (UK), France etc, pension administration and issues related to the treatment of aged pose very deep and disturbing problems. The differences as observed by Kolawole (2003) between advanced societies and ours however are the sense that power of imagination, creative thinking and planning are brought to bare on complex social problems.

The expanding retiree population contains a large number of those who are unable to support themselves. This group may become a cause of social tensions. Adequate access to pension coverage for today's workers can serve to dissipate social tension. The New Pension Reforms Act 2004 in meant to ensure that employees whenever they retire from service have something to fall back on and ensure that every employee receives his or her retirement benefits as and when due.

It is in this respect that the study examined the New Pension Policy and its impact on the employees and on the administration of the Nigeria Public Sector. The study focused on the New Pension Policy introduced by the Obasanjo government in 2004 and its impact on the employees of the Nigeria Public Sector within a decade that is between (2008-2018) using Michael Okpara Federal University of Agriculture, Umudike as a case study.

Objectives of the Study

The broad objective of this study is to examine the impact of the New Pension Policy on the employees and on the administration of the Nigeria Public Sector using Michael Okpara Federal University of Agriculture as a case study. The specific objectives include:

1. To determine the extent to which the New Pension Scheme has improved the welfare of the retired personnel at Michael Okpara Federal University of Agriculture, Umudike.
2. Evaluate the extent to which the New Pension Act 2004 addressed the problems of non release, mismanagement, and diversion of pensioners' funds, at Michael Okpara Federal University of Umudike.

3. To examine the extent to which the New Pension Policy has guaranteed minimum living standards for the employees at Michael Okpara Federal University of Agriculture, Umudike.
4. To examine the extent to which the new pension Policy is properly implemented at Michael Okpara Federal University of Agriculture, Umudike.

Research Questions

In order to meet with the objectives of the study, the following research questions were raised;

1. To what extent does the New Pension Scheme improve the welfare of the retired personnel at Michael Okpara University of Agriculture, Umudike?
2. To what extent does the New Pension Act 2004 address the problems of non release, mismanagement and diversion of pensioners' funds at Michael Okpara University of Agriculture, Umudike?
3. To what extent has the New Pension Policy guaranteed minimum living standards for employees Michael Okpara University of Agriculture, Umudike?
4. To what extent is the New Pension Policy properly implemented at Michael Okpara University of Agriculture, Umudike?

Literature Review

This study reviewed the following variables: Pension Scheme in Nigeria (legislative instruments, administration and types), Challenges of the Old Pension Scheme; Features of the New Pension Schemes and Merits of the Contributory Pension Scheme.

Retirement is a natural normal phenomenon in the world of work going by the inevitability of ageing. Retirement is a stage in life that is normal for any worker (Public or Private) who does not die in active service must undergo. A person born into the society undergoes the first phase of life which is period of birth up to the time of schooling or training before employment. The second phase is the period of work. An individual at this stage engages in activities for financial reward. The last phase is the period of retirement which is the point of severance from work which falls under the tenets of disengagement theory in social gerontology. In this aspect, people must disengage so that the social system will not be disrupted when an individual dies (Nwajagu, 2009). Owing to this inevitability of aging and retirement, individuals prepare themselves and their dependents providing psychological and material needs in order to ensure good life at old age and their dependents have the ability to support themselves when they die.

But in Nigeria Public Sector, there is a continual increase in the number of retirees which has increasingly perpetrated inability of the retirees to live a comfortable life after retirement. This is because it has become clumsy for the public and private sector to meet the financial commitment for retirement as payment of benefits to retiring staff is faced with difficulty owing to increase in number of retirees. This inadvertently, is a direct consequence of increase in the number of older persons in Nigeria. In an attempt to address the problems of fiscal distress in retirement and to give retiring staff good live at old age, the Federal Government of Nigeria introduced the

Pension Act of 2004 otherwise known as the New Pension Policy. The act abolished non contributory pension and introduced the contributory pension scheme.

Managing and administering pension funds have continued to pose a major challenge to government in Nigeria. Yet, pension which guarantees an employee certain comfort in his or her inactive year is critical to the sustenance of the life of the individual and the society. In our society today, most workers are not covered by any reasonable form of retirement benefit arrangement while the few schemes suffer from poor management. According to Komolafe 2004, the Nigerian pension system in general is very much fragmented, lacks an adequate overall policy, a legal and regulatory framework and an empowered coordinating body to supervise it. As stated by Adegbayi (2005), Nigeria must avoid minor pension reforms that are repeated periodically because of political problems associated with such adjustments. Once Defined Benefit Schemes are frequently redefined, the only create uncertainty of retirement benefit. The failure of the Old Defined Benefit (Pay-as-you-go) scheme gave birth to the new initiative, Pension Reform Act 2004 with a Contributory Pension Scheme (CPS) to provide remedy.

The Pension Reform Act 2004 otherwise known as the New Pension Policy assigned the administrator, management and custody of Pension funds to private sector companies known as the Pension Fund Administrators (PFA) and the Pension Fund Custodians (PFC). The Act further mandated the Nigeria Social Insurance Trust Fund (NSITF) to set up its own Pension Fund Administrator to compete with other PFA's in the emerging pension industry and also to manage the accumulated pension funds of current NSITF contributors for a transitional period of five years.

The major objectives of the New Scheme were to: ensure that every person who has worked in either the public or private sector receives his retirement benefits as and when due; assist improvident individuals by ensuring that they save to cater for their livelihood during old age; establish a uniform set of rules and regulations for the administration and payment of retirement benefits in both the public and private sector; and stem the growth of outstanding pension inabilities (Tonye, 2006).

