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The Contributory Pension Scheme in Delta State: Understanding The Failures of Government and The Challenges of the Pension Administrators

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ABSTRACT: *The study examined the contributory pension scheme in Delta State, with a focus on understanding the failure of government and the challenges of the Pension Administrators. The study adopted the historical methods involving a critical analysis of secondary data. The findings revealed amongst other things that compliance with the provisions of the law has been more in breach than in practice for the MDAs in Delta State. This breach is however not limited to Delta State alone but to other states in the country including the Federal government. In particular, it was discovered that only twelve (12) states had migrated to the contributory pension scheme. This represents 33.3% of the population. This record is abysmal given the huge mess the pension system had been enmeshed before the emergence of the contributory pension. It was also observed that most most MDA's in Delta state and private sector tiers did not procure life insurance covers for workers in accordance with provisions of the law. For other states of the federation, It was revealed that only four (4) states, from among those that have passed the pension law, secured life insurance policies for its workers. It could be argued that part of the reasons for poor compliance records in Delta State and at the Federal and State tiers of the pension market could not be unconnected with the recession that hit the nation, beginning in 2016. This arguably affected the revenue profile of both the national and sub-national governments, given its dependence on oil revenue. As revenue dwindled, salaries were not paid and so contributions to RSAs were not made. Based on these findings, it is recommended that in order to reverse the current dismal compliance record, actions are required at three levels, namely, individual, labour and regulatory. Individual worker should monitor the state of his RSA by demanding and receiving monthly statement of accounts as provided for by the law. This will help him identify early failure signals to remit contributions. Second, leadership of workers union should engage employers on the need for regular remittance of contributions and procurement of appropriate insurance covers. This is with a view to ensuring that the future financial security of its members is guaranteed. Since insurance cover is an annual contract, it is proper for labour leadership to monitor the renewal status of insurance policies for its members. Finally, the pension regulator should not only closely monitor compliance but must push for a review of the penalty for default in remittance. A penalty provision that will make compliance more compelling is here recommended.*

KEYWORDS: pension, Delta state, contributory pension scheme, retirement savings account (RSA)

INTRODUCTION

The purpose of a pension plan is to guarantee that a company would, at the designated time, pay an employee on a regular basis for services done in accordance with a legally enforceable contract. In the hopes of receiving compensation after years of active service, it motivates staff members to devote themselves more fully to the organization's objectives (Umar & Emmanuel, 2012). Pensions in Nigeria have always been linked to a protracted conflict between employers and employees. When the colonial administration of Nigeria passed the first pension laws for public employees in 1951, it was largely due to the labour movement that granted workers in that country the right to gratuities and pensions. As a result, Nigerian employees have dealt with a variety of pension administration, plans, and policies.

The 1951 Pension Ordinance, which was passed by the British colonial government, was Nigeria's first pension law. The National Provident Fund of 1961, which was created by a parliamentary act, came after it. The Armed Forces Pension Act No. 103 of 1979 and the Pension Act of 1979 were both retroactively enacted to take effect in 1974 (Uzoma, 2013). In 1993, the Nigeria Social Insurance Trust Fund (NSITF) was also founded to offer social security benefits to workers in the public and private sectors. The Contributory Pension Scheme was likely created as a result of the government's incapacity to oversee and fund these pension arrangements as well as its poor oversight of private sector pension plans (Uzoma, 2013).

Inherent difficulties, such as inadequate financial allocation in the defined benefit plan by governments around the globe, have led to the introduction of the Contributory Pension Plan. The Contributory Pension Scheme is a fully funded programme that creates sufficient funds by having employers and workers contribute a certain proportion of their monthly wages as savings (Binuomoyo, 2019). In June 2004, the Nigerian government enacted a contributing pension programme into law. It made it possible for companies and workers to make contributions to a savings account intended for the worker's retirement. The National Assembly revised the Act that created the programme in June 2014, and it is currently referred to as the "Contributory Pension Reform Act of 2014." The Contributory Pension Scheme's goals are to provide a consistent set of guidelines and standards for the management and disbursement of retirement benefits to Nigerian employees in the public and private sectors. Its goal is to guarantee that all individuals who have worked in the public or private sectors get their retirement benefits on schedule (Bello, 2018). It is also intended to help impoverished people save money for their later years.

