

# Retirement Provision and Social Security for Senior Citizens in Nigeria: Reality or Myth?

**AUTHOR(S):** OLANIPEKUN, Olubunmi Adebola,  
AND  
AGBOOLA, Babajide Gabriel (Ph.D.)

## Abstract

Retirement is inevitable to man. It is a mandatory disengagement of people from active service. Employees are relieved at the attainment of the statutory age of exit from work (either in private or government establishments). However, adequate provision of social security and benefits to the retirees often regarded as senior citizens is predisposing to sound health and sound mind of the elderly. This paper addressed retirement provision and social security for senior citizens in Nigeria contemporary society: reality or myth? The paper discussed issues bothering retirement and its provisions in Nigeria; it identified the reality of social security status in Nigeria. Issues discussed were social security and pension in southwest Nigeria without undermining the challenges of social security in Nigeria. The paper exposed the reality of social security and pensions in Nigeria and thus called for the government's renewed interest in social security and adequate planning of public servants in their pre-retirement periods.

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**About Author**

**Author(s):**

**OLANIPEKUN, Olubunmi Adebola**

Department of Adult Education and Community Development,  
Ekiti State University, Ado-Ekiti, Nigeria.

**AND**

**AGBOOLA, Babajide Gabriel (Ph.D.)**

Department of Adult Education and Community Development,  
Ekiti State University, Ado-Ekiti, Nigeria.



## Introduction

One of the inevitable realities of life is retirement. Every individual engaging in either private or public services will exit the service at a definite point either due to the statutory age of disengagement or accrued year of service or due to ill-health and satisfaction, among others. Therefore, retirement remains inevitable to humanity as it is a mandatory disengagement of people in active service. After exhaustion of year of service or attaining the statutory age of exit from meritorious active service (either in private or government establishments), employees are relieved from work. Retirement is a process that relieves an individual from a job task or as a termination of work-life (Omoseremi in Abdulazeez, 2014).

The causes of the detachment or separation could also be due to aging, dwindling health, societal pressure, and or apathy. People attain retirement at a point when employment stops completely; People exclude the labor force. An individual may semi-retire by reducing work hours. Many people opt for retirement once they are worthy of receiving benefits such as a private or public pension. Notwithstanding, some people sit back when physical conditions do not allow them to work anymore (by illness or accident). Others are relieved as a result of legislation concerning their positions.

In recent times, most developed nations have processes that offer pensions on retirement for the old. These benefits can be funded by private employers, the government, or both. Commonly among developing and poor regions, incentives for the elderly are provided by the family. Today, retirement, with pension benefits, is a right of the worker in many societies. Hard ideological, social, and political-cultural battles exist over whether this is a right or privilege (Abdulazeez, 2014). The age for retirement varies from one country to the other. In Nigeria, for example, the statutory age for civil servants is 60 years.

In some cases, 35 years of unbroken active service suffices for a job relief; even such worker is below 60 years. Workers in the judiciary (High-courts judges) and Professors in tertiary institutions in the nation, however, retreat 70 years. Age connotes expertise in these sectors; hence, this justifies the extended working years for these employees (Garba & Mamman, 2014). Adeniji, Akinnusi, Falola, and Ohunakin (2017) surmised: retirement is a permanent exit of an employee, which coincides with his eligibility to collect retirement resources ranging from pension to social security.

Government programmes, enhancing social security, provide monetary assistance to a particular group of people in society. It is a topical issue that affects everyone in the Nigerian society. Everyone, irrespective of age and gender, recognises social security rights globally. The Federal Government of Nigeria recognised the security and welfare of her people as a right, as contained in Chapter II of the Constitution of the Federal Republic of Nigeria, 1999. Accordingly, Nwafor (2009) he viewed Social Security as government actions targeted at reducing risks via social insurance and social assistance, especially towards the most vulnerable individuals in a society. Thus, social security provides an opportunity to reduce the risks posed by economic insecurities due to age, unemployment, poverty, hopelessness, illness, disability, death, market instability, and adverse effects of globalization. The International Labour Organization (ILO), viewed Social Security as the protection provided by the society for ensuring individual's access to health care and guaranteeing income, insecurity, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity or loss of a breadwinner (ILO, 2001).

