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CONTRIBUTORY PENSION SCHEME, PAYMENT TIMELINESS, AND RETIREES' WELFARE IN DUTSE, JIGAWA STATE NIGERIA.

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ABSTRACT

This study investigates the effect of Contributory Pension Scheme (CPS) on retirees' welfare in to drawing on a sample of 186 respondents selected from a population of 360 retirees under three Pension Fund Administrators (PFAs) crusader sterling Pension, Premium Pension and Access Pension using stratified random sampling. Data were collected through structured questionnaires, interviews, and sources, the data collected was analyzed using correlation and regression analysis in Python and Excel the map of jigawa state was extracted using quantum geographic information secondary system (QGIS) to identify dutse local government as the study area. Findings revealed a strong positive and statistically significant relationship between Contributory Pension Scheme (CPS) and Dutse local government area of Jigawa State between 2019 and 2024. The objectives were to examine the relationship between Contributory Pension Scheme (CPS) and retirees' welfare, investigate the impact of Contributory Pension Scheme on retirees' welfare and life expectancy and outlook, the study also compared the new scheme with the old pension scheme, and evaluate the adequacy and timeliness of pension payments. Quantitative research design was adopted, krejie and Morgan table was use retirees' welfare ($r = 0.87$, $p < 0.05$). Regression analysis further confirmed that retiree's welfare significantly predicts Contributory Pension Scheme (CPS) ($R^2 = 0.761$, $\beta = 0.799$, $p < 0.05$), which indicate that if retiree's welfare increases by one-unit, Contributory Pension Scheme (CPS) tend to increase by 80% and the model further predict ($R^2 = 0.42$, $\beta = 0.793$, $p < 0.05$), if Life expectancy and outlook (LEO) increase by one-unit, Contributory Pension Scheme (CPS) increase by 79%. The study also established that retirees expressed greater satisfaction with the new scheme compared to the old, with 81.7% agreeing that Contributory Pension Scheme (CPS improved their welfare after retirement. However, the study noted persistent challenges of delayed pension payments with 83.9% of respondents reporting late disbursement.

1. Introduction

Pension systems have become major elements of social development in the twentieth century, with particularly important effects on the well-being of older persons in our society. The past few years in Nigeria have witnessed concerted efforts by the various successive governments in the country at

improving the living standards among the older category through Pension system, particularly with this in pension reforms, its payments and the maturing of pension plans. It is well acknowledged in the literature that the responsibility of any government is to provide and sustain the welfare of its workers while in the service and after retirement (Dogon-daji and Mukhtar, 2010). Therefore, productivity and rate of growth are largely and positively related to incentives given to workers; thus, this has been recognized by successive governments in Nigeria as seen from various salary and pension reviews in the country. However, the essence of pension scheme is to provide workers with regular and stable income after retirement in order to cope with challenges of postretirement livelihood (Dogon-daji and Mukhtar, 2010). Hence, a worker who has worked in a given establishment for some years deserve some benefit which could take the form of pension or gratuity payable to the worker by the employer at the time of retirement. Nigeria's transition from the Defined Benefit (DB) pension scheme to the Contributory Pension Scheme (CPS) under the Pension Reform Act of 2004 was a significant overhaul aimed at ensuring sustainability, transparency, and improved retirement welfare (World Bank, 2020; PENCOM, 2023). The contributory pension scheme CPS was adopted due to systemic inefficiencies in the defined benefits DB system, including chronic underfunding, lack of accountability, and mounting pension liabilities (Aluko, 2019).

Two decades after implementation, debates persist on the extent to which the contributory pension scheme CPS has improved retirees' welfare, particularly concerning timely disbursements, adequacy of benefits, and access to healthcare and housing contributory pension scheme CPS (Durodola & Gbadebo, 2024). Despite the regulatory structure provided by the National Pension Commission (PENCOM), challenges such as non-remittance by employers, low coverage of the informal sector, and delayed annuity payments persist (Morakinyo & Ojokuku, 2024). Edogbanya (2013) viewed pension as a sum of money paid regularly to a person who no longer work because of old age, disability, retirement or to his widowed or dependent children by the state, former employers or from provident fund to which he and his employer both contributed. The pre 2004 pension reforms had a number of problems that were adjudged to be against workers welfare, Olanrewaju (2011) and Dostal (2010) pointed out the major weaknesses of the pre 2004 pension reforms to include: Massive accumulation of debt estimated at over two trillion naira; large scale arrears of unfunded entitlement of retirees; inadequate budgetary provisions coupled with rising life expectancy; increasing number of employers, wages and pensions; and inadequate supervision and regulation of pension system. These shortcomings adversely affected payments of retirement benefits to retirees in Nigeria. Contributory Pension Scheme is a full funded pension scheme that tries to generate adequate funds (contribution) through savings. The scheme assists improvident individuals to save, and these savings are meant to satisfy the interest of the employee at retirement, shareholders, and also contribute effectively to economic development. Contributory Pension Scheme has been identified as an institutional investor that generates long-term contractual savings and stimulates the development of securities market (Mesike and Ibiwoye, 2012). Hence, this study presents a critical appraisal of contributory pension scheme and retirees' welfare.