Like all other states in the federation, Delta State covers private sector employers with five or more workers under the Contributory Pension Scheme. It took the place of the Defined Benefit Pension Scheme (DBPS) or pay as you go. According to the Pension Reform Act of 2014, the employee must contribute 8% of monthly earnings—which includes housing, transportation, and basic pay—while the employer, or the government, must contribute 10%. The Act established guidelines stipulating that an employer must promptly deduct and send

payments to a Pension Fund Custodian (PFC) within seven days of the employee's paycheck being received. The Act permits licenced financial institutions to hold pension deposits, and these entities are known as pension fund custodians. As soon as the PFC receives contributions, it must inform the Pension Fund Administrator (PFA) within a day. The National Pension Commission has authorised or licenced pension fund administrators as organisations to handle and invest employee pension contributions (Binuomoyo, 2019). They interact directly with the custodians of the pension funds. Additionally, workers have the option to voluntarily contribute to the retirement savings account they create with the pension fund administrator of their choosing. Once an account is established, it stays the person's personal account for the duration of that person's life. The account stays in the individual's personal name indefinitely, even if they move employment or the Pension Fund Administrator (PFA).

Through the National Pension Commission's transfer window, employees are permitted to switch PFAs and move retirement savings accounts to new PFAs no more than once per year. Typically, the employee will only interact with the custodian through the PFA and won't have access to the Retirement Savings Account (RSA). Furthermore, the Act stipulates that an individual cannot be allowed to leave the RSA until they become fifty or retire. According to the Act's provisions, an employee whose early retirement from employment results in a lump sum payment of no more than 25% of the total amount owing to the individual may request to withdraw the money in full within six months of retirement, provided the individual does not find new employment (Akin-Fadeyi & Prochazka, 2016). When an RSA holder retires, they are entitled to a lump sum withdrawal from their retirement savings account, as long as there is enough money in the account to purchase an annuity or cover a planned withdrawal. The Act (Pension Reform Act, 2014) provided for a plan of quarterly or monthly withdrawals to cover an annuity for life acquired from a life assurance business, or to be computed based on an estimated life expectancy.

It should be mentioned that the common consensus is that the Contributory Pension Scheme was started in order to relieve the extreme poverty that many retired employees endure due to the government's noncompliance with pension commitments. It's also important to remember that, up until recently, it was not uncommon to witness public servants crying at formal events due to unpaid pensions. To allay concerns about the government's incapacity to pay retired employees' pension payments, the Contributory Pension Plan was established. The plan's features are valued by many employees since they help them plan ahead for retirement. Even while the plan is commendable, many employees feel that it is not being implemented well enough. Employees across the board at Delta State, but particularly those in the public sector, have differing opinions about how this pension plan is being implemented. For example, pensioners sometimes complain that they are unable to get their benefits when they are due due to a variety of issues, such as improper filing procedures, corruption, and inadequate management of retiree funds, which delays the processing and timely payment of benefits to retirees. Its against this backdrop that this study examines the contributory Pension scheme in Delta State with a focus on understanding the failures of government and the challenges of the Pension Administrators.

Statement of the Problems

Establishing a unified set of guidelines and standards for the national and subnational administration and payment of retirement benefits to the public and private sectors is one of the main goals of the Pension Reform Act. In particular, the CPS is applicable to any job in the public sector as well as in the states, the federal capital territory, local governments, and the federal government of the federation, according to section 2(1) of the PRA 2014. State governments must domesticate the Contributory Pension Scheme within their respective jurisdictions by enacting state pension laws, as stipulated by the Federal Republic of Nigeria's 1999 Constitution (as amended), which grants them the authority to legislate on pension matters.

Pencom (2023) reports that, as of the end of June 2023, the National Pension Commission reported that only six states and the Federal Capital Territory have completely implemented the Contributory Pension Scheme. PenCom's 2023 second quarter report claims that the states completely adopting the CPS are Lagos, Osun, Kaduna, Ekiti, Edo, and Ondo, excluding the Federal Capital Territory. There are still 26 states that haven't fully enrolled in the programme. Data from PenCom's 2023 second quarter report showed that while various states had varying degrees of compliance, many still operated under the outdated Defined Benefits Scheme pension plan rather than the National Pension Commission's Contributory Pension Plan.