Anifalaje (2017) defines social security as the schedule of reliefs, benefits, entitlements, and facilities that are accessible to and obtainable by citizens in any given community. Social security must agree with relevant municipal laws under the auspices and

control of the state. Social privileges are viable palliatives for the socio-economic ills affecting vulnerable members of communities. Social security encompasses the full range of social protection and assistance institutions traversing society. These include the employed, unemployed, aged, physically-challenged persons, financially-vulnerable persons, healthy and unhealthy persons, among others (Eboh, 2009). According to Nwafor (2009), the benefits of social security are improved efficiency, equity, macroeconomic stability. They can also engender confidence and dignity, especially to the needy and senior citizens, which was the focus of this study.

Nigerians regard the elderly as *senior citizens*. These are people aged sixty years and above. The number of senior citizens in Nigeria is high, yet little is known about interventions to improve their wellbeing and welfare despite the provision of section 16 of the Nigerian 1999 constitution. Section 16 of the Nigerian 1999 constitution stipulated that the state shall direct its policy towards providing the pensions, employment, sick benefits, and welfare for all concerned citizens. Section 2 of the National Senior Citizens Act (2018) stipulated the need for the establishment of senior citizen centres. Such buildings will serve as repositories for storing the data (records and statistics) of senior citizens in Nigeria.

The senior citizens' act is inconsistent with some global standards. In section 20 of the act, senior citizens are persons aged above 70 years. The United Nations (UN) and World Health Organization (WHO) regard senior citizens as persons above 60 and 50 years, respectively. In light of this anomaly, Taiwo (2017) lamented the plights of the senior citizens in the country as pathetic and a gruesome approach that exposes them to death after retirement. That is, adequate provisions that can make the senior citizens fulfilled, relaxed, and socially secured are lacking.

### Social Security in Nigeria: An Overview

In 2004, Nigeria was a significant reform of the social security system, particularly with the enactment of the Pension Reform Act and the commencement of the Contributory Pensions Scheme. The reform marked a significant turning point in the pension system in the country. In the case of Nigeria, the first official social security legislation was introduced by Britain as the Workmen's Compensation Act of 1942 for both public and private sectors. This rule was followed by the first official public sector pension legislation, which was enacted in 1951 with retroactive effect from January 1, 1946.

However, after several amendments, the Federal Government of Nigeria (FGN) enacted the Pension Decree No. 102 of 1979 for Federal Civil servants and the Armed Forces Pension Decree No. 103 of 1979 for the military. The two decrees led to the establishment of the defined benefit (DB) pension schemes, which is non-contributory by the employees. The rate of payment of monthly pension and gratuity depend on the number of years of service of the employees. In the private sector, the pension scheme for employees was initiated in 1954 when the Nigeria Breweries introduced the first DB pension and gratuity scheme followed by the United Africa Company (UAC) in 1957.

The National Provident Fund (NPF) in 1961, inaugurated as a social protection programme for private-sector employees – this was mainly a savings scheme based on equal contributions from both employee and employer. In 1993, the FGN via Decree No. 73 adopted another defined benefit and contributory social insurance scheme, namely, the Nigeria Social Insurance Trust Fund (NSITF) to replace the NPF. The provisions in the NSITF include retirement, disability, funeral, and survivor benefits. In 2002, after amendment, it introduced a minimum pension benefit. Finally, in 2004, the FGN enacted into law the Pension Reform

Act (PRA) 2004 on June 25, 2004, which established a standardized defined contribution (DC) pension plan for both public and private sectors.

### Retirement Provision in Nigeria

Retirement refers to the detachment from primary activity in business, industry, or active service as a full-time employee (Manion in Eme & Ugwu, 2011). However, retirement provision in Nigeria according to the Federal Republic of Nigeria (2008) and as listed in the public service rules (2008) states as follows clearly:

- i. The compulsory retirement age for all grades within the service shall be 60 years or 35 years of pensionable service, whichever is earlier.
- ii. No worker shall be allowed to stay in service after attaining the retirement age of 60 years or 35 years of active service, whichever is earlier.
- iii. The provision in sections (i) and (ii) of the act is without prejudice to prevailing requirements for judicial officers and academic staff of universities who retire at 70 and 65 years, respectively.
- iv. Provided the civil servant would not have attained the retirement age of 60 years or spent 35 years of active service, whichever is earlier, a Director shall compulsorily retire upon serving eight years of post and
- v. A Permanent Secretary shall hold office for four years and renewable for an additional term of four years, subjects to satisfactory performance, and no more.

Over the years, employees of any establishment are usually encouraged to stay and work long enough to reach pensionable posts to qualify for retirement benefits. Thus employees usually look forward to the day that they will get their retirement benefits (gratuities or pension) and have a fruitful retirement. Usually, the pensions and gratuities are the first charges to be deducted from the consolidated revenue fund of the Federal Government, after which other charges then follow. During the 1960s, even up to the early 1990s, there was adequate and prompt disbursement of pensioners' retirement benefits. This timely payment of retirement benefits encouraged a lot of civil servants to retire once they reach the retirement age. It also served as an incentive for others to withdraw their services prematurely in order to get their entitlement so that they can start up their businesses.