The New Pension Scheme is contributory, fully funded and based on individual Retirement Savings Accounts (RSAs) that are privately managed by Pension Fund Administrators (PFAs), while Pension Funds and assets are kept by Pension Fund Custodians (PFCs). The Pension Reform Act 2004 decentralized and privatized Pension Administration in the country. The Act also constituted the National Pension Commission (PENCOM) as a regulatory authority to oversee and check the activities of the registered Pension Fund Administrators (PFA's). The provisions of the Act cover employees of the Public Service of the Federal Government and Private Sector Organization. The move from the Defined Benefit Schemes to Defined Contributory Schemes in now a global phenomenon following success stories like that of the (Chilean Pension Reform of 1981). There seems to be a paradigm shift from the Defined Benefit Schemes to Funded Schemes in developed and developing countries resulting from factors like increasing pressure of the central budget to cover deficits, lack of long term sustainability due to internal demographic shifts, failure to provide promised benefits etc. The Funded Pension Scheme enhances long-term national savings and capital accumulation which if well invested can provide resources for both domestic and foreign investment. In line to this, Robolino (2006) notes that many countries have opted for different forms of contributory Pension Schemes, in which employees and their employers are expected to pay certain percentages of their monthly earning to a Retirement Saving Accounts (RSA) from which they would be drawing their Pension benefits after retirement.

Pension Scheme in Nigeria

Pension Reform according to Blake (2003) is not a new issue in any part of the world. It is usually a continuous process especially with the ever changing economic and political processes witnessed everywhere in the world.

Balogun (2006) affirms that Nigerians first ever legislative instrument on Pension matters was the Pension Ordinance of 1951 which took effect retroactively from 1st January, 1946. Though Pensions and gratuities were provided for in the legislation, but they were not right as they would be reduced or withheld altogether if the Governor General is not satisfied with them or informed about an officer found guilty of negligence, irregularity or misconduct. Since the enactment of that First Pension Ordinance, the Pension Scheme has undergone various developmental stages.

The National Provident Fund (NPF) Scheme was established in 1961 by an act of parliament to provide income loss protection for employees as required by the International Labour Organization (ILO). The NPF Scheme only covered employees in the private sector. The NPF Scheme was later converted to a Limited Social Insurance Scheme established by Decree No 73 of 1993 and administered by the Nigeria Social Insurance Trust Fund (NSITF). The NSITF was a defined benefits scheme covering employees in the private sector working for employees. It catered for employees in the private sector of the economy with respect to loss of employment, income at Old age, invalidity or death.

There was also the Pension Rights of Judges decree No.5 of 1985 as amended by the Amendment Decree No.51 of 1988, 29 and 62 of 1991. The Police and other Government Agencies Pension Scheme were enacted under the Pension Act No. 75 of 1987. The Local Government Pension Edict culminated into the establishment of the Local Government Staff Pension Board in 1987. Another Landmark development in the history of Nigerian Pension System was the Police and other Agencies Pension Scheme Decree No.75 of 1993 which took retroactive effect from 1990. At this time, all governmental parastatals and agencies directly funded by the treasury has a Unified Pension Scheme that was virtually managed by insurance companies many of which were unable to honour their pension obligations. In the private sector, the first pension scheme in Nigeria was set up for the employees of the Nigeria Breweries in 1954. This was followed by United African Company (UAC) scheme in 1957. There were about eight (8) registered Pension Scheme in the country before 2004 which were largely unfunded, self administered and uninsured. According to Chilekezi (2005), the old pension payment was done through budgetary allocations for each fiscal year. As Uzoma (1993) rightly affirms that in the old pension scheme, the private sector scheme seemed better organized than public sector though it was mostly a contributory scheme but in a few cases, it was maintained as a non-contributory scheme 100% funded by the employers.

Challenges of the Old Pension Scheme

The old Pension Schemes were faced with several challenges and problems which necessitated the Reformed Pension Scheme of 2004. The major challenge of the public sector Defined Benefit Scheme (PAYG) was its dependence on budgetary provisions for funding. Gbitse (2006) observes that the scheme in the public sector became unsustainable and was further compounded by increase in salaries and pension payments.

Again, corruption and embezzlement in the country also affected the Pension Scheme and funds meant for it. Gbitse (2006) adds that Pension Fund Administrators (PFAs) were largely weak, inefficient and cumbersome and lacked transparency in their activities.

Added to these was poor supervision of Pension Fund Administrators in the effective collection, management and disbursement of Pension Funds. Tonye (2006) adds that poor record management and document action processes by the Pension board as well as the inability of Pension Fund Administrators to effectively carryout their duties in providing for the expected pension allowances as and when due. The aftermath of this development turned retirees into beggars.

Successive governments in the country also abused resources meant for development and payment of pensioners and pensions were largely neglected. The pension burden on governments at various levels grew so big that prompt payment became impossible. The problem was further compounded by the negative economic and social effects of the policies of Structural Adjustment Programme (SAP), hikes in fuel price, devaluation of the naira and the global economic recession among others which made the Pension Scheme inconsequential.

Commenting on the Old Scheme, Hassana (2008) affirms that most Pension Schemes in the Public Sector had been under funded owing to inadequate budgetary allocations to which budget released which seldom came were for short of the total benefits.

