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PENSION FUND ADMINISTRATION: CATALYST FOR ECONOMIC DEVELOPMENT AT THE STANBIC INVESTMENT BANK TRUST AND COMPANY (STANBIC IBTC) PENSIONS PLC AND NIGERIA INSTITUTE OF LEATHER AND SCIENCE TECHNOLOGY, ZARIA.

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Abstract

Management of pension scheme in Nigeria is inundated by multiple and diverse problems which have continued to pose a major challenge to government in Nigeria. The main objective of this study is to determine the relationship that exist between pension fund and economy development and to determine the extent at which the Pension Reform Acts had helped in the development of Nigeria nation, through the contributory pension scheme. This study is quantitative in nature, adopting a descriptive research method which collected primary data from the research population, using survey questionnaire and secondary source through relevant literature from journals and internet. Analysis of data was done using simple linear progression and simple percentages. The findings of the study revealed that pension fund is one of the sources of fund for economic development, and that the contributory Pension Scheme has a significant impact on contributory pension scheme and management of retirement benefits to standard of living of retirees in Nigeria. It was thus recommended that pension fund be properly managed in order to have significant impact in the development of the economy.

Keywords: *Pension fund, Administration, Economic growth and development, Stanbic IBTC*

Background to the Study

Pension scheme was introduced into Nigeria during the colonial era to provide old age income and security to British citizens working in the country upon retirement. All along, and until very recently, Nigeria embraced and adopted the traditional Defined-Benefits (D-B) plan that has failed to yield the desired benefits for most workers and several economies where it has been adopted. The Defined-Benefits (D-B) plan, which usually specifies the entitlements of workers after a minimum qualifying year of service, has lost favour with most countries, including the most developed countries of Europe and North America. In fact, Ambachtsheer (2007) noted that many corporate employees are abandoning their traditional Defined-Benefit plans, while many of the Defined –Benefits plans that remain are financially important to offset the huge indebtedness.

Nigeria does not have a meaningful state social security system as mostly employees do not earn enough during their working life to cater for themselves or their financial liabilities at retirement. The extended family system goes some way in providing for retirees, although the pressures of modern urban life and the advent of nuclear families have started to erode this as a form of support system. Therefore, rather than relying on charity, most employees seek pensions to cater for their retirement, pensions may be provided by way of occupational pensions scheme organised by employees; or privately arranged individual pensions.

A pension is the right of an employee to derive some sort of benefits; which are sometimes generally referred to as pensions, consist of a lump sum payment upon separation from service (gratuity) and/or periodic payment (pension). Pension is a fixed sum to be paid regularly to a person typically following retirement from service. Pension is a regular payment made by the state to people over a certain age to enable them subsists without work.

Thus, it is imperative that the privilege of receiving gratuity and pension appears the greatest manifestation of the victory of labour in its fight with the employer over his exploitation after several years of productive services. Hence, pension reform became necessary as a result of the malady which ravaged Pension Schemes through the activities of the old Pension Board. With the bad administration of Pension schemes in Nigeria, the hope of the pensioner became bleak, as many verification exercises were embarked by old pension Board to mock the pathetic pensioners. This eventually escalated their agony as their labour became in vain. Many of these pensioners lost their lives as a result of these exercises which do not yield any good dividend. Indeed, today people have resorted to self-help to secure their life in retirement, thus fueling corruption and other vices (Fanimo et al, 2007).

Fundamentally, the Pension Reform was designed at ensuring that all employees receive their entitlements as and when due, assist improvident individuals by ensuring that they save in order to cater for their livelihood during old age. The pension fund cannot be generated without taking into cognizance the new reform of contributory pension scheme; as this is the only way the fund can be generated for investment, economic growth and development. Pension funds will continue to be idle and possibly, embezzled if not legitimately made available for the purpose of economic development.

Research Problem

Management of pension scheme in Nigeria is inundated by multiple and diverse problems which have continued to pose a major challenge to government in Nigeria. Key problems include misappropriation and mismanagement of funds, non compliance with pension standards which resulted to inadequate funding and embezzlement. At times premiums paid are diverted for personal interest and other purposes and interests from invested funds are not properly accounted for, effect of which no meaningful economy development is achieved. The question remains, what is the impact of Contributory Pension scheme on management of retirement benefits in Nigeria?