The problems that have bedeviled the Pension Scheme that existed in Nigeria prior to 2004 have made it increasingly unsustainable. It was for these problems of increasing public expenditure/huge deficit, arbitrary increases in salaries and pensions as well as poor administrative structures, that the need for pension reform became inevitable. Promised benefits were on inadequate due to rampant inflation against which pensioners had no protection, coupled with inaccurate record keeping that gave opportunities for corruption. Although the new pension reform is guided by the key principles of sustainability, accountability, equity, flexibility and practicability, there is also this fear that funds or

Retirees Savings Account (RSA) contributory can be mismanaged by the existing trustees. Also, risk of a given portfolio determines the return thereof. Contributory pension scheme which guarantees employees certain level of comfort in their years of retirement has become a source of worry and concern to employees and retirees in the recent times. As it has become a common knowledge to see retirees forming unending queues in a bid to collect pension payment with occasional reports of untimely deaths due to the exercise. The retirees under the old Pension Scheme are groaning because they are finding it increasingly difficult to access their retirement benefits several months and years after they have been discharged by their erstwhile employers and all these in turn, psychologically affect the welfare and performance of many Nigerian employees in the organization. This study aims to appraise the contributory pension scheme and retirees' welfare in order to confirm the adequacy and wellbeing of the retirees in Dutse, Jigawa State.

The main objective of the study is to examine contributory pension scheme and workers welfare in Dutse. The specific objectives are**,** examining if there is any significant relationship between contributory pension scheme and retirees' welfare in Dutse, investigating the effect of the contributory pension scheme on retirees' welfare and retirees' life expectancy and outlook in Dutse, finding out if the New Pension scheme is better than the Old Scheme in meeting worker's welfare in Dutse, and assessing the adequacy and timeliness of pension payments under the contributory pension scheme CPS. Objectives are determined using these research questions

i. What is the significant relationship between contributory pension scheme and retiree's welfare in Dutse?
ii. How those the contributory pension scheme affect retiree's welfare and life expectancy?
iii. Has the New Pension scheme better than the Old Scheme in meeting worker's welfare in Dutse?
iv. Has the contributory pension scheme (CPS) improved the adequacy and promptness of pension disbursements?

Prepositions

These are statements that would be tested to determine the significance of the relationships between the variables being studied.

H1: Contributory pension scheme has no significant relationship with retirees perceived welfare in Dutse.

H2: Contributory pension scheme has no significant effect with the retirees' life expectancy and outlook.

2.0 LITERATURE REVIEW

2.1.1 PENSION MANAGEMENT

Sterns (2006) observes that pensions could discourage labour turnover. If both the employees and employers contribute to the scheme, then it serves as a general area of joint interest and cooperation and therefore helps to foster better employment relations. He stated further that pension administration consists of five basic elements namely: flexibility; that is, to be able to cater for the needs of retirees'; amount of benefits which is sum accrued to an ex -employee of an organization; finance, activity of managing pension money; contribution to cost of pension by employee and employer and death benefit that serves as a benefit for beneficiary of a deceased employee.

Pension as a programmed is to improve the living standard of the elderly people who have outlived the labor force group and it is also a social security as well as welfare package for the old or retired people who are in their years of labor inactivity (Bertrand *et al*: 2003; Iowa, 2006). As for us, a pension scheme is a financial package which legally specifies its organization and operation, so as to provide rest of mind to workers, sustain them to more productivity and ensure that a pensioner and his dependents live a decent life. Pension schemes are social security maintenance plan for workers after their disengagement as employees through retirement (Ilesanmi, 2006). Pension consists of lump sum payment paid to an employee upon his disengagement from active service.

