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PENSION REFORM ACT 2014 AND CHALLENGES OF PENSION ADMINISTRATION IN NIGERIA

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ABSTRACT: *The introduction and subsequent enac`tment into law of the Pension Reform Act 2004 by Nigeria's National Assembly ushered in the Defined Contributory Pension scheme. It marked a watershed in the annals of pension administration in Nigeria. The Pension Reform Act 2004 which took effect on 25th June 2004, was a revolutionary attempt to do away with Nigeria's much maligned and failed Defined Benefit Pension scheme. However, ten years later the Pension Reform Act 2004 was repealed and replaced by the Pension Reform Act 2014.This new Reform Act was essentially an amendment of some critical segments of the 2004 edition. Although pension administrative mechanisms have since improved in Nigeria especially with respect to retirees in the Federal public service, empirical indicators tend to suggest that the Contributory Pension Scheme as encapsulated in the PRA 2014 still manifests some lapses and Challenges reminiscent of the old order. It is in this context that this paper is primed to isolate and interrogate the intervening variables .Using data generated from secondary sources and other verifiable templates, the paper identified some provisions of the PRA 2014 which indeed distorts and frustrates the realization of the goals of the Act. The paper therefore recommends fundamental review and further amendment of the PRA 2014 with a view to resolving some contentious provisions and strengthening the regulatory body in order to curb the rising tide of massive fraud and poor service delivery in the Pension Administration Process in Nigeria*

KEYWORDS: pension administration, pension reform act, defined contributory scheme, defined benefit scheme and national pension commission

INTRODUCTION

The history of pension in Nigeria began with a Pension Legislation enacted in 1951 by the British Colonial administration. This Legislation was referred to as the Pension Ordinance with retrospective effect from first January, 1946. The Pension was essentially designed for the Colonial Officers who were moved from post to post in the vast British Empire. At independence, this Colonial Pension plan was inherited. However, in 1979, a new Pension Act came into effect as the Pension Act No. 102 of 1979, with retrospective effect from 1st April, 1974 (Okontini and

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Akeredolu, 2009). Essentially, this Act consolidated all the enactments on Pension and gratuity scales designed for public officers by the Udoji Public Service Review Commission in 1974. This pension Act gave rise to the following Acts:

- Armed Forces Pension Act No. 103 of 1974
- Pension Rights of Judges Decree No. 5 of 1985 with effect from 1st January 1985.
- Amendment Acts no. 51 of 1988, 29 of 1991 and 62 of 1991.(nationonline.ng.net 2014)

In 1993, the National Social Insurance Trust Fund (NSITF) scheme was set up by Decree No. 73 of 1993 to replace the defunct National Provident Fund (NPF) Scheme with effect from 1st July, 1994. It was designed to cater for employees in the private sector of the economy against laws of employment of men in old age, invalidity or death (Balogun, 2006). In 1997, Parastatals were allowed to have individual pension arrangements for their staff and appoint Board of Trustees (BOT) to administer their pension plans as specified in the Standard Trust Deeds and Rule prepared by the office of Head service of the Federation (Odia and Okoye, 2012).