Objective of the Study

The general objective of this paper is to re-appraise the 2004 and 2014 pension reform acts and to determine whether or not it has any solution to pension problems in Nigeria. Specifically, this study was set to achieve the following objectives:

1. To determine whether a significant relationship exist between the impact of the contributory pension scheme and management of retirement benefits to Nigeria economy
2. To examine whether a relationship exists between the impact of the contributory pension scheme on management of retirement benefits and standard of living.

Research Question

This study is to provide answers to the question:

To what extent does the Pension Fund help in the growth and development of Nigeria?

Literature Review

Historical Background of Pension Scheme in Nigeria

The exact origin of pension in Nigeria is debatable. However the privilege of receiving gratuity and pensions appear the manifestation of the victory of labour in his fight with the employer over his exploitation. Nigeria's first ever legislative instrument on pension matters was the pension ordinance of 1951 which had retrospective effect from 1st January 1946.The National Provident Fund (NPF) Scheme established in 1961 was the first legislation enacted to address pension matters of private organization. I was followed 18 years later by the pension Act No 102 of 1979 as well as the Armed Forces Pensions Act 103 of the same year.

The Police and other Government Agencies' Pension Scheme were enacted under Pension Act No75 of 1987, followed by the local Government Pension Edict which culminated into the establishment of the Local Government Staff Pensions Board 1987. While in 1993, The National Social Insurance Trust (NSITF) Scheme was established to replace the defunct NPF Scheme with effect from 1st July, 1994 to cater for employees in the private sector of the economy against loss of employment in old age, invalidity or death. Prior to pension Reform Act 2004, most public organizations operated as Defined Benefit (pay-as-you-go) Scheme. Final entitlements were based on length of service and terminal emoluments. The Defined Benefit (DB) was funded by the Federal Government through budgetary allocation and administered by Pensions Department of the Office of Head of Service of the Federation. (Balogun, 2006)

The old pension scheme became a great burden on the government, as it could no longer cope with the payment of pensions and gratuities to retiring workforce. This is apparently due to the fact that there was no plan put in place to forestall this problem. Therefore, managing and administering pension funds have continue to pose a major challenge to government in Nigeria (Okotoni and Akeredolu, 2005). 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 (Nkanga, 2005).

In view of the enormity of the funding problems associated with the largely defined benefits, pay-as-you-go (PAYG) pension system operation in Nigeria and in view of the importance accorded pension matters, the Federal Government under the auspices of the National Council on Privatization (NCP) set up a steering committee on Pensions Reforms in the public Enterprises in Nigeria. The composition of the steering committee cut across all stakeholders including key Federal Government Institutions, the Nigeria Labour Congress (NLC) and financial and Insurance Institutions. The primary task of the steering committee is to address the problem of unfunded pension liabilities in the public enterprises and to propose reforms that will transform the current bankrupt PAYG pension system into a self sustaining, effectively regulated and privately managed contributory pensions system in Nigeria.

Concept of Pension Plans

The first step towards understanding pension plans or employee retirement benefit as Wolk Tearney and Dodd (2002) posit is to recognize the fact that the phrase "pension plan "means a different thing to different people and organizations. Thus, an appropriate starting point for a discussion on pension plans or retirement benefits is the conceptualization of the subject matter. Accounting for Employee retirement Benefits (SAS 8), 1991(1) states that many charitable organizations, government and business establishments provide retirement benefits for their employees or a lump sum upon retirement benefits of their employees. Retirement benefits can consist of monthly payments to former employees or a lump sum upon attainment of a specified retirement age, and may include additional payments in case of death or disability. In determining the type of plan and level of benefit and features it provides, it is necessary for the sponsoring organization to answer some pertinent questions:

(a) Can the company afford expenses of establishing and maintaining the plan?
(b) Will the establishment of the pension plan help the sponsor to attract and keep employees?
(c) Does a competitor have a similar pension plan?
(d) Considering government restriction is this undertaking worthwhile?