According to him, payments are usually in monthly installments. He further stated that pension plans may be contributory or non-contributory; fixed or variable benefits; group or individual; insured or trustee; private or public, and single or multi-employer. However, since most citizens in such countries might have at one time or another, been workers, it would appear that social security benefits are co-terminus with the working class. It is different from gratuity (Adegbayi, 2005; Ozor, 2006).

There are four main classifications of pensions in Nigeria. These are: Retiring Pension: This type

of pension is usually granted to a worker who is permitted to retire after completing a fixed period of qualifying service usually practiced in Nigeria between 30-35years. Compensatory pension: This type of pension is granted to a worker whose permanent post is abolished and government is unable to provide him with suitable alternative employment. Superannuating Pension: This type is given to worker who retires at the prescribed age limit of 60-65 respectively and Compassionate Allowance: This occurs when pension is not admissible or allowed on account of a public servant's removal from services for misconduct, insolvency or incompetence or inefficiency (Ugwu, 2006; Amujiri, 2009). Pension helps employees to read just themselves properly into the society after leaving employment and a pension system is essentially an income security programme which provides benefits to beneficiaries who may be retirees, pensioners or destitute, thus, pension reform is not a new issue in any part of the world (Ako, 2004; Armstrong, 2010). In Nigeria from 1951 till date, many pension schemes has been established either through act of parliament and a decree under the military. Such pension schemes are, Nigeria Pension Scheme (NPS) of 1951, National Provident Fund (NPF) of 1961, Nigeria Social Insurance Trust Fund (NSITF) of 1990, Local Government Pension Scheme (LGPS) established by a military decree in 1977 which was later change to Civil Service Pension Scheme (CSPS) by a military decree in 1979, Armed Forces Pension Scheme established in 1979 by a military decree to cater for the military personnel and Police Pension Scheme (PPS) which was formed with other agencies pension scheme established by a decree in 1993 Pension Reform Act (PRA) (1958), Uzoma (1993), Balogun (2006) and Fapohunda (2013).

2.1.2 Challenges of the old pension schemes

The need for pension reform was necessitated by the myriad of problems that plagued the defined benefit arrangement in the Public Sector and other forms of pension systems like occupational schemes, mixture of funded and defined benefit schemes that operated in the private sector. One of the challenges of the defined benefit was its dependence on budgetary provisions from various ties of government for funding. The scheme became largely unsustainable due to lack of adequate and timely budgetary provisions. This was the reason for soaring gap between pension fund obligations and revenues, which threatened not only economic stability but also crowded out necessary investments in education, health and infrastructure. It was worsened by various increases in salaries, which ultimately led to increase pensions and hence undue pressure on government fiscal responsibilities (Idowu, 2006; Fapohunda, 2013).

Pension administration had been largely weak, inefficient and cumbersome due to poor staffing and equipping that led to poor record keeping as a result, pensioners had to spend years before their retirement benefits were paid. Smart in 2012 said the exit phase was quite challenging where payment procedure was often very tedious, sometimes the pensioners had to wait for months and years, to collect their entitlements. Similarly, the reimbursement process for the split of pension and gratuity payments in public service were very clumsy, untidy and sometimes fraught with bribery and corruption. The Private sector schemes were characterized by very low compliance ratio due to lack of effective regulation and supervision of the system. However, most of these schemes were asking to provident fund schemes which did not provide for periodic payment of benefits. Even at this, many private sector employees were not covered by any form of pension scheme (Omoni, 2013).

2.1.3 Contributory Pension Schemes

Contributory pension is the amount of money set aside by an employer or employee or both to ensure that at retirement there is something to fall back on as income. Contributory pension scheme is a system in which an employer pays certain amount of money regularly into a pension fund while the employee also pays some money into the same pension fund which forms the aggregate of what the employee gets at the time of retirement. Either the person has worked in the public or private sector; it serves as a social welfare scheme for the age and ensures workers save to cater for their livelihood during old age (Sule, 2009; Egbe, 2013).

The 2004 Pension Reform Act is a paradigm shift from the 1979 pension Act. Under the new scheme, employers and employees alike are to contribute 7.5% of employees' monthly emolument which include basic salary, housing and transport allowance. Nevertheless, military personnel are to contribute 2.5 percent while the Federal Government contributes 12.5 percent of the employees' monthly emolument (Pension Reform Act, 2004).

The scheme covers the private sector with five or more employees. The only exceptions are public employees who have three years or less to retire with effect from the date of enactment of the Pension Act being 30th June 2004 (National Pension Commission, 2004).

