

PENSION FUND ADMINISTRATORS AND FINANCIAL TRANSPARENCY OF RETIREMENT SAVINGS FUNDS IN NIGERIA

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Abstract

This study examined the “Pension Fund Administrators and Financial Transparency of Retirement Savings Funds in Nigeria: A Study of Selected Pension Funds Administrators in Anambra State. These objectives guided the study to examine whether the introduction of PFAs has a significant effect on the reduction of corruption in the management of pension funds in Nigeria, to determine the considerable level of financial transparency in the administration of retirement savings funds by Pension Funds Administrators in Nigeria and to examine if the Contributory Pension Scheme enables easy access to Pension Saving Funds to the retirees in Nigeria. The researcher adopted the survey research design. The study used Activity Theory as its theoretical framework. And a questionnaire was structured as the instrument for data collection. The research questions were solved using simple percentages, while Z-tests statistical tool to test the hypotheses. This study significantly revealed a level of financial transparency in the administration of retirement savings funds by pension funds administrators in Nigeria. Contributory Pension Scheme enabled easy access to pension savings funds to retirees in Nigeria. Lastly, the introduction of PFAs has a significant effect on reducing corruption in the management of pension funds in Nigeria. We recommend among other things, on the part of the regulator, there is need to address issues like non-remittances of pension contributions by the corporation, the problems that cause non-payment of pension and gratuities to older citizens should also be solved, the regulator (National Pension Commission) should enforce the relevant sanctions of the Pension Reform Acts on defaulting employers to improve on the existing compliance and finally, the government of Nigeria should punish those who steal pensioner’s funds to serve as a deterrent to others.

Keywords: Pension; Accountability; Transparency;

1.1 Introduction

The issue of Pension systems is sensitive issues, especially in low-income developing countries like Nigeria, where most employees neither have meaningful retirement benefits nor earn enough during their working lives to cater for their retirement period (Awosike, 2009). Being colonized by Britain, Nigeria received a pension tradition into her public sector, modeled after the British structure (Oluma, cited by Odoh, Igbeka & Ani (2011)). The legal ordinance that brought Nigeria's pension scheme into being was the Pensions Ordinance of 1951 with a retrogressive effect from January 1, 1946. The pension ordinance of 1951 (Oluma 1986) contains vital information as Who a Native Administration Servant (public servant) is, the nature of benefits (pension and gratuity) and eligibility conditions, etc. Later, other appropriate public sector pension legislation and relevant circulars on pension matters emerged. In 1997, parastatals were allowed to appoint Board of Trustees (BOT), have individual pension arrangements, and decide whether to maintain an insured scheme or self-administered method.

The insecurity of funds was one of the significant challenges of the old unfunded defined pension scheme in Nigeria. The system is filled with poor administration, corruption, improper management of pension funds, lack of supervisory and regulatory agency, insufficient budgetary allocations, infiltration of ghost pensioners, and release of inadequate funds for payment of outstanding pension debts culminated in arrears over pension. Thus, subjected pensioners to unavoidable humiliation and starvation because of denial of their pension benefits. To ensure stability, sustainability, effectiveness, transparency, and accountability, the new contributory pension

scheme provided for the management of funds by the pension fund administrators and the pension fund custodians under the significant supervision of the National Pension Commission (PenCom). According to Alabadan (2011), the old pension scheme lacked the features of truth, honesty, impartiality, fairness, integrity, ineffectiveness and unsustainability and the Pension Reform Act 2004 has significantly identified with all these fixtures

The essence of this study is to evaluate pension fund administrators and the financial transparency of retirement savings funds in Nigeria.

1.2 Objectives of the Study

The study's broad objective is to evaluate pension fund administrators and the financial transparency of retirement savings funds in Nigeria. The specific objectives are:

- i. To determine the significant level of financial transparency in the administration of retirement savings funds by Pension Funds Administrators in Nigeria.
- ii. To examine if the Contributory Pension Scheme enables easy access to Pension Saving Funds to the retirees in Nigeria.
- iii. To determine whether the introduction of PFAs has a significant effect on the reduction of corruption in the management of pension funds in Nigeria.