Under the Contributory Pension Scheme (CPS), employees and employers contribute 10% and 8% of their monthly wages, respectively, for a total of 18%. This money is then deposited into the employee's Retirement Savings Account with the Pension Fund Administrator.The government finances the Defined Benefits Scheme (DBS), which gives employees monthly stipends upon retirement. However, in their responses, representatives of pension unions and organised labour attacked the state governments, claiming that while governors retired in luxury, retirees lived in poverty and considered retirement as a death sentence. According to the breakdown of PenCom's (2023) report, Anambra, Benue, and Kebbi were only partially adopting the CPS, whereas Delta State was fully implementing it. PenCom reports that the states of Rivers, Ogun, and Niger extended their transition period to the Contributory Pension Scheme. The states of Bayelsa, Kogi, Abia, Taraba, Imo, Sokoto, Ebonyi, Nasarawa, Enugu, Bauchi, and Oyo are those that have not yet implemented the Contributory Pension Scheme. PenCom revealed that Kano had only partially implemented the Contributory Pension Scheme, while Jigawa was completely adopting the Contributory Defined Benefits Scheme.

There has been no commencement of the Contributory Defined Benefits Scheme (CDBS) implementation in Adamawa, Gombe, or Zanfara. PenCom (2023) states that the hybrid Contributory Defined Benefits Scheme is defined yet contributory; workers' monthly pension payments are withheld, and the funds are accumulated and utilised to pay pensioners. Plateau, Cross River, Borno, Akwa Ibom, Katsina, Yobe, and Kwara were at the bill stage of implementing the Contributory Pension Scheme, according to information released by the pension sector regulator. Apparently, the Contributory Pension Scheme continues to face

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significant obstacles. In light of these circumstances, the paper looks at Delta State's contributory pension plan, emphasising the difficulties faced by pension administrators and the shortcomings of the government.

Objective of the Study

The key objective of the study is to examines the contributory Pension scheme in Delta State with a focus on understanding the failures of government and the challenges of the Pension Administrators. The specific objectives however includes the followings

1. To identify the key failures of the Delta State government in implementing the Contributory Pension Scheme.
2. To examine the challenges faced by pension administrators in managing the Contributory Pension Scheme in Delta State.
3. To explore potential solutions to address the identified failures and challenges of the Contributory Pension Scheme in Delta State.

Research Questions:

The following research questions guide the study;

1. What are the primary failures of the Delta State government in effectively implementing the Contributory Pension Scheme?
2. What specific challenges do pension administrators encounter in administering the Contributory Pension Scheme in Delta State?
3. What strategies can be proposed to overcome the identified failures of the government and challenges faced by pension administrators in managing the Contributory Pension Scheme in Delta State

REVIEW OF RELEVANT LITERATURE

In 2004, Nigeria enacted a reform on pensions. Her pay-as-you-go public pension plan was converted to a contributory one under the reform. The necessity to leave Nigerians with a completely new pension market that ensures a structure that provides retired workers with monthly pension income in addition to securing pensions for both private and public sector employees is the source of the new pension plan. Prior to the Contributory Pension Act, 2004 (since repealed and replaced by the Pension Act, 2014), Nigeria's pension system has shown itself to be generally unreliable and chaotic (Binuomoyo, 2019; Inabo, 2011; Oloja, 2011). The public sector's total pension debt as of 2005 was N2 trillion (FGN, 2005). Large pension arrears, a delay in the release of budgetary allocations, a laborious pension distribution system, erroneous pensioner data bases, and suspected occurrences of pension-related fraud were the primary indicators of the problem (Inabo, 2011; Oloja, 2011; Binuomoyo, 2019). This was the situation prior to the Act's passage. Its goals are as follows: ensuring that everyone who worked in the Federal Capital Territory, the Federation's public service, or the private sector receives their retirement benefits when they are due; helping impoverished people by ensuring that they save money for their old age (a goal that reduces poverty); and creating a uniform set of rules, regulations, and standards for the administration and payment of pension benefits for the Federal Capital Territory's public service.

The Pension Act does not in any way suggest an automatic application across states; rather, as a federal legislation, it has a restricted applicability to Federal Ministries, Departments, and Agencies (MDAs). The State Houses of Assembly must accept and domesticate the Federal Pension Law before it may be implemented in the states. In fact, the Act states in section 23(i) that "promote and offer technical assistance in the application of the contributory pension scheme by the States and the Local Government Councils in accordance with the objectives of this Act" is one of the Regulatory Agency, the National Pension Commission (PenCom), functions. It is evident that the federal legislation only exerts a persuading effect over state and local legislatures to approve it.