Pension matters have recently assumed global significance because the twenty first century is the century of ageing. Worldwide, there are more than 670 million people over age 60, representing 10.4 percent of the global population. This number will increase to almost 2 billion by 2050, or 21.7% of the total. (World Bank, 1994). This development underscores the primacy of benefits for retired employees across the public and private sectors globally. In Nigeria, successive governments at the Federal, States and Local Government levels since the turn of the 21st century have been largely unable to fulfill their statutory obligations to retirees in terms of regular payment of Pension benefits due to the prevailing pension scheme. Under that pension regime, as noted by thenationonlineng.net, (2014) civil servants bore no direct responsibility by way of payroll tax for the provision of pension, instead pension benefits were paid through budgetary allocation to be kept in the consolidated revenue fund. Thus in most cases, the amount released usually fell short of the actual appropriation for pension payment. For a long time, delayed and non-payment of pension benefits in Nigeria became accepted as normal and inevitable. Retirees became an endangered group, condemned to die by mere failure of the pension administration system. As the biggest employer of labour in the formal sector of the economy in Nigeria, the Government at all levels were involved in the pension matters debacle. It is also claimed that pension debts in the public sector mount in part because of the failure of some state governments to provide their counterpart funds necessary to make up the amount provided by the Federal government, in situations where the affected pensioners worked for both Federal and state governments. (businessday.ng, 2014) As such state governments across Nigeria particularly bore heavy burden of unpaid Pension to the civil and public sector retirees. Not even retired military personnel were spared as retired officers and men of the armed forces took over the various military pension offices and turned them into their permanent places of abode. It was a national embarrassment. At a point, the attention of president Obasanjo was drawn to the unsightly situation by the People's Democratic party and members of the House of Representatives on the crisis over the unpaid N20 billion military pension (Abba and Oshodo, 2004).

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In a similar vein, Okafor (2001) observed that there is something particularly inhuman and degrading about the plight of most men and women who after spending the most active years of their lives, serving the nation, are left to face the vagaries and vicissitudes of life without security that comes with retirement. At all levels of government, retired public servants are neglected. The pathetic condition of retirees of the Federal Government has been dramatized by the siege service men have laid around the army pension office in Ikoyi, Lagos. Many of the desperate officers have been squatting there for many months. Over the decades, the situation continued unabated. Nigerians were witnesses to the needless and avoidable death of Heroes of yesteryears as they queued up to collect the mirage called pension benefits. Retirees were often invited from far flung regions and States across Nigeria to appear for biometric identification/verification and documentation ostensibly for the collection of pension (Ejike, 2002). They wait under inclement weather for weeks and months on end – men and women past sixty years-old, tired, infirm, hungry, angry and desolate .Frustrated and disillusioned, they shed tears of the aged as they recall their days of work and sweat to grow the Nigerian economy. At this twilight of their lives, they were tortured by the suffocating weight of this mindless national calamity called unpaid pension syndrome. This scenario was typified by the tragic story of Gidado Ayando, a retired employee of kwara State Ministry of Commerce and Industry who went to the state pension office to collect his pension on October 1996. More than 2000 other pensioners were there to receive their monthly pension too. About 11am, Ayanda who joined the queue at 7 am complained of dizziness. He was given a seat. Twenty five minutes later, Ayanda died, leaving his ₦547 pension unpaid (Dozie, 2009). It is against this despicable and outrageous debacle that Nigeria took what could be likened to a giant step of destiny to challenge this seemingly confounding behemoth of infamy to enact the Pension Reform Act (PRA) of 2004, which later metamorphosed into PRA 2014. Pension reform is an act of adjusting the present or current Pension system by making it more cost effective, cost efficient, target- effective and cost beneficial to the beneficiaries. Idowu and Olanike (2010).

CONCEPTUAL CLARIFICATIONS

PENSION

The concept of pension denotes periodic payments a worker receives after retirement from either the public or private sector employment. It is usually part and parcel of the employment contract. In the early days of public service in Nigeria, the factor of pension was a major attraction to civil service career. Encyclopedia Britannica (2019) defines pension as a series of periodic money payments made to a person who retires from employment because of age, disability or the completion of an agreed span of service. The payment generally continues for the remainder of the natural life of the recipient. Beyond the monetary value, pension serves as a bond between the retiree and the former employer. It is essentially designed to afford the retiree the capacity to sustain and maintain a life style he was used to while in service.