Nevertheless, at the tail end of the 1990s, government at all levels began to delay pension payments, thereby leading to the creation of pension and gratuities arrears for many years. The standard of living of the pensioners started to fall to the extent that some of them experienced untimely deaths. The protracted payment attracted criticisms, petitions, and protests by the pensioners through their unions in order to put pressure on the government. The PRA, in July 2014, was further re-enacted, retaining some of the existing structures under PRA 2004 and improving on them.

The improvements highlighted are as follows:

- Increased contribution from employers and employees to a total of 18% (employee, 8% and the employer, 10%)
- Increased powers for Pension Commission (PenCom) – the Commission is empowered to commence criminal action against erring companies
- Creation of a Pension Protection Fund – government, is expected to line aside minimum/guaranteed pensions for contributors.

This development of PRA re-enactment brought succor to untold hardship experienced by most retirees after their disengagement from service. As laudable as this provision is, if implemented accordingly, corruption, embezzlement is the bane of its reality.

Couples of years after the commencement of the Contributory Pension Scheme, the ordeals and experiences of retirees from the scheme were worrisome. Many of them are unable to access their hard-earned savings and the social security provision of the government.

### **The Reality of Social Security and Retirement in Nigeria**

Retirement in Nigeria engenders a sense of uncertainty (Iyortsuun & Akpusugh, 2013). It is usually associated with risk, especially among the civil servants. Retirement is seemingly a transition from the known to the unknown. Scholars maintain that there is stress at retirement in Nigeria (Adewuyi, 2008; Ali, 2014; Garba & Mamman, 2014; Oniye, 2015). Retirees experience this tension and strain when accessing their benefits and entitlements from either the government or the pension managers (Inaja & Chima, 2013). Adequate planning from service inception and pre-retirement counseling sessions are necessary actions to be taken before retirement (Ali, 2014; Garba & Mamman, 2014). Scholars argue that employees who plan for retirement from the beginning of their service years are more likely to live happier and more fulfilled lives in their post-retirement years than those who did not plan (Adewuyi, 2008; Akpanmkpuk, 2011).

Studies by Quadagno (2005), Adewuyi (2008), Akpanmkpuk (2011), and Ali (2014) have shown that retirement planning is the strongest determinant of satisfaction in the post-retirement years. According to these studies, while many workers have financial plans toward their retirement, a few among them plan for the social aspects of retirement. Employees must plan and be at ease with the social activities they can afford after retirement (Quadagno, 2005). Retirement planning should, therefore, indoctrinate both financial and lifestyle tactics in order to strike a balance and achieve the needed transition with limited strain.

Ali (2014) and Fapohunda (2015) stressed that the extent of retirement planning is directly proportional to post-retirement satisfaction. Consequently, the manner of the transitional processing experienced is a determining factor of satisfaction in the post-retirement phase (Obiri-Yahoah & Obiri-Yahoah, 2014; Quadagno, 2005).

Therefore, Akpanmkpuk (2011) highlighted certain situations prevalent in Nigeria that demands an individual's preparation for old age:

- Absence of any state welfare package for senior citizens: there is no state welfare package for senior citizens in Nigeria as compared to developed nations. This lack endangers the lives of senior citizens in Nigeria.
- High-level corruption: unimaginable corrupt practices in the nation's public service adversely affects employees' retirement packages and benefits. Cases of pension funds embezzlement exists.
- The political environment: the uncertainty of the political environment in Nigeria, calls for the need for public servants and individuals to plan adequately for post-retirement periods.

### **Challenges of Social Security in Nigeria**

The social security arrangement in Nigeria faces many challenges, which include: coverage, adequacy, administrative efficiency, and transparency, governance, and regulation. Another setback found in the public sector system concerns the maltreatment of the senior citizens. One observes how weak and frail-looking elderly citizens are compulsorily required to travel long distances for verification exercise and cashing out of pensions.