The programme has been in place since its inception for more than 20 years. There are two basic reasons why a post-mortem analysis of the new pension scheme would have been essential. The first concern is with the customary policy ramifications of pension concerns, particularly with regard to their focus on reducing poverty among elderly populations. Therefore, it appears that there is a pressing need to ascertain the results of the scorecard for the adoption and domestication of the new pension law for each state in the Federation. It goes without saying that establishing a system of a viable and sustainable pension market in the states is essential to preventing elder poverty. This investigation is even more relevant in light of the horrible. The scheme has been in operation for over 20 years post inauguration. It may have become necessary to carry out a post-mortem examination of the new pension regime for two main reasons. The first issue relates to the usual policy implications of pension matters especially their emphasis on poverty reduction among the ranks of the retirees. Hence an urgent quest seems to have arisen to uncover what the score card shows for each state in the Federation in connection with the adoption and domestication of the new pension law. As is self-evident, failure to enthrone a regime of functional and sustainable pension market in the states is a recipe for encouraging poverty at old age. This inquiry is even more compelling now given the unpleasant records that show that some states owe their workers accumulated salaries and pension arrears (Egbuna, 2018; Gbolangute, 2018). The second reason rests on the expectation that the exercise when completed will not only enhance citizens' mental and optic appreciation of pension market as it stands but would aid Leadership of Labour Unions in Nigeria in the discharge of its constitutional role of catering for the welfare of workers, in service or in retirement.

Undesirable Features of the Old Pension Market in Nigeria

The funding for Nigeria's previous pension system, which was largely non-contributory, came from the government's budgetary allotments (Okafor, 2020). It was an alternative funding model to the conventional pay-as-you-go one. Large-scale global problems brought about by the pay-as-you-go system served as the impetus for persistent calls for change, particularly in the public sector (The World Bank, 2014). Particularly in Nigeria, the pension system was plagued by many unfavourable aspects that made the transition to contributory status necessary. We then look at these characteristics.

The Public Sector Pension Market Is Steeped in Corruption. In all of its forms, corruption is a parasite that eats away at the fabric of the Nigerian State. The country was formerly

considered to be the second most corrupt in the world (Uche, 2018). Corruption was evident in the previous pension administration through the creation of fictitious pensioners, underpayment of the actual pension owed, delay in pension payments as officers in charge kept pension funds in banks to earn interest for themselves, and outright diversion of pension funds for personal enrichment by high-ranking government officials or pension office staff. The change that was implemented in was the result of the intention to prevent further deterioration of Nigeria's pension system.

The pension disbursement process moves slowly. The way older individuals were handled also revealed a flaw in the public sector pension system. It was typical to witness how elderly people in a state of decay were forced to travel great distances in order to receive their pension. Even worse, they frequently spent days or even longer periods of time outside in bad weather before receiving their stipends. It was alleged that several seniors passed away while waiting to get their benefits (Ovuorie, 2018). This may only indicate a lack of creativity or a reluctance to implement ideas in the manner that pension payments ought to be managed. Nonetheless, the contributory pension system has lessened these shortcomings, even if pensioners occasionally still need to provide biometric verification.

The Approach to Financing. Before reform, the previous pension system collapsed, leaving retirees struggling financially due to enormous pension arrears. The finance strategy had a major role in this issue. Before the Pension Reform Act of 2004, civil officials did not have to forego their own pension benefits in exchange for payroll taxes. Rather, budgetary allotments held in the Consolidated Revenue Fund were used to pay pension payments (Okafor, 2020). Budgets are by definition estimates of income and expenses for the relevant fiscal years. It is likely that the amount released for pension payment will not match the amount actually appropriated for pension payment. For example, N6.4 billion was required in fiscal year 2001 to pay military pensions, but only N2.1 billion was given for Defence, leaving N4.3 billion in unpaid pension arrears (Onuorah, 2012). The pre-reform pension system's financing source, budgetary allocations, frequently ran out of money to pay for pension debts, which contributed to the growing amount of debt in the public sector pension market. Numerous of these systems, including university, parastatal, and public service pension plans, owing pension arrears for several months or even years. According to The NEWS (2012), projected federal spending on federal employee compensation climbed five times between 1995 and 1999, while budgeted spending on pensions and gratuities increased 10 times. The contributory pension plan aims to address this lack of money for pension obligations.

Political Risk Exposure of Public Sector Pensions. Political issues have been raised in relation to social security pensions that are paid out on a pay-as-you-go basis (Davis, 2013). Three manifestations of the dangers exist. The first has to do with the blatant behaviour of politicians who, out of political expediency, promise enormous pension increases that they may not be able to fulfil or that may become due long after they have left office. The second danger factor relates to the pension account's proximity to political power, making it easy "prey" for politicians looking to syphon off pension assets to absorb short-term budgetary shocks. The third concerns politicians' socio-political apathy to the predicament of retirees.