2.1.4 Pension Reform Act (PRA) 2004

The Pension reform act (PRA) 2004 provides for the establishment of a contributory pension scheme for any employment in the Federal Republic of Nigeria. It stipulates payment of retirement benefits to employees to whom the scheme applies:

(a) Public sector employees

(b) Private sector employees in a firm with staff strengthen excess of 5 employees. The Objectives of the scheme are to:

1. Ensure seamless funding of the retirement scheme by assisting improvident individuals save in order to cater for their livelihood at old age.

2. Ensure that private and public sector employee receives his/her retirement benefits as at when due.

3. Establish a uniform set of rules, regulations and standards for the administration and payments

of retirement benefits.

2.1.5 Review of the Old Pension Scheme in the Nigerian Public Service.

Nigeria, as a former British colony, inherited a pension system in its public sector that was modelled on the British framework. The country's pension scheme was initiated in 1951 when the colonial British administration established the Pension Ordinance, which had a retroactive effect from 1946 and initially applied only to UK officials posted to Nigeria (Sule & Ezugwu, 2009; Abdulazeez, 2015). The 1951 Pension Ordinance marked the first legislative action focused on pensions in Nigeria, followed by the establishment of the National Provident Fund (NPF) in 1961 to address pension needs in the private sector. In 1979, the Pension Act No. 102 was enacted alongside the Armed Forces Pension Act No. 103. Subsequently, the Police and other government agencies' pension schemes were established under Pension Act No. 75 of 1987.

Additionally, in 1987, the Local Government Staff Pension Board was created to manage pension issues for local government employees (Sule & Ezugwu, 2009). Ayegba, James, and Odoh (2013) noted that the shortcomings of these earlier schemes led to the introduction of the National Social Insurance Trust Fund (NSITF) in 1993, aimed at addressing pension and retirement concerns within the private sector. Historically, pension schemes in Nigeria have relied on budgetary allocations and have been characterized as non-contributory and inadequately funded. This has resulted in numerous challenges, including delays or failures in payments that have sometimes led to deaths among retirees (Abdulazeez, 2015; Ayegba, James, 12 & Odoh, 2013). These persistent issues prompted the pension reform of 2004, which established the Contributory Pension Scheme as a means to enhance the sustainability of pensions in Nigeria.

Prior to the Pension Reform Act of 2004, civil servants did not bear direct responsibility for pension provision through payroll taxes, as pension benefits were covered by budgetary allocations from the Consolidated Revenue Fund? Pension schemes structured on a pay-as-you go basis were particularly vulnerable to political risks (Abdulazeez, 2015). These risks can be categorized into three areas: first, politicians may propose substantial pension increases to gain electoral support, which may remain unpaid or fall upon subsequent administrations; second, the pension accounts, not sufficiently insulated from political interference, are frequently subject to misappropriation by politicians seeking to address temporary fiscal challenges; and third, there is a notable indifference among politicians toward the plight of pensioners (Abdulazeez, 2015; Odewoled Oladejo, 2017).

Furthermore, the management of pensioner records in the public sector and the payment procedures are fraught with inefficiencies. Many organizations lack accurate records of actual pensioners, which fosters corruption and exacerbates existing challenges in the absence of reliable data (Nwanne, 2015; Abdulazeez, 2015). Another critical weakness in the public sector system is the inadequate treatment of retirees. Many are compelled to travel long distances to receive their pensions, often enduring marsh conditions while waiting for extended periods sometimes even days before they can collect their payments. Reports have indicated that some pensioners have died while waiting in line to access their pension funds (Ozor, 2006; Abdulazeez, 2015).

2.1.6 Nigerian Pension Reform Act 2014

The Nigerian Pension Reform Act, signed into law on July 25, 2004, was enacted out of necessity to address the challenges within the pension system. This Act was later repealed and replaced by the Pension Reform Actof 2014, which established a contributory pension scheme for employees in the federal public service, the Federal Capital Territory (FCT), and the private sector across Nigeria. Section 4 of the Act mandates a

minimum contribution of 10% from employers and 8% from employees on their monthly emoluments. The scheme is contributory, fully funded, and based on individual accounts managed privately (PENCOM, 2014). The objectives of the scheme, as detailed in Section 2 of the Act, include the objectives of the scheme, as detailed in Section 2 of the Act, include encouraging workers to save for retirement to secure their livelihoods in old age, ensuring that federal, public, and private sector employees receive their retirement benefits promptly, and standardizing the rules, regulations, and benchmarks for administering and paying retirement benefits (PENCOM, 2014). Furthermore, the Act aims to create investable funds that complement the government's long-term macroeconomic goals, including stabilizing inflation and interest rates, enhancing infrastructural development, and fostering investment in the real sector (Eme & Sam, 2011).