Tonye (2006) adds that there was no authentic list or data base for pensioners and several documents were required to file pension claims. The restriction in investment and sharp practices in the management of Pension Fund exaggerated the problem of Pension liabilities to the extent that pensioners were dying on verification queues for payments. All these problems and other situations resulted in outstanding, unprecedented and unsustainable pension deficits that estimated to over two trillion naira before the commencement of the Pension Reform Act (PRA) in 2004.

Features of New Pension Schemes

The public accommodates workers in both public and private sector organizations with a minimum of five employees. Only those who were already pensioners and those with 3 years to retirement as from 2004 were exempted from the scheme. Again, section 8(2) of the 2004 scheme exempts judiciary workers from the New Scheme entirely.

In the public sector, the statutory retirement age is either 60years or 35 years of service whichever comes first. In the private sector, retirement age varies between 55 and 60 years and the factor of 35 years of service is not applicable.

The New Scheme abolished the payment of gratuity that is, single lump sum payment in addition to pension. Pension is paid on monthly basis for the remainder of the pensioners' life.

The scheme provides for a compulsory contribution of 7.5% of workers basic salary and 7.5% of same from employers as pension for workers after retirement and the total deductions should be remitted to a custodian within 7days from the day the employee is paid salary while the custodian shall notify the PFA within 24hours of the receipt of such contribution.

The scheme mandated employees by law to open a Retirement Savings Account in his/her name with a Pension Fund Administrator of his/her choice. This individual account belong to the employee and remains with him/her for life even if he/she changes employer or PFA. The employee may only withdraw from this account at the age of 50 or upon retirement thereafter. An employee can withdraw a lump sum of 25% of the balance standing to the credit of his retirement savings account if he/she is less than 50 years at the time of retirement and he could not secure a new job after six months from loosing the last job.

Merits of the Contributory Pension Scheme

The contributory Pension Scheme facilitates prompt and regular payment of benefits since funding is made monthly and credited to individual RSAs.

The CPS involves workers participation since an employee contributes to his/her retirement fund and is at liberty to decide who manages it.

There is now a central regulator, the Pensions Commission (PENCON) who oversees all pension matters nationwide unlike in the Old Reform where we have three regulators in the Pension industry (Dalang, 2006). These were the Securities and Exchange Commission (SEC), the National Insurance Commission (NAICON) and the Joint Tax Board (JTB). SEC was the licensed pension manager while NAICOM was and still is the agency responsible for licensing and regulating insurance companies in the country.

The New Scheme reduces government spending and commitment to payment of retirement benefits as employees now share in it. There is less administrative cost to government as it is now shouldered by Pension Funds Administrators and Pension Fund Companies. Payment of retirement benefits is now prompt.

Theoretical Framework

This study used the Corporate Social Responsibility Theory as postulated by Archie Carroll in 1991 to examine the New Federal Government Pension Policy and its impact on employees and on the administration of the Nigeria public sectors at Michael Okpara University of Agriculture, Umudike. Carroll explained the Corporate Social Responsibility as a pyramid with different layers or models. Carroll organized different CSR as a four-layered pyramid model and called it the pyramid responsibilities. The four different responsibilities layers of the pyramid according to her are – economical, legal, ethical and philanthropic. According to Carroll, the pyramid of responsibilities should be seen as a whole and the different parts should not be separated. She explained economic responsibilities to be profitable as a company minimizes cost and maximizes sales or makes sensible strategic decisions. Economic performance is required by the society. The second layer is the legal responsibilities and it is also required by the society. In these responsibilities, companies are expected to obey the law because the law mirrors show society regards as accepted or unaccepted. Ethical responsibilities is towing the path of moral values and adhering strictly to ethical behaviours that promote corrupt free workplace. The difference of the ethical responsibilities from the first two responsibilities is that the ethical responsibilities are not required but expected by the society. To assert ethical leadership, avoid questionable practices or operate above the minimum standard of the law. The philanthropic responsibilities stand at the top of the pyramid and to be a good corporate citizen and improve the quality of life for the society is the aim of these responsibilities. Corporate contributions to support the community by providing programs or engagement in volunteerism can be example of the philanthropic responsibilities. To some extent, the philanthropic responsibilities are desired and expected by the society (Lloyd, 1991).

According to Carroll, a stakeholder model is represented by the pyramid of CSR where the different stakeholders are affected by the different responsibilities. If the business is not profitable, economic responsibilities will directly affect employees and owners. Legal responsibilities are vital to the owners but it is also necessary in the relation with employees and consumers stakeholders. Ethical responsibilities impact on all stakeholders but most frequently engage consumers and employees. The major effects of the philanthropic responsibilities are on the community but there is also impact on the employees since the company's philanthropic performance influences the employees' morale.

Ethical Responsibilities: An aspect of CSR

To give this work a solid background, we are limiting our study with the 3rd layer of Carroll's pyramid of CSR which is Ethical Responsibilities. Ethical responsibilities mean following a moral path; adhering strictly to ethical behaviours that motivate corrupt free workplace. Under this aspect, individuals are accountable for fulfilling their civic duty; the actions of an individual must benefit the whole of the society. In this way, there must be balance between economic growth and the welfare of society and the environment. If this equilibrium is maintained, then ethical responsibility is accomplished. Ethical responsibility assumes that it is better to be proactive towards a problem than reactive to a problem. It therefore calls for the elimination of corrupt, irresponsible and unethical behaviours that might bring about harm to the workplace, its workers or retirees or the environment. It underscores the point that ethical behaviour is at the root of social responsibility. The problem affecting the management of the Defined Benefit Scheme is as a result of the unethical behaviours (delay in release of funds, mismanagement of funds, diversion of Pensioners Funds etc) engaged in by the Pension Fund Managers. Most often, Pension Funds are not released on time and when released, it is often diverted to selfish ends.