The Emergence of Pension Reform Act 2004

The new scheme is a defined Contributory Pension scheme in which monthly funded contributions are made by employee and employer. The funded contributions are held by Pension Fund Custodian (PFC) and managed and administered on the contributors' behalf by a Pension Fund Administrator (PFA) of the employee's choice. The activities of the PFCs and PFAs are regulated by the National Pension Commission (Peterside,2006).

The emergence of the New Contributory Pension Scheme was a clear determination of the Federal Government to reorganize, modify and refocus the devastated Nigeria Pension Scheme. Moreover, Pension Scheme in Nigeria which was characterized by weak administration, restrictive investment policies and widespread corruption which was on the verge of collapse called for a pension System that is privately managed with uniform rules, regulations and standards, which is expected to encourage savings and to better workers' retirement benefits; increased fiscal discipline and create a pool of long term funds available for economic development.

Hence, emerged New Pension Scheme and the enactment of Pension Reform Act 2004 aimed at making Pension Scheme actualize its objective. However, the Pension Reform Act 2004 was designed among others to provide a system that is financially sustainable, simple and transparent, less cumbersome and cost effective as well as encourage savings among workers. This is therefore to ensure that employee who has worked would be able to receive his or her retirement benefit as and when due. This would definitely prevent the vagaries of poverty and hardship in old age and retirement. This is expected to establish a system that would guarantee that retiring workers will receive their benefits generated by their own savings in addition to government subsidy (Ehijeagbon 2008).

In line with this objective, the National Pension Commission (PenCom) was established to regulate, supervise and ensure effective and efficient Pension administration in Nigeria. Hence, to ensure management of pension funds under the new Pension Reform Act, which introduced Contributory Pension Scheme in Nigeria, the commission licensed and approved eighteen Pension Fund Administrators and four Pension Fund Custodians were registered alongside (Atufe, 2007). By and large, to avoid the incidence of bleak future for Nigerian workers, the commission must remain focused and steadfast in monitoring all Pension Fund Administrators and Custodians to ensure that all agony experienced by pensioners over nonpayment of their entitlements is consigned to history.

Objectives of the 2004 Pension Reform

According to the Pensions Act 2004, the objectives of the scheme are as follows:

1. To ensure that every person who worked in either the public service of the Federation, Federal Capital Territory or Private Sector receives his retirement benefit as and when due.
2. To assist improvident individuals by ensuring that they save in order to cater for their livelihood during old age.
3. To establish a uniform set of rules, regulation and standards for the administration and payments of retirement benefits for the public service of the Federation, Federal Capital Territory and the private sector;
4. To establish a sustainable Pension System that empowers employees to have control over their Retirement Savings Accounts (RSA) promotes labour mobility and minimizes incentives for early retirement;
5. To ensure transparent and efficient management of pensions funds; and
6. To promote wider coverage of pension scheme in Nigeria.

Elements of the New Contributory Pension Scheme

Under this Scheme, the employees contribute a minimum of 7.5% of their monthly emoluments but military contribute 2.5%. Employers contribute 7.5% in case of public sector and 12.5 in case of the military. Employers and employees in the Private Sector will contribute a minimum of 7.5% each of monthly emoluments of their employees. An employer may elect to contribute on behalf of the employees such that the total contribution shall not be less than 15% of the employees' monthly emolument. An employer is obliged to deduct and remit contributions to a custodian within 7 days from the day the employee is paid his salary while the custodian shall notify the PFA within 24 hrs of the receipt of contribution. Contribution and retirement benefit are tax-exempt. However, for voluntary contributions, the tax relief is only applicable if the amount contributed or part thereof is not withdrawn before five years after the first voluntary contribution was made (Pension Reform Act, 2004).

The 2004 Pension Scheme repealed by 2014 Pension Act is contributory in nature. It requires that each employee covered by the scheme must open Retirement Savings Account (RSA) in which his or her monthly pension contribution would be credited. Each employee will contribute 7.5% of his/her monthly emoluments (here defined a Basic Salary, Housing and Transport allowances) and the employer will contribute an equivalent amount. Thus, a minimum of 15% of the monthly emoluments would be credited into the RSA of the employee (Pensions Reform Act, 2004).

The scheme shall be fully funded meaning that, there will always be enough funds to match all pension liabilities. It will be managed by licensed Pension Fund Administrators(PFAs),while the custody of Pension Fund Assets will be provided by licensed Pension Fund Custodian(PFCs).The National Pension Commission (PenCom) shall providr strict and adequate supervision of the industry (Ahmad,2006).