Some pensioners are left, under severe weather for lengthy hours and sometimes for days, before collecting their stipends. Some pensioners slump and die while standing in a

queue waiting to receive pension money. Folarin, Arowolo, and Olugbenro (2015) noted that over the years, Nigeria had implemented various social security schemes. However, these have not yielded satisfactory results. Unlike workers in western nations who eagerly anticipate their retirement from paid employment, the typical Nigerian civil servant embattles retirement with fear and a sense of uncertainty (Ali, 2014). While workers in western nations such as the United States have access to three sources of income after retirement (Moody & Sasser, 2012), retired civil/public servants in Nigeria struggle to obtain their meager benefits. Corruption and the gravity of embezzlement of pensioners' monthly pension benefits and gratuities within the past three decades are despicable.

This corrupt practice, according to Fapohunda (2013) is heightened by the improper management of pension funds by the Pension Boards, poor record-keeping, lack of proper supervision of the pension managers, and the misappropriation of pension funds by successive governments. Many Nigerian states fail at the timely payment of retirement benefits (Olatunde and Onyinye, 2013). The delay lingers for several months. As a result, many retired civil servants live in abject poverty, frustration, depression, and ill-health that may lead to death.

Ali (2014) note that the significant challenges confronting retirees is the inadequate planning on the part of the retiring workers. He argues that with the unpredictable economic status of the country, it is expedient for all workers to plan for retirement, with little reliance on pension. Any worker without plans for retirement is bound to experience one or more negative emotions and situations, such as frustration, boredom, unhappy and unsatisfactory life, lack of adequate finance, fear, uncertainty, and low social affinity.

Meanwhile, the southwestern states in Nigeria are not left out as they equally have their fair share of this experience. Southwestern Nigeria comprises six states which are: Ekiti, Lagos, Ogun, Ondo, Osun, and Oyo. However, issues bothering social security and pension in the states vary considerably. In Ekiti state Ojomoyela (2019) noted that the Ekiti state government in a bid to reduce post-retirement poverty in May 2019 had disbursed one hundred million naira for the payment of gratuities and pension to the state retirees. Such action alleviated the sufferings of the senior citizens after a backlog of arrears owed by the previous administration. Also, on social security, the Ekiti State Social Security Scheme pays five thousand naira monthly to senior citizens resident in Ekiti State. Ekiti State Social Security Bill passed to the law in 2012, documents this (Ekiti State Government, 2012).

In Lagos State, Adeyemo (2019) lamented the non-payment of pensions and gratuities since 2015. In his outcry, Adeyemo noted that the non-payment of pensioners' entitlements had rendered the majority of these senior citizens homeless and bedridden. However, on the social security of senior citizens, the Lagos state government only promised to establish centers in the three senatorial districts of the state. The Ogun state chapter of the Nigeria Union of Pensioners lamented the non-payment of primary school teachers who retired seven years ago their gratuity. Also, the payment of the monthly pension of the affected persons by the government had not been regular; benefits are unpaid as at when due (Odukoya, 2019)

In Osun state, the Agba Osun Elderly scheme was introduced in 2012 to cater to the senior citizens. The scheme allows for ten thousand naira to be distributed to senior citizens in the state monthly (Osun State Government, 2012). However, pensions payment in Osun State seems not to be regular except for the lump sum paid to workers and pensioners barely eleven days before the governorship election in 2018 (Shibayan, 2018). In Ondo State, the payment of pensions has created an outcry as the pensioners protested the non-payment of their benefits. Accordingly, Adetuwo (2018) noted that the state government owes the

pensioners N43 billion from 2012 to date, which has resulted in deaths and hardships on her members. In Oyo State, the non-payment of pensions took pensioners wailing over their unpaid entitlements. Ogunwale and Abatan (2019) noted that debts to pensioners range between eight to sixty months totaling 62.5 billion naira.

The overview of social security provision in the Southwest, Nigeria which is and worrisome is a pointer to the fact that issue of social security in Nigeria is something far from the ideal which operates in the western world.

### Conclusion

Social security is a precursor to peace and tranquility in the society. However, this essential community service has remained a myth in Nigerian society, with the reality being the opposite of what is obtainable in advanced societies. Therefore, in order to achieve the benefits of social security in Nigeria, the government at both federal and state levels must ensure strict compliance with laws governing social security in Nigeria as enshrined in the Constitution of the Federal Government of Nigeria.

### Recommendations

Based on the discussion in this paper, the following recommendations are below:

- i. The government at the federal and state level should ensure strict compliance of the law on social security and retirement benefits.
- ii. Adequate planning from service inception and pre-retirement counseling sessions should be embarked continuously upon by workers and relevant government agencies.
- iii. Corruption of public officers should be reduced to the minimum if not eliminated. The collaborative efforts of the government and employees will reawaken the government to its obligation to public servants. Also, the employees must have a concrete plan for their retirement outside the government social security arrangement.

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