While ethical responsibility as an aspect of CSR has a moral value, it also has economic value as well. The economic value is the total amount of money individual employee is mandated to contribute or invest in socially responsible goods and services. In relation to the Contributory Pension Scheme, it has to do with the amount of money individual employee is willing to contribute to his retirement savings account. In this case, the responsibility of individual employee is to pay 7.5% of his salary and allowances to his retirement saving account. The proactive stance of both employees and employers to fulfilling this social responsibility will determine the success of the Contributory Pension Scheme. One could therefore contest that the major weaknesses of the Defined Benefit Scheme was government inability to finance the scheme. Negative social responsibility became the vogue hence the need to reform the system in line with global demands.

In another submission, ethical responsibility means being responsible to people, for the actions of the people and for actions that affect people. This is the challenge of the PENCOM and Federal Ministries and Parastatals who are responsible for managing the Pension Fund and the record of their pensioners. In this aspect, ethical responsibility deals with holding Federal Ministries, Organization or Companies accountable for its actions and effects on the people around them- the pensioners. While the ethical responsibility of ministries is to process the retirement files of employees promptly and forward the record to PENCOM, the various parastatals like Universities should promptly furnish ministries with the names of staff that are due for retirement. In another hand, the ethical responsibility of the Pension Fund Administrator and Custodians is to manage and invest the Pension Fund in a way that will yield much profit into the individual workers retirement savings account. PENCOM also enhances its supervisory roles. These are the ethical responsibility of these institutions involved in Pension Fund management.

Relevance of Ethical Responsibilities: An aspect of CSR to the study

Ethical Responsibilities as an aspect of CSR by Carroll was chosen for this study because it strongly emphasized the need for Government, Parastatals, Corporations and Employees to be proactive by taking responsible actions and embracing ethical behaviours that could lead to good administration and proper management of Pension funds in Nigeria Public Sectors. The ethical responsibility of Government is to live up to expectation by releasing funds on time to the Pension Fund Custodians, Parastatals and Corporations ensure that the funds released by government and deductions from workers salaries are properly managed and appropriated; employees (those in charge of pension fund administration) on the other hand, should shun all kinds of corrupt practices like non release of funds, mismanagement of funds, diversion of pensioners' funds etc that could mar the administration of Pension Policy in the Nigeria Public Sectors thereby making life miserable and unbearable for the retirees. If every entity adheres strictly to its individual responsibilities following ethical responsibility stipulations, the problems associated with the administration and management of Pension Scheme in Nigeria public sectors will be a thing of the past.

Given the relevance of Ethical Responsibility as an aspect of CSR theory to the subject matter of this research, it is therefore adopted as the theoretical framework of this study.

Conceptual Clarification

Retirement

Retirement is the withdrawal or giving up office or work. According to Nwajagu (2007), a person who is retired is one who has given up office. Retirement signifies the detachment from primary activity in business industry or active service as full time employee (Nwajagu, 2007). The Oxford Dictionary defined retirement as the act of stopping one regular work especially because one has reached a particular age; the event of retiring or state of having retired from work. It is the withdrawal from active function of one's work or means of livelihood. Nwajagu (2007) defined three ways of civil or public servant may retire or give up office. They are voluntary retirement, statutory retirement and compulsory retirement.

Voluntary or self retirement occurs when the individual decides to quit active service for personal reasons irrespective of age, experience, length of service or retirement policies. This type of retirement depends more on employee than the employer.

Statutory or mandatory retirement is the normal or expected form in the sense that the person involved has reached the statutory age of retirement as specified in the condition of service of the establishment (Akinade, 1993). In Nigeria, the statutory age of retirement is 60 years of age and or, 35 years of service while judges and lecturers retire at 65 or 70 years as the case maybe.

Compulsory of forced retirement is a situation in which an individual is forced or compelled to retire against the individuals wish, expectation or not prepared for it. It is usually unplanned and reasons might be old age, ill-health, inefficiency, need for reduction of the workforce (Johnson, 1999).

Pensions

Pension has been defined as a periodic income or annuity payment made at or after retirement to employee who has become eligible for benefits through, earnings and service. According to Ozor (2006), pension consists of lump sum payment paid to an employee upon his disengagement from active. According to him, payments are usually in monthly installments. He further stated that pension plan can be contributory or non contributory, fixed or variable benefits; group or individual, insured or trustee, private or public and single or multi-employer.

According to Ugwu (2006), there are four man classifications of Pensions in Nigeria these are:

Retiring Pension: This type of pension is granted to a worker who is permitted to retire after completing a fixed period of qualifying service usually practiced in Nigeria between 30-35 years.

Compensatory Pension: This type of pension is granted to a worker whose permanent post is abolished and government post is abolished and government is unable to provide him with suitable alternative employment.

Superannuated Pension: This type of pension is given to worker who retires at the prescribed age limit of 60-65years respectively.

Compassionate/Allowance: This occurs when pension is not admissible on account of a public servants removal from service for misconduct, incompetence, inefficiency or insolvency (Amujiri, 2009).

Gratuity

Gratuity is a once and for all lump sum of money paid to an employee on retirement, upon death or total incapacitation while at work. According to Nwajagu (2007), in some cases, workers are only entitled to gratuity upon withdrawal of service, in others they may be entitled to both gratuity and pension. But in all cases, a worker who is qualified to receive pension is usually entitled to the payment of gratuity.