Pension Reform Act 2014

The new law, which is meant to govern and regulate the administration of the uniform pension scheme for both public and private sectors in Nigeria repeals the 2004 Pension Reform Act.

The highlights of the new law include the power vested in the Pension Commission to institute criminal proceedings against employers who persistently fail to deduct and/or remit Pension Contributions of their employees within the stipulated time. This was not provided for by the 2004 Act.

The new law allows PenCom to revoke the license of erring pension operators but does not provide for other interim remedial measures that may be taken by PenCom to resolve identified challenges in licensed operators.

Accordingly the Pension Reform Act 2014 now empowers PenCom to take proactive corrective measures on licensed operators whose situations, actions or inactions jeopardise the safety of pension assets. This provision further fortifies the pension assets against mismanagement and or systemic risk.

The National Pension Commission (PENCOM)

National Pension Commission (PenCom) is the apex body of pension industry in Nigeria and was established according to the Pension Act 2004 to regulate, supervise and ensure the effective administration of pension matters. The main function of the body includes the following:

1. To establish standard rules for the management of pension, issue guideline on investment, Approve license and regulate PFA, PFC and CPFA;
2. Carry out public awareness and education on the scheme;
3. Manage National Data Bank on pension;
4. Promote capacity building and institutional strengthening;
5. Impose sanctions or fines on erring employees, PFA, PFC or CPFA and;
6. Ensure that payment and remittance of contributions are made and beneficiaries of Retirement Savings Accounts (RSA) are paid as and when due (Pension Reform Act,2004 in Balogun,2006).
7. The commission stands as a watchdog, with the overriding objective of ensuring that all pension matters are administered with minimum exposure to fraud and risk.

Pension Fund Administrators and Pension Fund Custodians

To ensure good management of pension funds under the new Pension Reform Act ,that introduced Contributory Pension Scheme in Nigeria ,the commission licensed and approved eighteen (18) Pension Fund Administrators and four (4) four Pension Fund Custodian (Atufe, 2007).

However, PFAs are limited liability companies duly licensed by PenCom as special purpose vehicle to carry out pension business only. The Pension Fund Administrators being duly licensed to open Retirement Savings Accounts for employees, invest and manage the pension funds in a manner as the commission may from time to time prescribe, maintain book of accounts on all transactions relating to the pension funds managed by it, provide regular information to employees or beneficiaries and pay retirement benefits to employees in accordance with the provision of the Pension Reform Act 2004.

Consequently, the PFCs are appointed by PFAs. Pension Asset Custodians will 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 administration of pension fund investments upon instructions by the PFA (Pension Reform Act, 2004). Before it is issued with an operating license, the Pension Assets Custodian must be a limited liability company incorporated under the Company and Allied Matters Act (CAMA) and a licensed financial institution. The custodian would execute transactions and undertake activities relating to administration of pension fund investments upon instructions by the PFA (Pension Reform Act, 2004). Before it is issued with an operating license, the Pension Assets Custodian must be a limited liability company incorporated under the company and Allied Matters Act (CAMA) and a licensed financial institution. The custodian shall hold Pension Fund Assets on trust for its clients (Zenith Bank International, 2008)

Role of Pension Fund Administrators (PFA)
Pension Fund Administrators are professionals that are appointed to administer and manage pension scheme. Their primary function is to facilitate the achievement of the investment objectives of pension schemes.

Duties and Liabilities of the PFA

i. PFA have a duty to invest a pension scheme assets in order to produce income and/or with a view to capital growth.
ii. In performance of this role, a PFA is to be guided by a statute and any relevant regulatory provisions, the contract with the PPA holder and the common law fiduciary principles

Delegation of Investment Powers
Ordinarily, a PFA would not be expected to delegate his powers and duties. In practice however, it is not inconceivable that a PFA may have cause to do so. PFAs should therefore be permitted to delegate their functions but not their responsibilities.