Wikipedia (2019) describes pension as a fund into which a sum of money is added during an employee's employment years, and from which payments are drawn to support the person's retirement from work in the form of periodic payments. Adeniji, Akinnusi et al (2017) citing Adams(2015) defined pension as the amount paid by the Government or a company to an employee after working for a specified period of time, either considered too old or ill to work or having

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reached the statutory age of retirement. With regard to classification of pension, Ugwu (2006) as cited by Ayegba, James and Odoh (2013) classified pension into four classes: Retiring pension, Compensating pension, Superannuating pension and Compassionate allowance. Retiring pension is granted to an employee who is permitted to retire after duly completing the stipulated years of service which is normally 30-35 years or having attained the age stipulated for retirement. Compensating pension is the type of pension granted to an employee whose Post is abolished and the Government is unable to provide a suitable employment, whereas superannuating pension is the pension given to an employee who retires at the prescribed age limit as stated in the condition of service. On a more broad scale, pension is mainly divided into two, namely the Defined Benefit Pension Scheme and the Defined Contribution Pension Scheme.

Defined Benefit Pension Scheme

This pension plan is essentially based on the pay-as-you-go (PAYG) method. It involves a benefit formula that specifies what each covered employee will receive when the employee under the scheme retires. Retirement benefits are typically made in the form of annuity and retirees receive periodic benefits for as long as they live. The benefits formula says how much these periodic payments will be. (Baker, Logue and Rader, 2006). In the same vein, Wikipedia (2019) states that a Defined Benefit plan is a plan in which the benefit on retirement is determined by a set formula rather than depending on investment returns…..a traditional Defined Benefit plan is the final salary plan, under which the pension paid is equal to the number of years worked, multiplied by the member's salary at retirement, multiplied by a factor known as the accrual rate. The final accrued amount is available as a monthly pension. The Defined Benefit pension scheme is basically employer driven and mostly funded by the Government. The employer bears the responsibility of husbanding the fund and ensuring that Pension is paid to retired staff members. Abdulazeez (2015) noted that in the case of Nigeria, the benefit side was characterized by two components of payments: lump sum benefit in the form of gratuity, based on the number of years of service and the terminal compensation package, and monthly pension payments guaranteed for life, the rate of payment being dependent on the length of years of service.

Defined Contribution Pension Scheme

The Defined contribution pension scheme is fully funded and portable. It involves the coming together of the employer and the employee to jointly contribute to the pension fund at specific ratios. As observed by Baker, Logue and Rader (2006), the Defined Contribution Pension Scheme has no benefit formula—no formula indicating how much a person will receive on retirement. Again, benefits are not paid in the form of annuity, instead when an employee retires, he/she gets access to an investment account that has held funds on the person's behalf. The value of the account at retirement depends on two factors:

a. The contributions that were made to individual accounts
b. The investment returns that were earned on the account.
c.

In a defined contribution pension plan, contributions are paid into an individual account for each member. The contributions are invested, for example in the stock market, and the returns on the investment which may be (positive or negative) are credited to the individual account on

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retirement. The member's account is used to provide retirement benefits, sometimes through the purchase of annuity which then provides a regular income (Wikipedia,2019). Essentially, the contributory pension scheme is individualized, participatory, portable, well funded and has potential for higher coverage (PRA 2014).

INTERROGATING SALIENT PROVISIONS OF PENSION REFORM ACT 2014:

(i) Investment Of Pension Funds

A critical element of the Contributory Pension Scheme as enshrined in the PRA 2014, is the mandatory investment of pension funds by the Pension Fund Administrators. As a cardinal hallmark of the scheme, investment of pension funds is intended to enhance the Retirement Savings Account balances of the workers. It is in recognition of this laudable vision that the PRA 2014 in part xii, section 85(1) states that: all contributions made under the Act shall be invested by the pension fund Administrators with the objectives of safety and maintenance of fair returns on amount invested. Furthermore, the Act indicates in section (86) subsections (a-i) the modes of investment of pension funds which include bonds, bills, debentures, redeemable preference shares and other debts instruments issued by the Federal Government, Central Bank of Nigeria amongst other credible institutions. Over the years, there appears to be some laxity in the execution of this investment process by the pension fund Administrators. Workers are usually in the dark with respect to how their funds are thriving in the investment market. According to Olarewanju (2013) concerns have been expressed that the new pension system privileges private investors over workers/contributors in respect to returns on invested funds. In practice there is considerable overlapping of interests between pension fund custodians and pension fund administrators, both of which are characterized by the involvement of interest in the banking industry. The exclusion of contributors from the investment decisions of the PFAs inspite of the fact that they ultimately have implications for pension savings account, put the workers in a difficult position. The atmosphere of secrecy surrounding the operations of the pension fund investment diminishes the credibility and transparency of the process. It is rather a deliberate strategy to undermine and sabotage the interest of unwary working population as it relates to their pension funds. Commenting on the vexed issue, Dostal (2010) noted that pension fund administrators fail their customers in terms of providing clear information about their investment strategies. A survey of PFA websites showed that many have not been updated for at least two years. Moreover virtually all companies were in breach of Pencom's guidelines to publish the rates of returns of the Retirement Savings Account (RSA) fund at the end of each financial year and to make unit prices for their RSA funds readily accessible on their websites. The silence on rates of returns appears to be no coincidence and covers up negative returns once inflation and management charges are factored in. Apart from inflationary pressures, the near total restriction of investment of pension funds in Federal Government of Nigeria securities is another debilitating factor. According to nairametrics.com (2020), statistics have shown that over 73% of the pension funds with the PFAs in Nigeria are invested in FGN securities. Similarly, 52% of the funds were invested in FGN bonds, while 19% were invested in treasury bills. Also the PFAs invested a meager 2.7% pension funds in real estate properties and 7% in bank securities. It is cogent to realize that Nigeria's Pension asset has grown. It grew by 228 billion naira in October 2019 to end the month with an asset value of N9.81 trillion. PENCOM, (2019)

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Returns on Pension Investments

Weighted Average Rate Of Returns On RSA Funds			
	Weighted Portfolio Returns on Investment (%)		
Period	**RSA Active funds**	**RSA Retiree Funds**	**Inflation**
2012	14.04	12.34	12.2
2013	14.56	12.51	8.5
2014	6.13	11.6	8
2015	8.65	13.05	9
2016	11.59	12.76	15.6
2017	16.8	16.2	16.5

Source: NBS, CBN, PENCOM.

The elephant in the room when it comes to Nigeria pension industry is returns on investment. Returns have barely covered a high inflation rate over the years, meaning that peoples' savings are effectively losing their values. (stearsgn.com, 2020).

There is therefore a compelling requirement for a diversification of the portfolio and modes of investment of pension funds by the PFAs to include greater emphasis on the real estate and infrastructures as critical drivers of the economy. This would ultimately ignite high values and ameliorate the crushing effects of inflation thereby providing the necessary dividends for the final beneficiaries: the worker-investor. It is in the light of this narrative that Investopedia.com (2020) maintained that pension funds must be managed with the intent of ensuring that eligible retirees receive the benefits they were promised. Until recently, pension funds invested primarily in stocks and bonds often using a liability matching strategy. However, today, they increasingly invest in a variety of asset classes including private equity, real estate infrastructures and securities like gold that can hedge inflation.

Limited Scope of Coverage

It is instructive to observe that the objectives of PRA 2014 reflect a wider scope of potential coverage which includes all the strata in the formal and informal sectors of the national economy. Among the objectives of PRA 2014 is to: (a) establish a uniform set of rules, regulations and standards for the administration and payments of retirement benefits for the public service of the federation, the public service of the Federal Capital Territory the public service of the State Governments, the public service of the Local Government Councils and the private sector. This critical mandate is yet to be realized because the implementation or operation of the PRA 2014 is still mainly restricted to the federal public service made up of Ministries, Departments, and Agencies (MDAs) and its other parastatals. Many State Governments' Public Service, Councils of local governments and a wide spectrum of the private sector are yet to fully key into this laudable contributory pension scheme as encapsulated by the PRA 2014. The implication of this is that most state governments are still under the burden of unfunded pension debt regime whereas the PRA 2014 was intended to encompass and manage the pension industry in Nigeria. Cases of heavy backlog of pension arrears of many years still dot the budget profile of many state governments in Nigeria. Ekpulu and Binigilar (2016) noted that as of march 2014, the figure of registered