The National Pension Commission (PENCOM): The Pension Reform Act 2004 has established PENCOM to regulate, supervise and ensure the effective administration of Pension matters in Nigeria. The commission will achieve this by ensuring the payment and remittance of contributions are made on time and beneficiaries of retirement savings accounts are paid as and when due.

Pension Fund Administrator (PFAs): PFAs are limited liability companies duly incensed by PENCOM as special purpose vehicle to carry out pension business only. The PFAs open retirement savings account for employees, manage the persons fund as the commission may from time to time prescribe, maintain books of accounts of all transactions relating to the Pension Fund under their management.

Pension Fund Custodians (PFC): PFCs are appointed by PFA’s to be responsible for the warehousing of the Pension Fund assets. The employer sends the contributions directly to the custodian, who notifies the PFA of the receipt of the contribution and the PFA subsequently credits the Retirement Savings Account of the employee. The custodian would execute transactions and undertake activities relating to the administration of Pension Fund investments upon instruction by the PFA.

Close Pension Funds Administration (CPFA): In addition to the approval for continuation of the existing scheme, organizations who would like to manage their existing schemes shall apply to PENCOM for license to operate as CPFA. The asset of Pension Fund must be at least ₦500, 000.000. In case the assets are less than the said amount such scheme should be managed by a PFA.

Method of Data Collection/Analysis

This study employs a descriptive survey design with a view to exploring public policies implementation. The instrument employed for the study is administration of questionnaires. The data collected was analyzed with Mean Score which is a descriptive statistical tool of data analysis.

Population of Study

The population consists the entire population of the employees of Michael Okpara University of Agriculture, Umudike (both Academics and Non-Academics) which is 3400 (Academics 1100, Non-Academic -2300).

The sample size of this research was drawn from the total population of the employees which is 3400. The sample size was determined by taking 10% of each of the population of the employees in the 12 colleges of the school which is 340 using simple random sampling technique. 340 employees of the various faculties in the school were used as primary sample size. The faculties are; Animal Science and Animal production, Education, Agric Economics, Rural Sociology and Extension, Applied Food Science and Tourism, Crop and Soil Science, Engineering Technology, Management Science, Natural Sciences, Natural Resources and Environment, Management, Physical and Applied Science, Veterinary Medicine and General Studies.

The method was used because all members of the population have equal chances of being selected. It also provides the opportunity of having representative sample of the entire population and its findings can be generalized to a larger group. Based on the application of this sampling technique, respondents were selected across all cadres in the school to give opportunity and to enable valid judgement and generalized conclusion. The technique is considered convenient in this study because it enable us classify the employees and use readily available persons.

The questionnaire was restricted and close-ended and was designed with four point rating scale of (a) Strongly Agreed (SA) (b) Agree (A) (c) Strongly disagree (SD) (d) Disagree (D) with the following values assigned to the options;

Strongly Agree (SA)	4
Agree (A)	3
Strongly Disagree (SD)	2
Disagree (D)	1

Determination of cut-off point for each questionnaire item was done by finding the mean of the numerical values assigned to the options using the formula;

$$\overline{X} = \frac{\sum x}{\overline{N}} = \frac{4+3+2+1}{4} = \frac{10}{4} = 2.5$$

Where $\overline{X}$ = Mean

$\sum$ = Summation

X = Normal value of the option

N = Number of the items

The decision rule was any item Mean that attains 2.5 or above will be accepted while any item Mean below 2.5 will be rejected.

Population/ Sample Size Table

S/N	College	Academic	10%	Non-Academic	10%	Total %
1	Animal Science & Animal Production	80	8	190	19	27
2	Education	105	10.5	210	21	31.5
3	Agricultural Economics Rural Sociology & Ext	65	6.5	185	18.5	25
4	Applied Food Science And Tourism	78	7.8	170	17	24.8
5	Crop and Soil Science	89	8.9	191	19.1	28
6	Engineering and Engineering Tech	120	12	200	20	32
7	Management Science	96	9.6	192	19.2	28.8
8	Natural Science	69	6.9	188	18.8	25.7
9	Natural Resources & Environmental Mgt	68	6.8	194	19.4	26.2
10	Physical and Applied Science	108	10.8	195	19.5	30.3
11	Veterinary Medicine	82	8.2	180	18	26.2
12	General Studies	140	14	205	20.5	34.5
	Grand Total	**1100**	**110**	**2300**	**230**	**340**

Source: Field Work 2019

DATA PRESENTATION AND ANALYSIS

Research Question I

To what extent does the New Pension Scheme improve the Welfare of the retired personnel at Michael Okpara University of Agriculture Umudike?

Table I

S/N	Items	Frequencies				Mean $\overline{X}$	Decision
		SA	A	SD	D		
1	Retires in MOUAU receive their pension and gratuity promptly?	40	200	50	50	2.7	Accepted
2	The New Pension Scheme improves the welfare of the retired personnel?	80	190	50	20	3.0	Accepted
3	The New Pension Scheme compared to the previous schemes is better in ameliorating the sufferings of retirees?	90	210	20	20	3.1	Accepted
4	The payment of retirement benefits is adequate to take care of retires basic needs?	30	180	80	50	2.6	Accepted
5	The New Reform Act safeguards the security of civil servants after retirement?	105	205	20	10	3.2	Accepted

Source: *Field Work 2019*

From the table above, it was observed that the Mean Score for the five items had Mean greater than reference Mean of 2.5. The Mean of the five items were accepted by the researcher which showed that the New Pension Scheme improves the welfare of the retired personnel in MOUAU?