Management and Investment of Pension Assets in the New Contributory Pension Scheme
Part ix of the Pension Reform Act 2004 provides that all contributions by members shall be invested by the Pension Fund Administrators with the objective of safety and maintenance of fair returns on amount invested. The authorized trading markets under the Act and the investments guidelines issued by PenCom states that

pension assets shall be invested in any of the following:-

i. Bonds, bills and other securities issued or guaranteed by the Federal Government and the Central Bank of Nigeria;
ii. Bonds, debentures, redeemable preference shares and other debt instruments issued by corporate and listed on the Stock Exchange
iii. Ordinary shares of public limited companies listed on the stock Exchange with good track records, having declared and paid dividends in the past five years ,bank deposits and bank securities.
iv. Investment certificates of closed-end investment funds or hybrid investment funds listed on a Stock Exchange with a good track record;
v. Units sold be open-end investment funds listed on the Stock Exchange and recognized by the PenCom; bonds and other securities issued by listed companies;
vi. Real Estate investment and such other instruments as the PenCom may prescribe(73)

A PFA may invest assets in unit of any investment fund; provided that such an investment fund may only be invested in the categories listed above and in real estate. Subject to Central Bank of Nigeria exchange rules, the PenCom may recommend to the president that approval be granted for the investment of assets outside the Federal Republic of Nigeria. A PFA shall not invest assets in the shares or any other securities issued by the PFA and shareholder of PFA. The PFA shall not sell assets to itself, any shareholder, director or affiliate of the PFA, any employee of the PFA, the spouse of any of the aforementioned or those related to the said persons, affiliates or any of the said persons, affiliates or any shareholder of the PFC or the PAC holding assets to the order of the PFA. The PFA shall not purchase any pension fund assets and apply assets under its management by way of loans and credits or as collateral for any loan.

The PenCom may impose additional restrictions on investment by PFA'S where such restrictions are imposed with the object of protecting the interest of the holders of RSA's. Every PFA shall have due regard to risk rating of instruments that has been undertaken by a registered risk rating company. The investment strategy Committee shall formulate strategies for complying with investment guidelines issued by the PenCom; determine an optional investment mix with risk profile agreed by the board of the PFA; evaluate the value of the portfolios and make proposals to the board of the PFA; review the performance of the major securities of the portfolios of the PFA; carry out other function related to investment strategy as the board of the PFA may determine. (Pension Reform Act, 2004 and Peterside, 2006).

Stanbic IBTC Pension Managers Limited

Stanbic IBTC Pension Managers Limited is a licensed Pension Fund Administrator (PFA) set up with the primary objective of delivering quality pension fund administration and management services to both private and public sector employees covered by the Pension Reform Act 2014.

Stanbic IBTC Pension Managers Limited, a subsidiary of Stanbic IBTC Holdings Plc, enjoys a rich heritage derived from the Group's extensive and proven track record in money management and long-held values of protection and enhancement of customers' wealth.

Stanbic IBTC Pension Managers Limited has an authorized and paid-up capital of N1 billion, in line with the minimum requirement of N1 billion. The company is a joint venture between Stanbic IBTC Holdings PLC and 2 other financial institutions: Access Bank Plc, and Linkage Assurance Plc. Stanbic IBTC Pension Managers Limited is 70.59% owned and managed by the Stanbic IBTC Group. The combined net worth of the company's shareholders is over N100 billion.

Management and Investment Guidelines

National Pension commission, as one of its primary roles and responsibilities under "the Act", has developed Investment Guide lines after due consultation with the key operators of the Scheme (PFAs and PFCs) to guide investment activities of the Pension Fund Administrators in order to ensure that the pension funds are invested safely and securely in accordance with international best practices in investment management and also to ensure the growth and protection of retirement benefit under the Act. The underlying principles behind the guidelines are to ensure a broad asset allocation diversification within asset classes, risk management, liquidity, opportunities and competitive returns on investment (Pension Reform Act, 2004).

With the advent of modern portfolio management tools, the task could be handled more efficiently, albeit not a walk the park for any manager. A collaborative effort by the various institutions that are entrusted with any amount of fund could help deliver reasonable long-term reward as well as engender checks and balances in the fund management process. It would be totally absurd for any manager to simply acquire real estate, dump these estate in the stock or treasury bills and then sit back to "watch grow".