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contributors stood at 6,025,117 employees covering both the public and private sectors, which is only about 11% of the total labour force in Nigeria. More than 70% of the population are yet to enlist into the scheme.

There has always been misperception and suspicion by a wide cross section of workers on the credibility and sustenance of the new pension scheme. According to Abdulazeez (2015) while the initial reluctance and skepticism of workers to register with pension fund administrators has reduced, there is a large population especially in the informal market of the private sector outside of the scheme. Several years after the take-off, the scheme is still bedeviled by general misconception and knowledge gap. The low scope of coverage recorded by the PRA 2014 since the commencement of its predecessor in 2004, may be a reflection of poor institutional framework represented by the supervisory and regulating body-the National Pension Commission (penCom).

PENCOM and Undue Bureaucracy

In part 5, section 17, of the PRA 2014, the National Pension Commission (pencom) is charged with the following strict mandate:

a. Enforce and administer the provisions of this Act;
b. coordinate and enforce all other laws on pension and retirement benefits, and
c. Regulate, supervise and ensure the effective administration of pension matters and retirements benefits in Nigeria.
d.

The above mentioned functions are direct, specific and unambiguous in character. As a serious national issue, pension matters are strictly constitutional and belong to the Exclusive legislative list as captured in the second schedule (section 4) of the 1999 constitution of the Federal Republic of Nigeria. In this regard pencom ought to be well situated to discharge its functions with maximum efficiency. Unfortunately this has not been the case with the array of missteps and derelictions on the part of the commission since its inception. It is in this context that Fapohunda (2013) lamented that there is a significant lack of adequate capacity building in the new pension industry with the personnel in the emerging pension fund industry showing a high degree of overlap with other business interest. More specifically, Abdulazeez (2015) observed that pencom has been weak, in enforcing regulatory compliance. For example, pencom failed to enforce regulations stating that Pension Fund Administrators must report in a timely manner about the value of their retirement savings account.

The operations of the PRA 2014 is evidently hampered by the interplay and interactions of different intervening bureaucratic elements in the ministries, departments and agencies of governments at different levels. The next bureaucratic interface presents the pension fund administrators, pension fund custodians and the other variables within the framework of the National Pension Commission. The entire gamut of activities and evolving administrative mix generates a dynamic of its own with a tendency to derail set objectives. As a result the management process becomes rigid, slow and prone to manipulation by unscrupulous staff. Mukoro, (2005), Anazodo, Okoye and Emeka, (2012) had noted that the Nigerian bureaucracy tends to be tainted with corruption and pervasive impunity. Fraudulent tendencies have continued to thwart the realization of efficiency and high performance in the civil service.

Another area of interest is the leadership duration of PENCOM officials. The tenure of the Chairman and the Director-General of the National Pension Commission (pencom) is for a period of five years in the first instance and may be extended by another term of five years by reappointment. (PRA 2014). While this provision appears normal and apparently innocuous, the impact of a non performing leadership for ten years would result in a legacy of monumental disaster. Given the strategic nature of Pencom as an institution in the socio-economic and political dynamics of Nigeria, the Pencom leadership at all levels should be restricted to a single tenure of five years and no more. This would forestall privatization of office and tendency to nurture cronyism and corruption.