The ongoing, never-ending discussion. While the Labour Union demanded a pitiful N30,000 per month in wage, the government stated that it was willing to give in at N24,000. (Bello, 2018). One can only image what would happen to seniors if workers' pleas were met with contempt. It appears that every one of these concerns has been completely realised in Nigeria's public sector pension administration. But as we'll see when we talk about the second half of the paper, they are, hopefully, being sufficiently addressed by the present pension market.State government defaults on pensions. Moreover, it was also asserted that, in cases where the affected pensioners worked for both the federal and state governments, the failure of some state governments to provide the matching funds required to make up the amount provided by the federal government contributed to the growth of pension debts in the public sector. Generally speaking, the Federal Government may only transfer further funds to the State Government upon verification that the pension for the preceding month had been paid. This would appear to explain why a State would be unable to obtain federal government counterpart money for several months, since the impacted States would be unable to provide any documentation proving they were current with their pension payments.

Errors in Pension Records. The manner in which pension records were maintained in the public sector led to preventable issues. There were several places where there was no precise record of the pensioners. In the absence of data and facts, corruption thrives. The assertion was brought to light after 23,000 fictitious pensioners were found on the Army pension list following the verification of a military pension account (Uwujaren, 2014). This report mostly concurs with Uzoma's (2013) revelation that the public sector's pension expenditures were artificially raised by adding false names to the pensioner list.

The Desirable Features and Safeguards of the Contributory Pension System.
The description given above captures both the essence of Nigeria's pre-2004 pension system and the forces that forced its modification. The government enacted the Pension Reform Act of 2004 in recognition of the unreliability of the previous pension system, making pension benefits in both the public and private sectors contributory. The new pension framework has several characteristics and protections that give the programme some hope for the future. Below, they are looked at.

The account for individual retirement savings. Every employee is legally permitted to create and keep up a savings account in his name with any pension fund administrator. Section 11(1) of the 2004 Act mandates that each employee have a retirement savings account (referred to as a "retirement savings account" in this Act) in his name with any pension administrator of his choosing. In reality, though, the employer or a group of people working via labour unions make this decision. Usually, administrative and financial reasons lead to this. Managing many pension administrators for multiple employees in the same ministry or organisation would be rather laborious and expensive. Notably, the scheme's customised savings account design contributes to removing pensions from the employer's political control. What's more, every employee's savings account is mobile. In particular, section 13 of the Act offers a window for an employee to transfer their account when they change employers. The legislation basically says, "Where an employee transfers his service or employment from one

employer or organisation to another, the employee shall continue to maintain the same retirement savings account." It is in fact permissible for an employee seeking better account performance to move between pension administrators as long as they do so no more frequently than once a year (see Section 11 Subsection 2 of the Act, 2004). All things considered, these measures directly address the political hazards associated with the ageing public pension system.

Administrators of pension funds (PFAs). Licenced PFAs are responsible for opening employee retirement savings accounts, managing the money in fixed income securities, and investing the funds in other instruments as decided by the National Pension Commission (PENCOM), the regulatory agency. According to section 45 of the Act, the PFAs' specific responsibilities include, but are not limited to, setting up retirement savings accounts and assigning Personal Identity Numbers (PINs) to all employees; investing and managing funds and assets in compliance with Act provisions; keeping track of all transactions pertaining to the pension funds under its management; and offering customer service support to employees, including on-demand access to account balances and statements. This provision could enthrone a regime of efficiency and transparency in pension administration process provided that the PENCOM lives up to its statutory role.

Custodians of Pension Assets (PACs). These authorised organisations store assets from pension funds as required by law. The PACs maintain custody of fund assets while the PFAs handle investment-related tasks. The structure offers safeguards against abuse of the pension administration system. According to section 47 of the Act, among other pertinent duties of PACs are the following: collecting the whole amount of contributions sent by the employer on behalf of the pension fund administrator within four hours of receiving such a receipt from any employer; notifying the PFA within 24 hours of the contributions from any employer; holding pension funds and assets in safe custody on trust for the employee and beneficiaries of the retirement savings account; settlement of transactions , on behalf of PFA, and undertaking of activities relating to the administration of pension fund investments including collection of dividends and furnishing reports to PENCOM on matters that relate to the assets being held by it on behalf of any pension fund administrator at such intervals as may be determined by the regulator.

