An Exploratory Study of Retirees and Retirement Benefits in Ado Ekiti, South West Nigeria

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ABSTRACT

Several attempts have been made over time in regards to the issue of pensions and retirement benefits in Nigeria; hence the pension reform of 2004. However, pensioners still undergo stress in the collection of their entitlements. One unique feature is that respondents have continued to survive in spite of their plights in the hands of their former employers (usually the government). This study explored means of survival of the pensioners and how it has ameliorated their sufferings in Ado Ekiti south west Nigeria. The study employed quantitative and qualitative methods in gathering the data. For quantitative data, a total of 200 copies of questionnaires were distributed among the pensioners using systematic sampling procedures. For qualitative data, in-depth interviews were conducted for twenty respondents as a complement to the qualitative data. Findings showed that a majority of the respondents were aged between 71-80 years. Equally, a majority of the respondents’ employers did not make any tangible pre-retirement plans for them. Respondents depended on spouses, children and borrowing as a means of survival. Respondents may still continue to encounter difficulties in their bid to survive after retirement. A proper pre-retirement and post-retirement plan needs to be put in place by employers in order to prepare them for retirement and also monitor their progress after retirement.

Keywords: Ado Ekiti, Pensioners, Pensions, Retirement, Survival

INTRODUCTION AND STATEMENT OF PROBLEM

Retirement is the time when an individual stops a particular job having satisfied the requirements associated with retiring from that job. The requirements usually include the attainment of a specified age as stipulated by law. In Nigeria for instance, under the old Pension Act, the retirement age was stipulated at 60 years or 35 years of service whichever came first (Law of Federation of Nigeria, 2004). This period is an epoch making event in the life of the officer and the organisation concerned considering the long years of relationship between the retiring officer and the organisation.

However, in recent times, this may no longer be so for employees planning to retire from active service. This might not be unconnected with the stress associated with retirement process. Issues like delay in payment of gratuities (a lump sum amount of money paid to the worker at the point of retirement before the commencement of pension payment and is
usually based on certain criteria such as length of service among others) pension are some of the challenges faced by the retirees. Studies have showed that globally, current pension system do not deliver the expected coverage and benefit levels; aside this, an unsustainable pension system leads to the crowding of other social expenditures (Barbone & Sanchez, 1999; Holzmann & Hinz, 2005; Heller, 2006; Akwimbi, 2006; World Bank, 2006; Juurikkala & Booth, 2008). In Nigeria for instance, retiring officers face several challenges in getting their gratuities and pension and this usually subject millions of retirees into poverty and neglect (Osakwe, 2004; Orifowomo, 2006; Iwajuwa, 2005). Such hardships include irregular payment of pensions and gratuities, standing on long and endless queues while waiting to collect pensions; poor and inefficient services on the part of the administrators. It was reported that some pensioners have died in the process of getting their benefits and pensions (This Day, 2007). Recently in Lagos, Nigeria, about ten thousand pensioners threatened mass suicide in order to drive home their demands due to the unpleasant experiences they had while trying to collect their pensions and gratuities (Iwajuwa, 2005). All these challenges are as a result of inefficient administration in the country. Studies have also showed the link between successful pension administration and governance (Booth, Juurikkala, & Silver, 2008; Mercer, 2006; Ambachtsheer, 2006; Clark & Urwin, 2007; Clapman, 2007).

During president Obasanjo administration (1999–2007), the federal government admitted that it owed the pensioners as much as 3 trillion naira which has not been paid till date (Nigeria Tribune). Further, the monthly pension bill of Nigeria Railways (a parastatal in Nigeria) was estimated at N250 million (Osakwe, 2004). In addition, as at December 2005, the Director General of the newly established National Pension Commission, puts the pension debt of the federal government at N2.56 trillion naira, with a break down as follows: Retired federal ministry and parastatals; 2 trillion, and accumulated pension for military police and para-military at N56 billion (The Daily Champion, 2005). Retirement process with its attendant problems among retirees therefore becomes a serious concern.

These challenges have affected retirees in different sectors of the economy such as, the civil service, military, universities, polytechnics to mention a few (Lakemfa, 2005). Workers in active service appear to be affected with this development. For instance, some of them have raised their fears about retirement considering the experience of their senior colleagues in their bid to collect their entitlements. This fear has led to engagement in private practises during work in a bid to secure their future. This has implication on performance and productivity. Butressing on this, Fashina (2003), while raising the fears of university workers attributed it to the delay and unjust payment of gratuity. He attributed the cause to several factors ranging from incompetence on the part of the pension staff and lackadaisical attitude of the government in relation to pension matters. Other reasons include frequent reviews of pension scheme by the government without due consultation with relevant stakeholders (Okotomi & Akeredolu, 2005). Evidence available suggests that features of pension administration in the country are neglect, lack of care and adequate attention (Okotomi & Akeredolu, 2005). The question begging for answer is whether there are any plans put in place by both the employer and the retirees while in active service to make retirement a smooth process? This is important considering challenges faced by the pensioners at present and the need to explore other means of ensuring that retirement process does not become a nightmare to workers. One is also interested in knowing how retirees cope with these problems considering the economic challenges in the country and globally presently.

The study seeks to find answers to some of the questions relating to the pre and post retirement plans of the retirees, their coping mechanism in spite of the hurdles they face while collecting their benefits, implications of these hurdles on their lifestyles, among others. While the expected agencies have failed in
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