2.1.7 Contributory pension scheme and welfare of retirees

The contributory pension scheme, established in 2004, requires both employers. The employees to contribute to a Retirement Savings Account (RSA) for each employee. Primary goal of this scheme is to ensure a stable income for retirees after they leave the workforce (National Pension Commission, 2004). The welfare of retirees under the contributory pension scheme is significantly influenced by the timely disbursement of funds, the adequacy of those funds, and overall financial security. When the scheme operates effectively, retirees enjoy financial stability; however, delays or insufficient payouts can lead to hardships, reduced access to healthcare, and a lower quality of life (Adewumi & Ogunyemi, 2018). This relationship highlights that the efficiency and management of the contributory pension scheme directly affect the economic well-being and overall welfare of Nigerian retirees. The contributory pension scheme ensures that retirees receive a regular income after retirement, fostering their financial stability and independence (Ogunbiyi, 2020). A well-managed pension system allows retirees to afford necessary healthcare maintain a reasonable quality of life. Conversely, delays in payments, along with factors such as inflation and inadequate funding, can adversely impact retirees' welfare, leading to financial insecurity, health issues, and an overall decline in wellbeing (Eguabor, 2021). Thus, the effectiveness of the contributory pension scheme plays a crucial role in determining the standard of living for retirees in Nigeria. Contributory pension schemes offer financial security and welfare to retirees through systematic contributions throughout an employee's working life, through systematic contributions throughout an employee's working life, and the dynamics of Social exchange theory manifest in the relationships employees develop with their organizations within this framework; when employees perceive their organization values their contributions and wellbeing-especially through reliable pension schemes-they often feel a sense of obligation to reciprocate, leading to increased job commitment and satisfaction during their employment, and this perception of support continues to influence retirees' evaluations of their post-retirement welfare based on the organization's fulfillment of financial commitments (Eisenberger *et al*., 2001).

2.1.8. Key operator of the contributory pension scheme

There are three key operators under the contributory pension scheme including the regulator. Each of the operators carries out its functions efficiently and effectively in a well-organized and professional manner. The successful role of thee three operators is important and key in achieving the desired success of the scheme. Functions of these key players are;

2.1.8.1 National pension commission (PENCOM)

The duties of PENCOM as reflected in PENCOM (2004) include:

1. Regulation and supervision of effective administration of pension matters in Nigeria.

2. Approval licensing, and supervision of all pension fund administrators.

3. Establishment of standards, rules and issuance of guidelines for the management and investment of pension funds under the act.

4. Carry out public enlightenment and management of the scheme. It shall liaise with National Pension commission and perform other duties necessary for the discharge of its functions under the Law.

2.1.8.2. Pension fund administrators (PFAs)

The pension reform act (2004) provides that from the commencement of the plan or scheme, pension funds shall only be managed by Pension Fund Administrators (PFAs) licensed by PENCOM under the act to perform the following functions:

1 Invest and manage pension funds and assets in accordance with the provision of the Act.

2. Maintain books of account relating to pension funds managed by it.

3. Provide regular information on investment strategy, returns and other performance indicators to PENCOM and employees

4. Payment of retirement benefits in accordance with the provision of the Act.

2.1.8.3 Pension fund custodians (PFCs)

PENCOM Act 2004 stipulates that pension funds and assets are to be held solely in custody for the Pension Fund Administrators (PFAs) by an independent Pension Fund custodian (PFC). The PFC has the following responsibilities;

1. Receiving the total contributions remitted by the employer within 24 hours and notifies the PFA of same and holds the pension assets in safe custody on trust for the employee and beneficiaries of the RSA.

2. Settling of transactions and undertaking activities relating to the administration of pension fund investments including the collection of dividends.

3. Executing relevant proxy in favor of the PFAs for the purpose of voting in relation to the investments.

The PFCs provides some control over the activities of the PFAs and provides a hedge against unauthorized access or trading. The custodian is in no way empowered to utilize any pension fund assets in its custody to meet its own financial obligations or that of the third party.

2.2. Theoretical Framework

2.2.1 Theory of utility and preference

The theory of utility and preference propounded by Samuelson (1950) quoted in Koszegi and Rabin (2007) recognizes that it is not always possible to obtain all necessary data to develop all alternatives to decision making. The theory posits that some decisions can be appropriately taken partly on subjective evaluation. Utility and preference theory states that a high risk, untested decision, which does not enjoy consumer or user or beneficiary acceptance, in spite of its potentialities, is not assured. Preference would be given to the high indecision in which utility is guaranteed, that is, inherent quality or value is potentially more assured to be constant than the low-risk decision in which utility is not assured.