1.3 Research Questions

The following research questions guide the study;

- i. What are the levels of financial transparency in the administration of retirement savings funds by Pension Funds Administrators in Nigeria?
- ii. Has the Contributory Pension Scheme enable easy access to Pension Saving Funds to the retirees in Nigeria?
- iii. To what extent has the introduction of PFAs has a significant effect on the reduction of corruption in the management of pension funds in Nigeria.
- iv.

1.4 Research Hypothesis

These hypotheses were formulated for the study:

- i. **Ho:** There are no significant levels of financial transparency in the administration of retirement savings funds by pension funds administrators in Nigeria.
Hi: There are significant levels of financial transparency in the administration of retirement savings funds by pension funds administrators in Nigeria.
- ii. **Ho:** Contributory Pension Scheme has not enabled easy access to pension savings funds to retirees in Nigeria.
Hi: Contributory Pension Scheme enabled easy access to pension savings funds to retirees in Nigeria.
- iii. **Ho:** Introduction of PFAs has no significant effect on the reduction of corruption in the management of pension funds in Nigeria.
Hi: Introduction of PFAs has a significant effect on the reduction of corruption in the management of pension funds in Nigeria

1.5 Scope of the Study

In other to make this study research-oriented and more purposeful, the research focused on the transparency of funds of Nigeria retiree's to be able to draw conclusion on Pension funds Administrators and financial transparency in retirement savings funds in Nigeria and make recommendations necessary which will be generally applicable. Three PFAs were used in the study; namely, include Trustfund, Premium Pension and Leadway

Pension Limited.

2.0 Conceptual Framework

2.1 The Concept of Pension and Pension Funds Administration

A fixed sum paid regularly to a pensioner, typically following retirement from service, is called pension. It is different from severance pay because the former is paid in regular installments while the latter is paid in one lump sum. According to Adams (2005), a pension is the amount paid by government or company to an employee after working for some specific period, considered too old or ill to work or have reached the statutory retirement age. It is equally seen as the monthly sum paid to a retired officer until death because the officer has worked with the organization funding the sum. Adebayo (2006) and Robelo (2002) asserted that pension is also the method whereby a person pays into a pension scheme a proportion of his/her earnings during his working life. The contributions provide an income (or pension) on retirement that is treated as earned income. This is taxed at the investors' marginal rate of income tax.

For the past decade, the issue revolving around the pension fund administration has received alarming attention in several countries. There have been changes in how pension assets and benefits are managed and distributed to beneficiaries because of the difficulties associated with the pension schemes existing in each country. Most countries have diverted to the contributory pension scheme, in which employees and their employers are bound to contribute a certain percentage of the employee's monthly earnings to employees' Retirement Savings Account (RSA), from which pension benefits for the employee after retirement is drawn, [Ahmed, 2006]. In Nigeria, [Pension reform act; 2014.] prescribed that an employee should make a minimum contribution of 8% and the employer 10% if the employment is that of the government. The contributions provided an income (pension) on retirement that is treated as earned income and is taxed at the investors' marginal rate of income tax.

The pension system and administration in Nigeria have experienced some modest growth since the introduction of the defined contributory scheme (DC) to replace the pre-reformed defined benefit scheme. Pension assets have grown from 2006 to till date.

Pension Fund Administrators are private organizations that duly licensed to open and manage retirement savings accounts for employees; also authorized to invest and manage the pension funds in from time to time as prescribed by the Act; maintain all records of accounts on all transactions in relation to the pension funds managed by it, provide regular information by it; provide proper information on investment strategy to the employees or beneficiaries and pay retirement benefits to employees by the provisions of the Act. According to Myners (2001), a pension fund is defined as savings for payment of employees' retirement benefits.

2.2 Concept of Transparency

In the pension administration, issues of integrity, transparency, and accountability have enjoyed a resurgence in the recent decade. To achieve sound pension funds administration, public trust is a must, and employees expect the PFA's to serve the public interest with utmost fairness and manage public resources properly. Excellent and reliable public services and transparent decision-making create public trust and trigger a level playing field for businesses, therefore contributing to well-functioning markets and economic growth (Armstrong, 2005). To ensure transparency and accountability on the Pension Fund Administrators' part, the Pension Reform Act 2004, Section 44 provided explicitly that "PFA's licensed by the PenCom shall only manage pension funds." Therefore, it implies that the PFA's are accountable to a regulatory body; in this case, the National Pension Commission (PenCom). Transparency, as defined by Kopis et al. (1998), is an attitude of openness toward the public at large, about government structure and functions, policy intention, public sector accounts and projections; ready access to

reliable, comprehensive, timely, understandable information on government activities so that the electorate and financial markets can accurately assess government's financial position and the actual costs and benefits of government activities.