The National Pension Commission (PENCOM). This regulatory organisation oversees and maintains the orderly operation of the pension market as a whole. The Commission uses both on-site and off-site regulatory and supervisory methods in the performance of its oversight tasks, as sections 57 and 79 of the Act, 2004 make evident. The yearly reports on operations that PFAs and PFCs are required to submit to the regulator are related to the off-site supervisory plan. The clear language of section 57 of the Act states that "the pension fund administrator or custodian shall submit to the Commission an annual report of the immediately preceding year on the pension funds being managed by him and the pension funds not later than four months from the end of the financial year." Conversely, the term "on-site regulatory approach" refers to the regulator's authority under the Act to visit the custodian or pension fund administrator and request access to the businesses' books of

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accounts, as well as maybe a verification of the assets that may have been declared in the annual report. There may, as is occasionally the case, be a distinction made between book values and tangible assets. Supervisory visits facilitate clarification.

Retirement Benefits Bond Redemption Fund. The Central Bank of Nigeria (CBN) is mandated by law to manage a retirement benefits bond redemption fund. The fund fills the finance gap that results from moving from a pay-as-you-go to a subsidised system during the changeover. It is to be credited by the federal government with five percent of the entire monthly salary of federal employees. The fund's purpose is to pay down the previous scheme's implicit pension obligation. The pension entitlements that employees acquired under the previous pay-as-you-go system up until the point at which they migrated to the contributory pension scheme are referred to as the aforementioned funding gap. These rights, acquired before to the implementation of the contributory pension plan, were unfunded. Furthermore, the legislation stipulates that these shortfalls must be covered by the sale of redemption bonds since these rights must be paid for when these workers retire. At the moment of disengagement, the face amount of each worker's bond—whose maturity date corresponds with their cumulative pension entitlements up until the time of switch—will be deposited into their retirement savings account.

All things considered, a few protections characterise how the new pension market functions. The first has to do with how PFAs and PACs perform different duties. Given that the PFA does not have custody of employee contributions and the custodian invests on the PFA's orders, their functions do not cross. Again, the law requires a custodian to offer a guarantee covering the whole amount of the assets it keeps because of the substantial assets they are required to manage. The government's contribution is made a first charge on the Federation's consolidated Revenue Fund in an effort to further instill trust in the plan. Additionally, the Pension Acts of 2004 and 2014 both provide the payment of Guaranteed. This is for all retirement savings account holders who have contributed for a number of years to a licensed pension fund administrator. The protection fund comes handy where their savings prove inadequate or in cases of insolvency of the pension fund administrator. However, it is only the 2014 Act that stipulates how the funds for the payment of minimum pension should be built up and who should be charged with that responsibility. Hence, section 82 (1-4) of Pension Act, 2014 provides as follows: “The Commission shall establish and maintain a fund to be known as the Pension Protection Fund for the benefits of eligible pensioners covered by any pension scheme established, approved or recognised under this Act”.

The Pension Protection fund shall consist of, an annual subvention of 1% of the total monthly wage bill payable to employees in the Public Service of the Federation towards the funding of the minimum guaranteed pension; annual pension protection levy paid by the Commission and all licensed pension operators at a rate to be determined by the Commission from time to time and income from investment of Pension Protection Fund. The Commission shall utilise the Pension Protection Fund for: the funding of the minimum guaranteed pension pursuant to the section 84 of this Act; the payment of compensation to eligible pensioners for shortfall or financial losses arising from investment activities and any other purpose deserving protection

with the Pension Protection Fund as the Commission may determine from time to time. It may be necessary to add that in 2014 Act the contribution rate has been slightly reviewed upward.

According to Section 9 (1) i & ii of the 2004 Act, both the employer and the employee had to contribute equally to the programme at a minimum rate of 7.5% of the employee's monthly emoluments, for a total contribution rate of 15%. According to the 2014 Pension Act, employers must contribute a minimum of 10%, and employees must contribute 8%, for a total contribution rate of 18%. Moreover, and in contrast to previous legislation, the 2004 Act said nothing about how university professors and other members of this class of public servants, who are entitled to receive their whole income as a pension upon retirement, would be treated. In the 2014 pension Act, Section 7, Subsection 1 (d) & (e), provides that "professors covered by the Universities (Miscellaneous Provisions Amendment) Act, 2012 shall be according to the University Act; or other categories of employees entitled, by virtue of their terms and conditions of employment, to retire with full retirement benefits shall still apply".

Gauging the Compliance Level in the Implementation of the Contributory Pension Scheme in Delta State

This section of the research looks at how much the state and private sector tiers of Delta State's contributory pension market are implementing the pension provisions. In each instance, the study examines a few key legal provisions in isolation and attempts to assess the degree to which those laws are observed or disregarded. The article takes the stance that the degree of adherence to legal restrictions directly affects the scheme's success at all levels. The second portion of the task involves taking a broad overview of the states to see how they are doing in terms of adopting and domesticating contributory pension plans through the necessary laws.