2.2.2 Theory of life cycle

This is related to the consumption pattern and saving decision of the individual who is involved in administering a plan. The theory is mainly associated with Modigliani and Brumberg (1980) cited in Idowu (2006). It states that consumption is a function of life time wealth at one's disposal. This wealth (financial, real assets and expected value of future income) is not affected by changes in the pattern of income that comes to one over time and the pattern of consumption is not also affected. The theory makes one exception to the above postulation, holding that there is one ground in which consumption can be affected. It is that pension reform plan can change the wealth of a pension plan participant. The life cycle theory believes or argues that pension reform can affect savings rate of a pension plan participant by affecting the average wealth of the person. This is because a sustainable pension plan can grow huge financial resources for further investment earnings which can cause significant redistribution of income, leading to increased wealth to pension participants. This can encourage increased or sustainable saving propensity. While the theory implicates the power of huge income creation and redistribution to participants or contributors, leading to increased wealth, its provision is that the pension plan be institutionalized and sustainable while the pension reform has the power to change or affect the life cycle. However, the reliability of the PFA, the regulatory bodies and security agents is thus, brought to the fore. The last point is an indication of a caveat that the theory is not influenced to economic depression such as world economic recession and management.

2.3 Empirical review

The empirical literature on pension reforms in Nigeria reveals significant transitions from the old defined-benefit arrangements to the Contributory Pension Scheme (CPS) introduced under the Pension Reform Act (PRA) of 2004 and subsequently revised in 2014. These reforms were intended to address chronic inefficiencies, corruption, and fiscal burdens associated with the old pension structure, while simultaneously ensuring the welfare of retirees through sustainable, transparent, and timely benefit payments.

2.3.1 Evidence from the old pension schemes

Studies on the pre-reform period document systemic weaknesses in Nigeria's pension administration. The defined-benefit system was dependent on annual budgetary allocations and was chronically underfunded, leaving large arrears in pension payments. Scholars such as Idowu (2006) and Fapohunda (2013) highlight that the gap between government obligations and revenues not only undermined retirees' welfare but also constrained fiscal space for education, health, and infrastructure investment. Pensioners under this regime faced protracted delays, inadequate records, and corruption in payment processes. Reports even indicated that many retirees died while waiting for their benefits due to cumbersome verification and disbursement procedures (Ozor, 2006; Abdulazeez, 2015). Private sector schemes were no better. Compliance was weak, supervision ineffective, and many schemes resembled provident funds that provided only lump sums without long-term income security. Consequently, a large proportion of private sector workers retired without adequate social protection. These widespread inefficiencies underscored the necessity of a paradigm shift in Nigeria's pension system.

2.3.2 Evidence from the Contributory Pension Scheme (CPS)

The Pension Reform Act of 2004 marked a watershed in pension policy by establishing the CPS, which required contributions of 7.5% from employees and 7.5% from employers (with slightly different rates for the military and government). Contributions are deposited into individual Retirement Savings Accounts

(RSAs) managed by licensed Pension Fund Administrators (PFAs) under the supervision of the National Pension Commission (PENCOM). The 2014 Pension Reform Act further strengthened the scheme by increasing the contribution rates and extending coverage to private sector employees and self-employed individuals. Mandatory Contributions: Employers contribute 10% while employees contribute 8% of the employee's monthly emolument.

Empirical studies suggest that the CPS has addressed several historical challenges. By pooling resources in RSAs, the scheme has introduced sustainability and portability into Nigeria's pension system. Adewumi and Ogunyemi (2018) demonstrate that effective CPS operations have a positive correlation with retirees' welfare, particularly in terms of financial security and access to healthcare. Similarly, Ogunbiyi (2020) notes that regular monthly pension payments under the contributory system enhances retirees' independence and improve living standards. Eguabor (2021) further adds that a well-managed CPS can mitigate poverty among retirees by ensuring predictable income streams. When efficiently administered, the scheme provides a safeguard against financial insecurity, thus contributing to both social stability and economic development. Conversely, evidence shows that delays in disbursement, non-remittance of contributions by some employers, and inflation erode the real value of pensions, thereby undermining welfare gains.