Research Question 2

To what extent does the New Pension Act 2004 address the problems of non release of fund, mismanagement of funds and diversion of pensioners' funds at Michael Okpara University of Agriculture Umudike?

Table 2

S/N	Items	Frequencies				Mean $\overline{X}$	Decision
		SA	A	SD	D		
1	The New Pension Scheme eradicates corruption, mismanagement and delay in disbursement of pension benefits in MOUAU?	130	170	25	15	3.2	Accepted
2	Pension administration through the Pension Fund Administrators will bring about efficiency and improve the organization and management of Pension Policy in MOUAU?	100	200	10	30	3.0	Accepted
3	The New Pension Act 2004 can take care	105	205	15	15	3.2	Accepted

	of inadequate budgetary allocations in MOUAU?						
4	The New Pension Act 2004 can address the problems of pensioners' fund diversion in your institution?	80	180	50	30	2.9	Accepted
5	The level of age falsification is high in MOUAU because employees are afraid of retirement?	40	50	150	100	2.0	Rejected

Source: Field work 2019

From the above table, the result showed that the Mean Scores of four items out of the five items are higher than 2.5 while one item is below 2.5. The four items Mean Score were accepted while one item Mean Score was rejected by the researcher which showed that the New pension Act 2004 addresses the problems of corruption; fund diversion in MOUAU but the rejected Mean Score item proved that age falsification is not high in Michael Okpara University of Agriculture, Umudike.

Research Question 3

To what extent does the New Pension Policy guarantee minimum living standards for the employees in Michael Okpara University of Agriculture, Umudike?

Table 3

S/N	Items	Frequencies				Mean $\overline{X}$	Decision
		SA	A	SD	D		
1	The New Pension Policy guarantees minimum living standards for employees in MOUAU?	80	220	20	20	3.1	Accepted
2	The employees in MOUAU are afraid of retirement due to the level of implementation of Pension policy?	120	90	50	80	2.9	Accepted
3	The fear of retirement has led to so many corrupt practices amongst the employees?	90	110	60	80	2.6	Accepted
4	The payment of new minimum wage will improve the living standards of employees in MOUAU?	270	50	10	10	6.3	Accepted
5	The employees of MOUAU have no confidence in the New Pension scheme in meeting up their basic needs?	25	210	40	65	2.6	Accepted

Source: Field work 2019

From the table above, the result showed that the Mean Score for the five items are higher than 2.5. The Mean Score of the five items were accepted by the researcher which showed that the New Pension Policy can guarantee minimum living standards for the employees of Michael Okpara University of Agriculture, Umudike but with divergent views from respondents which suggest that there is still fear about retirement amongst the workers as regards to the policy implementation.

Research Question 4

To what extent is the New Pension Policy properly implemented in Michael Okpara University of Agriculture, Umudike?

Table 4

S/N	**Items**	**Frequencies**				**Mean** $\overline{X}$	**Decision**
		SA	**A**	**SD**	**D**		
1	The New Pension Policy is properly implemented in MOUAU?	90	230	13	7	3.2	Accepted
2	The government regularly and promptly remits pension fund to MOUAU?	40	180	70	50	2.6	Accepted
3	Most pensioners in this institution complain of waiting too long before their gratuities are paid after retirement?	80	170	45	45	2.8	Accepted
4	The delay in the payment of pension is as a result of mismanagement and misappropriation of funds?	80	130	120	10	2.8	Accepted
5	The New Pension Scheme if properly implemented will eradicated the problems of pension administration in MOUAU and take care of social needs of pensioners?	110	190	20	20	3.1	Accepted

Source: Field Work 2019

From the above table, the result showed that the Mean Score for the five items are higher than 2.5. The Mean Score of the five items were accepted by the researcher which showed that the New Pension Policy is properly implemented in Michael Okpara University of Agriculture, Umudike but great number of the workers are of the opinion that it is not properly implemented going by the fact that there is still delay in payments of retirement benefits and most employees still complain of waiting too long before gratuities are paid.

Findings:

The result of the research questions showed that the New Pension Policy of the Federal Government has positive impacts on the employees of Michael Okpara University of Agriculture, Umudike (MOUAU) within the period under study (2008-2018) that is a decade. This was made obvious from testimonies of the employees based on the variables that were used to get information from the respondents. There was agreement in all the variables which was in tandem with the employees' opinion portraying positive impact of the New Pension Policy on employees of MOUAU except in few areas where their opinion differ.

In table 1 and table 4, the employees through the variables affirmed that the New Pension Policy is properly implemented and can improve the welfare of retired personnel in MOUAU. The table 2 and table 3, through the employees testimonies envisaged that the New Pension Policy addresses the problem of corruption; fund diversion and guarantee minimum living standards for the employees in MOUAU but majority of the employees still maintain that they are afraid to retire due to the level implementation of pension policy which has led to so many corrupt practices amongst employees like falsification of age, misappropriation and diversion of funds etc. Majority held the opinion that employees in MOUAU have no confidence in the New Pension Scheme in meeting up with their basic needs due to how it is being operated-this is because it works below their expectations. Most of them feel that the administration of New Pension Scheme through the Pension Fund Administrators should allow workers access to their savings in form of loans which can be repaired over time while in service. This they said will help employees solve their imminent problems while in service and also, build their confidence in the New Pension Policy.