In general, Nweke (2017) said that Delta State's pension legislation implementation has encountered several difficulties. He said that the State Government was in a difficult situation where it was unable to pay for all of its pension obligations as the economy entered a recession. The government was unable to satisfy its mandatory transfer of 5% of total wage bill, which is intended to accumulate the Redemption fund Account, due to decreased income streams (Nweke, 2017). This fund serves as a repository for employees' accumulated pension entitlements when they switch from the pay-as-you-go pension system to the contributory plan. This move somewhat allays the alarming concerns of pensioners who learned only after retirement that their companies never transmitted their monthly payments to their PFAs (Uzoh & Anekwe, 2018). The information obtained from the National Pension Commission's (PENCOM) quarterly reports for 2021, 2022, and 2023, respectively, lends more credence to this claim.

The compliance reports have identified many key concerns, including uncredited pension payments, retirement benefit delays, and unfulfilled obligations discovered during prior regular checks (Pencom, 2021, 2022, 2023). The missed possibilities to expand contributors' individual pension accounts and the overall deficiency in the pension industry's growth are

two of the main concerns surrounding unremitted and uncredited pension contributions. While the Commission did implement some successful techniques to collect pension debt and related fines, it is unlikely that the legal penalties were harsh enough to prevent future relapses. The Commission hired private collection agents to carry out its debt recovery plan (Pencom, 2023). 45 employers have sent in N775.60 in debt in 2023.

The first quarter recovery accounts for 2023 indicate that a total of N7.16 billion in principle contributions and N6.85 billion in penalties were paid. All things considered, one could argue that the practice of employers holding onto principal and penalties unremitted until forced to do so only indicates that a legal loophole created by a little penalty allows the employers to access a handy and affordable source of credit. It appears that employers have been taking advantage of this loophole by default. With the possibility of market lending rates in Nigeria reaching up to 35%, this is scarcely a topic for debate. In the meanwhile, the legislation stipulates that the amount of unremitted pension withdrawals would incur a minimum 2% interest penalty each month (Section 7, Act, 2014).

The 2004 Pension Reform Act's Section 9(3) mandates that employers keep a life insurance policy in the employee's name for at least three times the employee's yearly salary. The degree to which the Ministries, Departments, and Agents (MDAs) of the Delta State government adhere to this Act provision was not indicated by any documentation evidence that this research was able to locate. Increased activity in the life departments of the insurance business may have easily been seen as a credible indication of compliance with this requirement. Vanuguard (2023) conducted a few phone conversations with industry operators, and the results indicated that the Delta State government's compliance was more in violation than usual.

Other state governments' records were worse; Binuomoyo (2019) documented many violations from these states, including those of Rivers, Cross Rivers, Edo, Akwa Ibom, Kogi, Benue, Niger, Kaduna, Zamfara, Bornu, Yobe, and so on. These infractions have the serious consequence of exposing the State employees' regular mistreatment by the same administration that is supposed to be looking out for them. Without life insurance policies that ensure death benefits for their dependents, government employees pass away. This disproves the law's purpose.

As previously said, the degree of compliance in Delta State and other states within the Federation presents a concerning image for the future of Nigerian labourers. The number of states that implemented contributing pension plans increased somewhat between 2016 and 2018 (Pencom, 2016, 2017, 2018). Differences in the level of implementation were noted amongst the states. Some states, for example, have only passed the state pension law; others have passed the enabling laws and started transferring contributions to relevant PFAs; still others have passed the law, started transferring remittances, and funded the accrued pension rights under the pay-as-you-go scheme. Few other states have distinguished themselves in this way.

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With regard to the transition from the pay-as-you-go pension plan to the contributory pension plan after the Pension Reform Act of 2004 was passed and subsequently revised by the Act of 2014, Table 1 shows the current status of each state in the Federation. The pension law is a federal statute, as has been mentioned. In order for the contributory pension to be implemented in a state, the House of Assembly of that state must propose and approve a comparable Act. States that have enacted comparable pension acts and those that have not are displayed in the above table. Out of 36 states, only 12 (33.3%) have implemented contributory pension laws and, as a result, have started paying monthly contributions towards pension payments, according to the data. Moreover, just 4 states out of 36 offered workers' group life insurance coverage during that time. Every employee must have life insurance, as required by the pension legislation. As a result, there is a flagrant disregard for the law's requirements for the supply of life insurance coverage.
In the fourth quarter of 2021, certificates of compliance were issued to 13,592 private organisations; the sum of N73