Retirement Benefits and Deduction at Source

In part 2, sections 3(1) to 4(1), the Act provides for the establishment of a Contributory Pension Scheme for payment of retirements benefits of employees for whom the Act applies. With regard to the scope of employees involved, the new pension scheme shall apply to all employees in the Public Service of the Federation, States, Local Governments and the Private Sector. The rate of contribution to the scheme for any employee to which this Act applies shall be made in the following rates relating to monthly emoluments: (a) a minimum of ten percent by the employer and (b) A minimum of eight percent by the employee.

However, in section 7(1) the Act states that a holder of Retirement Savings Account (RSA) shall upon retirement or attaining the age of 50 years, whichever is later, utilizes the amount credited to his retirement savings account for the following benefits:

i. Withdrawal of a lump sum from the total amount credited to his retirement savings account provided that the amount left after the lump sum withdrawal shall be sufficient to procure a programmed fund withdrawal or annuity for life.
ii. Programmed monthly or quarterly withdrawals calculated on the basis of an expected life span.

The twin concepts of ‘lump sum’ and calculation of ‘expected life span’ are indeterminate. What constitutes the lump sum in numerical terms? What is the basis of calculating an expected life span? There is a compelling need for proper clarification of these concepts. While analyzing the same issue, Okojie (2007) argued that the provisions depict the worker as incapable of informed decision regarding his legitimate retirement benefits. Another contentious issue has been the exact source at which the employer’s and employee’s contributions are deducted. The Act states in section 3 that the employer shall:

a. Deduct at source the monthly contribution of the employee and;
b. Not later than 7 working days from the day the employee is paid his salary, remit an amount comprising the employee’s contribution and the employer’s contribution to the pension fund custodian specified by the pension fund administrator of the employee.

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This section generated a deluge of controversy in the MDAs as it relates to the 'source' at which deduction is made, since the Act failed to define and identify the 'source.' Although the Act in section 12, subsection 3 states that the Accountant General of the Federation shall make the deductions, there was no further clue on the exact source. Diverse opinions were rife as to whether the source could be the Federal Ministry of Finance, the Budget office or office of the Accountant General of the Federation. The bone of contention is the suspicion by workers across the different MDAs that they were being short changed by way of double deductions. In his assertion, Ejimofor (2009) noted that further deductions from employee's salary at his place of work by the bursary department violates provisions of the Act and contrary to all directives of the Federal Government on the matter. In a similar vein, Augusto (2007) averred that in order to ensure timely remittance of the deductions, the budget office deducts the contributions at source from the allocations to the Ministries, Departments and Agencies (MDAs) through the Retirements General Warrants. The implication of the deduction at source is that the total amount required by the MDAs from the budget office is net of the employee's pension contribution. Therefore the MDAs are not expected to make any additional deductions for pension contribution. However, the sum deducted by the budget office should be reflected in the pay slips of staff for the purpose of transparency.

Exemption from the Scheme

The PRA 2014 in section 5 contains what has been described as a discriminatory policy, because the Act exempts some categories of professionals from the contributory pension scheme. These include the categories of persons mentioned in section 291 of the Constitution of the Federal Republic of Nigeria (1999) (as amended), Members of the Armed Forces, Intelligence and secret service. This provision clearly violates the letter and spirit of cardinal objectives of the Act which is to 'establish a uniform set of rules, regulations and standards for the administration and payments of retirement benefits.' The exemption clause indirectly created the window of agitation to opt out of the contributory pension scheme as enunciated in the PRA 2014. Among the first group to seek alternative pension platform is the Academic staff union of Universities (ASUU). Recently, Pencom at the behest of the Federal Government issued a License of approval to the ASUU pension scheme known as the Nigerian University Pension Management Company (NUPEMCO) as an independent pension scheme for university lecturers.(premium Times,2019).