Again, it was observed through the respondents' opinions that most employees still wait too long after retirement before their retirement benefits are paid. Contrary to this view, we discovered that most employees who have reached retirement age do not start processing their retirement papers on time. This is the main reason why there is delay in payment of employees' gratuities not mismanagement and misappropriation of fund as they denoted earlier.

Finally, it was established that the New Pension Policy of the Federal Government have positive impacts on employees in Nigeria public sector using Michael Okpara University of Agriculture Umudike as a case study. This is because there is proper funding of the Retirement Savings Accounts (RSAs) by both the Federal Government and employees in MOUAU and workers pensions are paid promptly. Most retirees of Michael Okpara University of Agriculture, Umudike attested to this fact by saying that they receive their pension payment alert on or before 20th of every month.

Summary

The New Pension Scheme was introduced in 2004 by President Olusegun Obansanjo. The introduction of the New Pension Policy was done with the believe that it will take care of all the problems associated with the Old Pension Scheme such as embezzlement of funds, mismanagement of funds, diversion of pensioners' funds, non release of funds, nonpayment of retirement benefits as and when due etc. The new scheme is contributory, fully funded and based on individual Retirement Savings Accounts (RSAs) which are privately managed by Pension Fund Administrators. But, in spite of all the efforts made with the introduction of the New Pension Scheme, some of the challenges and problems associated with the Old Pension Scheme are still in existence. But nonetheless, it is believed that the New Pension Policy has been able to make positive impacts on the employees in Nigeria public sector.

Therefore, this study carried out an in-depth research to examine the impact of the New Pension Policy of the Federal Government on employees and on the administration of Nigeria public sector. Michael Okpara University of Agriculture, Umudike (MOUAU) was used as a case study.

The methodology adopted in the conduct of this research was descriptive survey design. As such, both primary and secondary source of data collection were used. Four research questions were raised and questionnaire was developed based on research questions using Four Points Rating Scale of Strongly Agree (SA), Agree (A), Strongly Disagree (SD) and Disagree (D). The population of study comprised the entire employees of Michael Okpara University of Agriculture (both academic and non-academic) which is 3400. The sample size of the study is 10% of the population which is (340) and was drawn using Simple Random Sampling. Mean Score was used for data analysis

The analysis of the research questions revealed that New Pension Scheme improves the welfare of retired personnel, addresses the problems of mismanagement of fund; pensioners' fund diversion, guarantee minimum living standards for the employees, properly implemented in MOUAU but there are some areas of the policy which need to be revisited to make it more effective in order to build the employees confidence in it.

Findings and Conclusion

The following conclusions were made based on the findings of this study.

It was established that the New Pension Scheme improves the welfare of the retired personnel in Michael Okpara University of Agriculture, Umudike. This was discovered because retired personnel in the institution receive their pension and gratuity promptly, the New Pension Scheme compared to the previous is better in ameliorating the sufferings of the retirees, the payment of retirement benefits is adequate to take care of retirees basic needs and safeguards the security of civil servants after retirement but there are variant views by the employees. Most of the employees attest to the fact that sometime the pension and gratuity are not paid promptly and the retirement benefits paid to retirees are inadequate to take care of their needs. This is caused by the delay on the employees who are about to retire to start processing their papers on time. Moreso, the 15% savings from the employer and employee is usually small due to poor salary scale. This is in line with what a retiree said that he has incurred a lot of debt since retirement because his savings in the Retirement Savings Account is too small to sustain him. The employees are of the opinion for the review of salary and payment of the new minimum wage by the Federal Government.

Again, it was established that the New Pension Act 2004 addresses the problems of mismanagement of fund; pensioners' fund diversion in Michael Okpara University of Agriculture, Umudike. This is because it is fully funded by the employers 7.5% savings which are remitted directly to the Pension Fund Custodians (PFC's) making it impossible for diversion, misappropriation and mismanagement by personnel's of the institution. This has mitigated corruption to a reasonable extent and unnecessary delay in disbursement of Pension benefits.

Furthermore, it was observed that the New Pension Policy guarantee minimum living standards for the employees of Michael Okpara University of Agriculture, Umudike. The testimonies of the employees portrayed that it is certain that at retirement, the retirees are sure of getting their benefits which will guarantee minimum living standard for them but they envisaged for salary increment and payment of the new minimum wage by Federal Government. They said, this will reduce the fear of retirement amongst the employees and reduce the level of age falsification to the barest minimum.

Finally, it was established that the New Pension Policy is properly implemented in Michael Okpara University of Agriculture, Umudike. The employees testify that the Federal Government regularly and promptly remits Pension Fund to MOUAU but despite this, pensioners still wait long before their gratuities are paid after retirement. It was observed that the delay in payment of retirement benefits is not caused by mismanagement and diversion of pensioners' funds but by inability of the potential retirees to start processing their retirement papers on time. A retiree said some of them don't even know that they have neared retirement.

Recommendations

Based on the findings and conclusions made in this study, the following recommendations were made.

1. Government should increase the salaries of workers so that they (workers) can save enough money in their individual Retirement Savings Accounts (RSA) which will be adequate to take care of their basic needs and improve their minimum living standards when they retire. The payment of the new minimum wage by the Federal Government is sacrosanct to this effect.
2. Federal Government through the pension regulatory/management body (PENCOM) should come up with strict supervision and stiff sanctions and penalties on Pension Fund Administrators (PFA's) and Pension Fund Custodians (PFC's) who are found wanting in their operations. This will make them to sit up thereby mitigating the issue of non release of fund on time, pensioners' fund diversion, mismanagement funds etc.
3. The New Pension Policy should be revisited in order to build employees confidence for it. Employees should be allowed access to their savings while in service in form of loan. The loan can be paid back over time with interest by the employees. This will save the employees the stress of getting loans from banks with huge collateral and also, enable the Pension Fund Custodians (PFC's) to make extra income through the interest charges on the loan.