Concept of Revenue

According to Windal (1976),"revenue is sometimes define as the amount of assets received or liability liquidated by an enterprise in return for services rendered or product produced and delivered". The accounting principles board differs slightly from committee in terminology in that of defined gross inflow from sales or exchange of assets as revenue, rather than including only the gain therein.

The basic concept of revenue is of return. An enterprise, for instance, invests something on its operation; after a time that investment comes back hopefully increased by a profit. Whatever comes back is the revenue that is expressed that an enterprises' cost reflects its efforts, while its accomplishments.

Idle Fund

The term idle fund can be defined in different respective because they are called idle or dead funds. Idle funds could be defined as money that is not invested and therefore earning no income except to be utilized in other projects when the need arises.

NILEST at a Glance

The Nigeria Institute of Leather and Science Technology, Samaru Zaria was established in 1964 following the request of the then Northern Regional Government to Federal Ministry of Agriculture and Natural Resource. It was named Hides and Skin Demonstration and Training Project. The Food and Agricultural Organization (FAO) and United Nation were commissioned to commence a feasibility study on the development of the abundant raw Hide and Skin in the country.

In 1972, the UN submitted a technical report which among other things proposes the upgrading of the centre to a Research Institute that will carter for the Leather, Leather Product and Allied Field. Before then, the name of the centre was Federal Leather Institute, Zaria and was offering in-service training for certificate, and Diploma in Hide and Skin Improvement Technology.
A year after, in 1973, the Institute was changed to Leather Research Institute of Nigeria by Decree no 35 of 1973 and was placed among the fourteen (research) Institute under the Agricultural Research Council of Nigeria (ARCN). In 1988, the Institute evolved yet again by the expanded mandate and inclusion of Chemical Technology, which resulted in the change of name to National Research Institute for Chemical Technology (NARICT) with the head quarters at Basawa, Zaria.

In November 1990, the Samaru Centre attained Semi-autonmous status and was named Federal College of Leather Teachnology *FCLT) Samaru, Zaria. The name was subsequently changed to Federal College of Chemical and Leather Technology (CHELTECH) Samaru, Zaria in 1992. Following the resolution at the National Science and Technology Summit at Minna in 2006, the research mandate on Leather in NARICT and all the extension centres (Sokoto, Kano, Maiduguri, and Jos) were officially transferred to CHELTECH on 26th June, 2009, thus reverting back the status of a research Institute. However, on 1st April, 2011, the name of the College was changed to Nigerian Institute of Leather and Science Technology (NILEST) to properly position it in line with its mandate, mission and Vision.

However, Nigerian Institute of Leather and Science Technology Samaru, Zaria is the only tertiary Institution South of the Sahara that engages in manpower training for the leather and allied products sub-sector. It enjoys co-operation with similar institution abroad like the University of Northampton, the British School of Leather Technology in Great Britain, and other International bodies like UNDP AND UNIDO.

Mandate of NILEST
To provide course of instructions, training and research in the field of leather and leather product technology and Conduct Research and Development on Leather Technologies and goods Production.

Mission Statement of NILEST

i. To provide globally competitive and environmentally friendly technologies for leather and leather products and allied industries
ii. To acquire and maintain world-class technical capacity and reputation to offer Science based consultancy services in leather and leather products, production and marketing, quality control in related areas.
iii. To produce technologists and technicians with sound understanding of necessary science for production of chemicals, polymers, leather and leather products and their technologies and to provide service support to the industrial sector.

Vision

i. To become a research Institute of International Standard in the provision of innovative research and development in the processing and conversion of raw hides and skins into leather and leather products.
ii. To be a renowned centre of excellence in the field of tannery and affluent monitoring and control, leather and leather products technologies.
iii. To be a centre of excellence in the production of scientific models and polymer products.

(**Source:** NILEST in Brief)

Methodology
Research Design
This study is a survey research which collected primary data from the research population, using survey questionnaire. The study adapted items from the questionnaire developed by Apolot (2012) with a reported Cronbach Alpha value of 0.748. The reliability of the instrument (i.e. questionnaire) improved over that of the adapted scale through pre-testing of pilot samples from other PFA(s). The cronbach alpha value for the questionnaire of this study is 0.958. The responses were based on

a 5 point Likert Scale adopted for this study, thus; Strongly Disagree – 1; Disagree – 2; Undecided – 3; Agree – 4 and Strongly Agree – 5.