Table 1. Level of compliance with the CPS by state government

S/N	State	Remittance of Contribution	Accrued Rights	Group Life Insurance
1	Jigawa	Assets transferred to 6 PFAs for management	N/A	N/A
2	Lagos	Commenced	Funded	Implemented
3	Ogun	Commenced	Funded	Not implemented
4	Kaduna	Commenced	Funded	Not implemented
5	Niger	Commenced	Funded	Implemented
6	Delta	Commenced	Funded	Not implemented
7	Zamfara	Commenced	Not Funded	Not implemented
8	Osun	Commenced	Funded	Implemented
9	River	Commenced	Funded	Implemented
10	Kano	Assets yet to be transferred	N/A	N/A
11	Imo	Yet to commence remittance of pension contributions but the Imo State University is currently implementing the CPS under the auspices of the PRA 2014	Not funded	Not implemented
12	Kebbi	Commence	Not funded	Not implemented
13	Sokoto	Yet to commence	Not funded	Not implemented
14	Ekiti	Yet to commence	Not funded	Not implemented
15	Kogi	Yet to commence	Not funded	Not implemented
16	Bayelsa	Yet to commence	Not funded	Not implemented
17	Nasarawa	Yet to commence	Not funded	Not implemented
18	Oyo	Yet to commence	Not funded	Not implemented
19	Katsina	Yet to commence	Not funded	Not implemented
20	AkwaIbom	Yet to commence	Not funded	Not implemented
21	Edo	Yet to commence	Not funded	Not implemented
22	Ondo	Commence	Not funded	Not implemented
23	Benue	Yet to commence	Not funded	Not implemented
24	Kwara	Yet to commence	Not funded	Not implemented
25	Plateau	Yet to commence	Not funded	Not implemented
26	Cross River	Yet to commence	Not funded	Not implemented

27	Anambra	Commence	Funded	Not implemented
28	Enugu	Yet to commence	Not funded	Not implemented
29	Abia	Yet to commence	Not funded	Not implemented
30	Ebonyi	Yet to commence	Not funded	Not implemented
31	Taraba	Yet to commence	Not funded	Not implemented
32	Bauchi	Yet to commence	Not funded	Not implemented
33	Borno	Yet to commence	Not funded	Not implemented
34	Gombe	Yet to commence	Not funded	Not implemented
35	Yobe	Yet to commence	Not funded	Not implemented
36	Adamawa	Yet to commence	Not funded	Not implemented

.
Source: PenCom quarterly returns for 1st quarter, 2021.

FINDINGS & CONCLUSION

The study notes that the MDAs in Delta State have more incidents of legal compliance violations than actual instances. However, this breach affects not just Delta State but also other states and the federal government across the nation. Specifically, it was found that just twelve states have switched to the contributory pension plan. That amounts to 33.3% of the total population. Considering the enormous mess the pension system was in before to the advent of the contributory pension, this performance is appalling. Additionally, it was noted that the majority of MDAs in Delta State and private sector companies failed to get life insurance coverage for their employees in compliance with legal requirements.

Regarding the remaining federation states, Out of all the states that enacted the pension law, it was found that only four (4) had obtained life insurance coverage for their employees. One may claim that the national recession that started in 2016 had a role in the reasons for Delta State's low compliance records as well as those at the Federal and State levels of the pension market. Given its reliance on oil money, this may have had an impact on the revenue profiles of both the national and subnational administrations. Salary payments stopped when revenue decreased, and as a result, RSA contributions stopped as well. Once more, employers favoured to pay contributions and accumulated interest together, but only when required to do so.This is a subliminal indication that the interest penalty for missing contributions is not harsh enough. The participation of structured private sector firms presents a more admirable image because it was seen that a growing number of them were moving to the contributing pension plan.

Based on these findings, it is recommended that in order to reverse the current dismal compliance record, actions are required at three levels, namely, individual, labour and regulatory.

I. Each employee should keep an eye on the condition of his RSA by requesting and obtaining a monthly statement of accounts as required by law. This will assist him in recognising early indicators of contribution failure.

II. Secondly, the leadership of the workers' union ought to discuss with employers the necessity of timely contribution payments and the acquisition of suitable insurance coverage. This is to make sure that its members' financial stability is ensured going forward. Given that

insurance coverage is a yearly agreement, labour leadership has a responsibility to keep track of whether its members' insurance plans are being renewed.

III. Lastly, the pension regulator needs to insist on a review of the fine for remittance default in addition to keeping a careful eye on compliance. Here, it is advised to include a punishment clause that will increase the appeal of compliance.

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