4. Government through its parastatals and agencies should embark on training of potential retirees maybe 4years before their retirement date. This will rightly educate them on the need to start processing their retirement papers on time to avoid delay or waiting too long before the retirement benefits are paid. The training will also educate them on how best to manage and invest their gratuity after retirement
5. Federal Government through the state governments should introduce the New Pension Scheme to state parastatals, institutions and offices. It is noticed that the New Scheme is only operational in Federal Government parastatals, institutions and offices of which the state government retirees are the worst hit in pension matters in Nigeria. The state governors should be mandated to introduce the scheme in their various state offices with functional and adequate machineries put in place to ameliorate the sufferings of retirees in the state.

REFERENCES

Adegbami, A. (2005). Pension industry development in Nigeria: The thrust of the Pension Reform Act 2004. *The Nation Newspaper, August 13th pp 27.*

Adesina, B. (2006). *Understanding the New Pension Reform Act (PRA) 2004. CBN Bullion vol 30(2) April-June.* Published by Central Bank of Nigeria.

Ahmed, T.D. & Oyadaran, P.A. (2013). An analysis of the impact of the 2004 Pension Policy on the welfare of Nigeria Civil Servants. A Study of Selected Federal Ministries. *Global Journal of Human Resource Management,* 1(4), 20-55.

Ajeka, M., Okoroafor, G. & Eme, O.I. (2014). Reforming the 2004 Pension Act: The Challenges Ahead. *Global Advanced Research Journal of Management and Business Studies,* 3 (11), 486-497.

Akinade, E.A. (1993). *Towards Satisfactory Retirement: A socio-Psychological Approach*. Lagos, Nigeria: Kala Okanlawon Services.

Amujiri, B.A. (2009). *The New Contributory Pension Scheme in Nigeria: A Critical Assessment*. NJPALG, XIV (1) , 137-152.

Balogun, A. (2006). *Understanding the New Pension Reform Act 2004*. A Paper Presented at the Certified Institute of Nigeria Membership Compulsory Continuous Professional Education held at Chelsea Hotel, Abuja.

Blake, D. (2003). The United Kingdom Pension Scheme in Nigeria. Pension Institute, Bare Back College, University of London.

Chilekezi, B. (2005). *Outline of the Reformed Pension Scheme in Nigeria*. Lagos, Nigeria: International Training and Educational Services.

Dalang, L.D. (2006). Investment and risk management under the New Pension Scheme. Sigma Vaughn Sterling Pension Scheme, Abuja.

Federal Ministry of Information and Communication (2004). The Obasanjo-Reforms, Public Service Reforms and National Transformation, Abuja: Rado House.

Federal Republic of Nigeria Official Gazette (2014). Lagos, Nigeria: The Federal Government Printer.

Gbitse, B. (2006). Understanding Pension Fund Investment guideline. Nigeria: *This Day Newspaper, IBTC Wealth Management Services.*

Hassana, A.K. (2008). Pension Fund hits 4.46" Abuja, Daily Trust. http://allafrica.com/stories/20080240987.

Johnson, J. (1999). Do universal non-contributory old age pensions make sense for rural areas in low income Countries. *Mediterranean Journal of Social Sciences: MCSER-CEMAS-Spenza University of Rome* Vol. 4 (2).

Kolawole, O. (2003). Pension reforms: An African perspective. Paper Presented at the World Bank Regional Course on Pension and Pensions Reforms in Sub-Saharan Africa. Auckland Park, South Africa.

Komolafe, F. (2004). Reform only public sector pension. *Vanguard, April 2nd pp15*: Lagos

Lloyd, S. (1991). A criticism of Social Responsibility Theory: An Ethical Perspective. *Journal of Mass Media Ethics;* Vol. 6 (3).

News Magazine (2004). *Nigerian Pensioners: Used and Abandoned. 4(3) 24-35.*

Obi, D.O. (2016). Challenges of the New Federal Government Pension Policy on Employees in Federal University of Technology, Owerri (2004-2014). An M.Sc Theses Presented to the Department of Political Science, Faculty of Social Sciences, Imo-State University, Owerri.

Oxford Advanced Learners Dictionary (5th ed.). Great Claredon Street, London: Oxford University Press Oy^{2}6 DP.

Ozor, E. (2006). Review of factors that slow down the processing of retirement benefits. A Paper Presented at the Workshop Organized by the Institute of Chattered Secretaries and Administration of Nigeria, held at modotel Enugu, between 14th -16th May.

Robolino, D. (2006). Parametric reform objectives, options and experiences. A Paper Presented at World Bank Core Course on Pensions. The World Institute, Washington DC.

Tonye, O. (2006). *Pension Plans fails and Elderly becomes beggars*. Lagos, Nigeria: Inter Press.

Ugwu, D.S. (2006). Contributory Pension: A new approach to financing Pension Scheme in Nigeria. A Paper Presented at Seminar Organized by Mokasha.

Uzoma, P. (1993). *Pension Scheme in Nigeria*. Lagos, Nigeria: Gentle Press.

Weekly Trust Newspaper (2006). The Plight of Pensioners; Editorial May 13th Pp 48.