Population and Sample Size

The population of this study comprises all staff members of Stanbic IBTC Pensions in Kaduna State, Nigeria and NILEST staff members numbering (2,400). However, a total of 240 members of staff randomly selected, made up the sample size.

Sampling techniques

Determination of sample size for a binomial variable (such as proportions, percentages and ratios) and totals are based on consideration of the desired degree of precision and level of confidence, along with a prior estimate of the statistic to be determined with the formula as thus:

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

Data Presentation and Analysis

Tools for Data Analysis

The data collected were analyzed using appropriate descriptive statistics and inferential techniques. Descriptive statistics were used to present the results of the sample characteristics. Simple linear regression analysis was used to test the hypothesis for this research work using the Statistical Package for Social Science (SPSS) version 20. This is because there are only two variables: Pension funds and economy development. Economy development is the independent variable while pension fund administration is the dependent variable.

Measurement of Variables

The parameters used to measure pension fund administration were standard of living and cost of living while income was proxied by revenue generation (NI) or (GNP).

The model estimated by the study is presented below:

$$IS_i = a_{i+}\beta IR + \varepsilon_i \quad \text{...} \quad (1)$$

Where:

Is_i = Information on Standard of living $_i$

a_i = The constant or the intercept of the Model

β = The slope coefficient

IR = Information on Revenue

ε_i = Random disturbance term

Table 1: Descriptive summary of the responses obtained from the respondents

	Minimum	Maximum	Mean	Std. Deviation
IR01 – Nigeria has great sources of revenue	1.00	5.00	3.1342	1.50483
IR02 – Nigeria has great manpower for vibrant economy	1.00	5.00	2.4286	1.22043
IR03 – The new pension scheme is significant to the economy	1.00	5.00	2.2597	.90028
IR04 – Anti-corruption is a panacea for economy recovery	1.00	5.00	3.0606	1.26001
IR05 – Pension funds should not be idle but re-invested	1.00	5.00	3.0087	1.39873
IR06 – Happy contributing towards your retirement	1.00	5.00	2.9567	1.36663
IR07 – Pension reform act 2014 speaks the minds of Nigerians	1.00	5.00	3.0390	1.35879
IS01 – Your income is good enough to take you home	1.00	5.00	3.5368	1.41642
IS02 – You could afford three good meals a day	1.00	5.00	3.6407	1.36283
IS03 – You could NOT safe from your income	1.00	5.00	3.4199	1.24109
IS04 – Your savings account is often withdrawn	1.00	5.00	3.1169	1.37025
IS05 – Advocate alternative to the new pension scheme	1.00	5.00	3.4545	1.38513
IS06 – Satisfied with the services of your PFA	1.00	5.00	3.1775	1.30171
IS07 –Unclaimed contribution after 10years be used by the government.	1.00	5.00	3.2684	1.17466
Valid N (listwise)				

Source: SPSS Analysis 2015

Table 2: Frequency Distribution and Responses on Variables by Respondents.

Questions	SA	A	D	SD	Mean	Std. Dev.	Remarks
Nigeria has great sources of revenue	120	100	15	5	3.13	1.50	Agreed
Nigeria has great manpower for vibrant economy	90	90	30	30	2.42	1.22	Agreed
The new pension scheme is significant to the economy	25	15	100	100	2.25	.90	Disagreed
Anti-corruption is a panacea for economy recovery	120	100	15	5	3.06	1.26	Agreed
Pension funds should not be idle but re-invested	80	70	70	20	3.00	1.39	Agreed
Happy contributing towards your retirement	50	40	100	50	2.95	1.36	Disagreed
Pensionreform Act2014 speaks the minds of Nigerians	40	50	80	70	3.03	1.35	Agreed
Your income is good enough to take you home	40	40	80	80	3.53	1.41	Disagreed
You could afford three good meals a day	40	40	100	100	3.64	1.36	Disagreed
You could NOT safe from your income	100	100	20	20	3.41	1.24	Agreed
You often withdraw from your savings account	105	100	15	20	3.11	1.37	Agreed
Advocate alternative to the new pension scheme	80	70	75	15	3.45	1.38	Agreed
Satisfied with the services of your PFA	40	50	80	70	3.17	1.30	Disagreed
Unclaimed contribution after 10years be used by the Government.	70	70	60	40	3.26	1.17	Agreed
Valid N (listwise)							

Source: SPSS Analysis 2015

Discussion of findings

The above Descriptive Analysis Table indicates the mean scores and standard deviations of the responses from the administered questionnaires. Survey respondents indicated their perceptions using the scale based on a 5 point Likert Scale and simple percentage adopted for this study and the average is 3.0.