2.3 Background to the Pension Fund Administrators (PFAs) in Nigeria

Pension fund administrator is defined by section 102 of the Pension Reform Act 2004 as any corporate body licensed by the commission as pension fund administrator and includes the Nigerian Social Insurance Trust Fund (NSITF). PFAs are limited liability companies duly licensed by pension commission as select purpose vehicles to carry out pension business only. They are at the core of the funded pension system. Their ability to manage contributions over time in a manner that produces real returns to savers after deduction of inflations and management fees determines future pensioners' prospects. In the Nigeria regulatory system, PenCom issues guidelines on the maximum share of investment that PFAs are allowed to take out in different asset classes-i.e. government bonds, money market instruments issued by domestic banks and selected domestic equities- and the Pension Fund Custodian (PFC) holds savings on trust to separate asset holdings from the PFAs investment function. For their services, PenCom and PFC separate asset holdings from the management fee that used to amount overall to 3 percent and reduced to 2.25 percent in the second quarter of 2009. Currently, 1.6 percent of the management fee goes to the PFA, and 0.4 percent goes to the PFC, and 0.25 percent goes to PenCom. Judging from the proliferation of PFAs since the start of the reform, management of pension investment in Nigeria appears to be a good business proposition, at least as far as the PFAs themselves are concerned. Since an earlier survey on 23rd October, Cassey & Dotal (2008).

A survey of PFAs websites by Iglesias & Robert (2001) shows that no update has for the past two(2) years. Therefore, virtually all Pension Fund Administrators breach the National Pension Commission guidelines to publish the return of their Retirement Savings Account Funds at the end of each financial year and to make unit prices of their Retirement Savings Account funds readily accessible on their websites. Only 15 PFAs (out of 26) provide any recent information about the value of their respective RSA units on their websites. Amongst the 15 PFAs, seven offer out-of-date or even updated unit.

2.4 Transparency and Accountability in Pension Fund Administration in Nigeria

Risk is extrinsic to the operation of a pension plan. Pension-related chances can fall into a variety of categories, from financial, legal to reputational risks. The critical priority pension managers are Managing these risks by implementing and maintaining a sound pension scheme. Pension scheme governance should be appropriately viewed as a vital component of human resources governance and a crucial pillar of overall corporate governance (Ejikeme, 2014). The administration of pension funds has come under heightened and significant scrutiny. Pensioners demand greater accountability and transparency about pension fund administration (Gallagher, Newton, and Clark, 2006). These scholars advocate for establishing ethical pension plan governance rules to act as a shield that protects against allegations of breach of duty. Transparent administration of the pension scheme is a significant challenge, but efforts are being made to eliminate the administrative vices. As noted by Obasanjo (2005), pension reform is a critical element in the Public Service Reform. According to the 2004 Pension Act by the National Assembly, the new contributory pension scheme is to make sure that retirees who have worked in public and private sectors receive their retirement benefits when due. It will provide the elimination of delays and anxiety and also, the total elimination of abuses and corruption commonly associated with pension payments. He further observed that a revolution would be engineered sooner or later through the participation of private sectors and efficient, transparent, and active management of pension funds by the stakeholders.

The valence of integrity, accountability, and transparency in pension administration has experienced a new revolution in recent decades. For excellency in pension funds administration, public trust must be involved, and there is an expectation of the pension funds administrators to serve the public interest with fairness by employees and to manage federal resources properly (Ejikeme, 2014).

Excellent and reliable public services and predictable decision-making is an inspiration to public trust and therefore create a level of playing field for commerce, thus leads to proper-functioning markets and economic growth and enhancement (Armstrong, 2005). In order to promote accountability on the part of the PFA's, the PRA 2004, in Section 44, stipulated that pension funds are to be managed by PFA's licensed by the PenCom under the Act. This section, therefore, implies that the PFA's are supervised by a regulatory body PenCom. Section 45(a)-(h) stipulates that any PFA licensed under this Act shall: open RSA for an employee with a Personal Identity Number (PIN) attached; invest and manage pension funds and assets by under the provision of the Act; maintain all records of account on all transactions concerning the management of pension funds; provide proper information on their investment strategy, and its market returns and every other performance indicators to the Commission and beneficiaries of the RSA; provide customer service support to beneficiaries, including access to employees account balances and statements if demanded; cause to be paid retirement benefits to employees by the provisions of this Act; be responsible for all calculations concerning benefits; and carry out other functions as may be directed from time to time by the Commission (National Assembly, FRN, 2004).