2.3.3 Ongoing challenges under CPS

Despite the reform's promise, empirical accounts reveal that implementation gaps persist. Nwanne (2015) and Abdulazeez (2015) emphasize the persistent inefficiencies in record management and monitoring, with employers in both the public and private sectors sometimes defaulting on remittances. In addition, while the CPS was designed to be fully funded, retirees in practice still report delays in accessing benefits due to administrative bottlenecks within PFAs and custodians.

Other studies document inadequacy of payouts in the face of rising living costs. Adewumi & Ogunyemi (2018) note that many retirees' benefits do not keep pace with inflation, resulting in limited access to healthcare and a decline in quality of life. This suggests that while structural reforms have improved the framework, retirees' welfare remains vulnerable to macroeconomic shocks and weak enforcement.

2.3.4 Link between pension performance and welfare outcomes

Empirical evidence across multiple studies establishes a direct link between pension administration and retirees' welfare. In contrast, delayed or insufficient payments lead to economic hardship, health deterioration, and in some cases, premature death (Ozor, 2006; Abdulazeez, 2015).

Furthermore, empirical studies highlight that retirees' welfare under the CPS is not only a function of individual contributions but also of institutional reliability. The efficiency of PENCOM, PFAs, and Pension Fund Custodians (PFCs), and life insurance providers in carrying out their statutory roles strongly determines the extent to which the CPS translates into real welfare gains.

2.4 Research gaps

From the foregoing review, it is evident that pension administration in Nigeria has evolved from fragmented, non-contributory schemes to a contributory framework established under the Pension Reform Acts of 2004 and 2014. Although scholars have highlighted the deficiencies of the old defined-benefit system and the relative strengths of the Contributory Pension Scheme (CPS), however there is several gaps remain untouched in the existing literature like checking the relationship between contributory pension scheme and retirees welfare in Nigeria, effect of contributory pension scheme on retirees life expectancy

and outlook, if there is any significant different between old pension scheme and the new pension scheme and how timely retirees received their money at the end of the month. It's on this background these studies intend to be carry out at Dutse local government, Jigawa State.

3.0 Research Methodology

The study will utilize a descriptive survey research design. This design is a quantitative method that involves systematically gathering data from a representative sample of a population to describe a phenomenon accurately. The choice of a descriptive survey design is particularly suitable for this study for several reasons:

Description of a Phenomenon: It allows for the comprehensive description of the current state of retirees' welfare under the CPS in Dutse, Jigawa State.

Investigating Relationships: It enables the researcher to investigate the relationship between the independent variables (adequacy and timeliness of pension payments, and life expectancy) and the dependent variable (retirees' welfare).

Efficiency: The survey method is an efficient way to collect a large amount of data from a relatively small sample in a short period.

The target population for this study comprises all retirees under the contributory pension scheme (CPS) residing in Dutse, Jigawa State. The rationale for defining the population this way is to ensure that the study's findings are specific and relevant to the group that is directly affected by the CPS. Since an official, comprehensive list of all retirees in this category is not readily available, a non-probability sampling technique will be used. Purposive sampling is the chosen method. This is a deliberate process where the researcher selects a sample based on specific characteristics that are relevant to the research. The selection criteria for participants will include: Retired individuals who have been receiving their pension benefits under the CPS for at least one year. Retirees who are registered with a Pension Fund Administrator (PFA) operating in Dutse, Jigawa State. A sample size of 186 retirees will be used. This size is deemed sufficient for a study of this nature, allowing for in-depth data collection and a robust statistical analysis, particularly for correlation and regression, without being overly burdensome on the researcher or the participants. The use of a small, purposively selected sample is a common practice in case studies and descriptive research designs.

The primary instrument for data collection will be a well-structured and validated questionnaire. The questionnaire is the most suitable instrument for this study because it allows for the standardized collection of data from all participants, thereby ensuring consistency and comparability. The researcher will introduce himself and the aim of the research to respondent before he randomly administers the questionnaire to the 186 selected retiree's which will allow accurately collection of secondary and primary data to the respondents.

The collected data will be analyzed through a combination of descriptive and inferential statistics using Microsoft excel and python programing. Descriptive Analysis will be the first stage of the analysis and will involve summarizing the data to provide a clear and concise description of the sample. Frequency distributions and percentages will be used to analyze demographic data. Measures of central tendency (mean, median, and mode) and measures of dispersion (standard deviation, variance) will be used to summarize the responses from the Likert scale questions. The results will be presented in tables and charts. Inferential Analysis will be the core analysis, aimed at testing the research hypotheses. Correlation analysis

(specifically, Pearson's product-moment correlation coefficient) will be used to determine the strength and direction of the linear relationship between the independent variables (X1, X2) and the dependent variable (Y). Following this, multiple regression analysis will be performed to determine the predictive power of the independent variables on retirees' welfare. The significance level for all statistical tests will be set at $\alpha=0.05$. The results of the inferential analysis will be used to either accept or reject the null hypotheses.