Corrupt Practices

Under the regime of the new Pension Scheme, incidents of sharp practices which characterized the previous Pension plans began to manifest. In a documented report, Maina (2014) noted that the Pension office of the Head of Service of the Federation has been collecting 5 billion Naira for the payment of pension every month. The breakdown of this amount was 3.3 billion Naira for the payment of pension of over 141,000 retirees, 800 million Naira as arrears, and 900 million Naira as death benefits and gratuities. However, investigation by the Pension Reform Task Team after a biometric exercise revealed that only 825 million Naira was required for the payment of just 71,000 genuine pensioners. In other words, officials of the pension unit has been collecting 5 billion Naira monthly and paying only 825 million Naira to pensioners and pocketing nearly N4.2 billion Naira. This revelation shocked the Nation and rekindled skepticism and doubt about the capacity of the PRA 2014 to turn around the pension industry for the better. The report further revealed that civil servants and officials of the pension offices organized a sophisticated syndicate which specialized in stealing pension funds in the most mind boggling manner. One of the ways used in stealing the funds was through the payment of ghost pensioners. This was done with the connivance of bank officials. Staff of the office of Head of Service would shuffle files of living and dead people to cook up names and add to the payroll (Maina, 2014). Although corruption is endemic in Nigeria, this scale of fraud in a supposedly well supervised and regulated system is worrisome and bizzare. It is expected that the relevant institutions should plug the loopholes in order to allow the PRA 2014 to thrive and engender a credible, reliable and transparent Pension administration in Nigeria. This has become inevitably urgent because a recent National Assembly public Hearing on pension recalled that six civil servants stole 24 billion Naira from the police pension fund. The same persons were alleged accomplices in the illegal diversion of another 32.8 billion Naira from the same police Pension fund. Similarly, 151 billion Naira and six 6 million pounds were recovered after the conduct of biometric data capture exercise. Fapohunda (2014). This massive scale of organized and syndicated fraud is enough for the declaration of state of emergency in the pension sector in Nigeria. This sad turn of events if not immediately checkmated would ruin the gains of the new pension scheme, worsen the fate of pensioners and seriously sabotage the Nation's economy.

Penalty on Remittance Default

The PRA 2014, in section (11) sub-section (6) provides that an employer who fails to deduct or remit the contributions within the time stipulated in section (3) (b) of this section shall in addition to making the remittance already due, be liable to a penalty to be stipulated by the commission. The Act went further in subsection (7) to reveal that the penalty referred to in sub-section (6) of this section shall not be less than 2% of the total contribution that remains unpaid for each month or part of each month the default continues and the amount of the penalty shall be recoverable as a debt owed the employee's retirement savings account. The 2% penalty appears cheap and rather than serve as deterrence against defaulters has on the contrary encouraged fraudulent practices and impunity in the industry. While reacting to this provision, Olanrewaju (2011) lamented that the Act encourages corruption by providing such a weak penalty for failure by the employer to remit contributions (by employer and employee) to the pension fund custodian within 7 working days from the day the employee is paid his salary. With such a small penalty (2%), and the high cost of borrowing from the banks, employers are likely to prefer not to remit pension contributions and pay the cost of non-remittance.

CONCLUSION

There is no gain saying that the PRA 2014 has recorded unprecedented turn around in the pension industry in Nigeria. The economy has equally received quite a boost in the area of massive accumulation of capital for economic development through lending and investment of idle funds. Essentially the Act is designed to improve the lots of workers and extricate them from year of delayed and unpaid pension benefits. Against this backdrop the paper identified some salient provisions in the Pension Reform Act 2014 which invariably hurts the capacity of the Act to realize its set objectives. A major aspect of the drawback in the administration of the contributory pension scheme is the inherent structural and management weakness of National Pension Commission as the regulating authority. The abdication of its statutory functions on some critical issues

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undermines its role in the effective implementation of the new pension scheme. There is the urgent and compelling need to address the highlighted areas of conflict and contradictions in the Act with a view to injecting the necessary impetus 0f due diligence, transparency and professionalism into the pension industry. Until and unless these paradigm shifts are put in place, the Nigerian pension establishment would continue to be plagued by incessant challenges.

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