The first variable examines the extent Nigeria has great sources of revenue; the result shows that 220 (92%) agreed that the Nigeria economy has many sources of revenue which could make the economy buoyant enough for development against 20 (8%) that disagreed.

On the second item with 180 (75%) respondents agreed that Nigeria does have great manpower which could have made the economy vibrant, while 60 (25%) disagreed; this may be connected to the unemployment rate.

For item 3, on the significant of the new pension scheme on the economy, 40 (16%) agreed to the new pension scheme having significant effect on the economy compared to 200 (84%) who disagreed. This is not too far from the fact that the pension funds are often diverted by corrupt officials for personal use rather than re-invest and or even pay pensions.

On item 4, issues bordered on anti-corruption, 220 (92%) of the respondents agreed that anti-corruption is a panacea for economy recovery, as against 20 (8%) who disagreed. This large percentage believes that the pension funds would have been used to build factories and industries and or the promotion of entrepreneurs that an average citizen will benefit from and increase profit of the quoted firm, which in turn bring about increased dividend to pensions and shareholders which in return would have developed the economy.

With reference to the question which captured Information on Standard of living, (IS01-07); from item 8, only 80 (32%) of the respondents against 160 (68%) who disagreed, agreed that their income is good enough to take them home. This category falls between Directors, high income earners and those who have other sources of income. 200 (84%) against 40 (16%) of the respondents agreed that they could NOT safe from income due to deductions made for the contributory pension and others such as bank loans, cooperative deduction among others. 205 (86%) agreed, often more than not withdrawn from their personal savings in order to remain relevant, while 35 (14%) disagreed. 150 (63%) advocated for alternative to the new pension scheme against 90(37%) who disagreed. 90 (37%) agreed satisfied with the services of their PFA and 150 (63%) disagreed. 140 (60%) solicited that unclaimed contribution after ten years be used by the government towards economy development, while 100(40%) disagreed.

Summary/Conclusion

This study however, has identified the pension fund as one of the sources of fund for economic development. The sustainability economic development will to a large extent depend on the sources and application of funds. The contributory Pension Scheme has a significant impact on management of retirement benefits in Nigeria, although the study shows that the relationship between the impact of Contributory Pension Scheme and management of retirement benefits was weak, but it did shows that a significant relationship exists between the impact of contributory pension scheme on management of retirement benefits and standard of living in Nigeria.

Recommendations

In view of this study, it is hope that the following recommendations will guide the appropriate bodies saddled with the responsibility of management of retirement benefits in their decisions and actions.

1. The 2004 Pension Reform Act, repealed by the 2014 Pension Reform Act should be dynamic and in conformity to societal standard in line with the trend of technological and economical advancement to what is obtainable in developed countries of the world.
2. The National Pension Commission must ensure that only genuine and competent Pension Funds Administrators and Custodians are licensed and are proven institutions in Finance and Investment are licensed to forestall any fraudulent collaborative tendencies and to guarantee that pension funds are in safe hands.
3. Only accredited quoted firms should be allowed reinvest using the pension fund. This is to allow for viable investment, curbing embezzlement and showing accountability to contributors and share holders.
4. Training and retraining of Fund Administrators is also recommended for best practice.
5. Government and the National Pension Commission must ensure effective management, monitoring, supervision and enforcement of the provisions of the Pension Reform Act 2004 repealed by 2014 Act, which advocated for more penalties for offenders. This will bestow sanity, financial discipline, and adequate compliance on the application of pension fund for socio-economy and political development.
6. Firms and other organizations must ensure effective implementation, strict compliance and application of the new Contributory Pension Scheme that will enhance employee retirement benefits.

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