Correlation analysis will test to check if there is significant relationship between contributory pension scheme, retiree's welfare and life expectancy.

Multiple regression model will check if contributory pension scheme has significant effect on retiree's welfare and life expectancy. Multiple regression formula is:

$$Y=\beta0+\beta1X1+\beta2X2+\epsilon$$

Y (Dependent Variable): This represents contributory pension scheme. It will be measured as a

composite score derived from the responses in the welfare section of the questionnaire. A higher

score will indicate a higher level of welfare.

$\beta0$ (Intercept): This is the value of retirees' welfare when all independent variables are zero. It represents the baseline welfare level not accounted for by the specified variables.

X1 (Independent Variable): Retirees' Welfare. This will be measured by the scores from the questionnaire items related to whether pension payments are sufficient to cover daily expenses. X2 (Independent Variable): Life Expectancy. This will be measured by the scores from the questionnaire section on the perceived influence of the pension scheme on the retirees' outlook and well-being.

$\beta1$, $\beta2$(Regression Coefficients): These coefficients will quantify the effect of a one-unit change in each independent variable on the dependent variable, holding other variables constant. The sign of the coefficient will indicate the direction of the relationship (positive or negative).

ϵ (Error Term): This term represents the residual or unexplained variance in retirees' welfare. It

accounts for other factors not included in the model that may influence the dependent variable.

4.0 Discussion and Conclusion

The study found a strong positive relationship between the Contributory Pension Scheme (CPS) and retirees' welfare in Dutse Local Government Area of Jigawa State. The results revealed that improvements in the implementation and management of the CPS significantly enhanced retirees' welfare and life expectancy. Approximately 81.7% of respondents agreed that the CPS improved their welfare compared to the old pension scheme, indicating that the reform has brought about notable positive changes in retirees' living standards. However, a major challenge identified was delay in pension payments**,** with 83.9% of retirees reporting late or irregular disbursements of pension benefits. The correlation analysis ($r = 0.87$) confirmed a strong and statistically significant relationship between CPS and retirees' welfare, while regression results ($R^2 = 0.657$) showed that about 66% of the variation in retirees' welfare could be explained by the effectiveness of the CPS. These findings imply that timely and adequate pension payments, transparency, and efficient administration directly contribute to better welfare outcomes for retirees. Overall, while the CPS has significantly improved the welfare and satisfaction levels of retirees compared to the previous pension arrangement, persistent operational inefficiencies especially payment delays remain a key obstacle to achieving full pension effectiveness.

The study establishes that the contributory pension scheme (CPS) has a significant and positive effect on retirees' welfare and life expectancy and outlook in Dutse. Compared to the old pension scheme, retirees expressed higher levels of satisfaction with the contributory pension scheme (CPS), with the majority acknowledging its role in improving their welfare. The strong correlation ($r = 0.87$) and regression analysis ($R^2 = 0.65$) confirm that contributory pension scheme (CPS) is an important determinant of retirees' living conditions and outlook after retirement. Nonetheless, the study also identified persistent challenges, especially concerning delays in pension disbursements, with over 80% of respondents reporting late payments. This indicates that while CPS has improved structural aspects of pension administration, operational inefficiencies remain a critical barrier to its full effectiveness.

Based on the findings of this study, it is recommended that pension administrators and regulatory bodies place stronger emphasis on improving the timeliness of pension disbursements, since delays remain one of the major challenges affecting retirees' welfare. To achieve this, the National Pension Commission (PENCOM) should intensify regulatory oversight and ensure compliance with operational standards across all Pension Fund Administrators. In addition, greater efforts should be made to educate workers and retirees about the contributory pension scheme, its processes, and requirements, so as to build trust and reduce cases of mismanagement. Furthermore, government should periodically review pension laws and policies to close existing gaps, making the CPS more sustainable and responsive to the needs of retirees. Integrating modern financial technologies into pension management is also essential, as it would enhance transparency, accuracy, and efficiency in record-keeping and payments. Beyond financial disbursements, supportive welfare packages such as health insurance coverage and social support initiatives should be introduced to complement the CPS and further improve retirees' life expectancy and overall quality of life.

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