The Director-General of the National Pension Commission emphasized that the pension funds are protected with stringent measures. Under the new contributory pension system, pension funds are not left with the employers but are credited straight to the individual Retirement Savings Accounts of the beneficiaries. The employer, the Commission, nor even the PFA's have no access to the money. Zenith Pensions Custodian (ZPC-online, n.d) As a strategy to guard against fraud in the pension industry, disclosed that one way to manage fraud in an organization is implementing policy to blow the whistle against it. The whistleblower policy reporting system is designed to make it easy for employees to disclose while maintaining the highest level of confidentiality. It is expected that a useful reporting framework will encourage employees to report suspected or known acts of fraud and improper conduct by making it more accessible, more confidential, and less adversarial. The whistleblowing guidelines issued by the Pensions Commission is to protect employees against detrimental treatment as a result of any disclosure made by them to the Commission of information generally considered to be confidential in the interest of all stakeholders of the pension system.

3.0 Research Methodology

3.1 Research Design

The researcher employed a survey design method for collecting and analyzing data. In this study, information as the primary source of data was obtained by administering the questionnaire, personal interview, and observation based on the research.

3.2 Area of Study

The area of study covers three licensed pension funds Administrators in Nigeria, namely Premium limited, Trustfund pension Limited, and Leadway Pension Limited.

3.3 The Population of the Study

This study population is the entire workforce of the selected Pension Funds Administrators and retirees under them (RSA). They include Trustfund, Premium Pension, and Leadway Pension Limited.

Table 1. Distribution of the Population

S/N	PFAs	STAFF	RSAs	TOTAL
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1	LEADWAY PENSION	3	7476	7479
2	TRUSTFUND PENSION	8	9722	9730
3	PREMIUM PENSION	2	7547	7549
				24758

Source: PFAs Regional Managers, 2017

3.3 Sample Size

After identifying the population which is small and considering that it can constitution the entire sample. For a more accurate and reliable research result.

The study sample will be determined using the statistical tool of Taro Yamani (1964) to obtain the sample size. Yamani's statistical formula for sample size determination is as follows;

$$n = \frac{N}{1 + N(e)^2}$$

Where n = sample size

N = Population of the study

E = Level of allowable error (5 percent or 0.05)

1 = constant

$$\text{Thus; } n = \frac{24758}{1 + 24758 \times (0.05)^2}$$

$$= \frac{24758}{1 + 24758 \times 0.0025}$$

$$= \frac{24758}{1 + 61.9} = 394$$

3.4 Sources of Data

Both primary and secondary sources of data were used to generate the data for this study. Primary data are data gathered from respondents through questionnaires, interviews, and personal observation. The questionnaire was used because the main study was survey research, while interviews were used to obtain responses that would not have been gathered by the questionnaire. It provided an opportunity for in-depth interaction with respondents and an opportunity for clarifications.

On the other hand, secondary data were sourced from existing materials like publications, journals, textbooks, internet, published and unpublished articles, newspapers, etc.

3.5 Method of Data Collection

The instruments used for gathering relevant data for the study are questionnaires and personal interviews. A 40-item questionnaire with open-ended questions was designed for the study following the research objectives, research questions, and hypotheses. The questionnaire used in this research consisted of two sections; Part A, demographic data of the respondents, gender, educational qualification, and age bracket of the respondents, while part B consists of the core research questions. A structured 5 Likert-scale questionnaire was designed based on; Strongly Agree (SA), Agree (A), Undecided (U), Disagreed (D), and Strongly Disagree (SD). The questionnaire was designed to elicit information for the study.

3.6 Validity of Instrument

During the study measurement and evaluation, experts and statisticians were consulted to test the validity of the

instrument used. In other to enhance the face validity, the questionnaire was submitted to the supervisor for vetting. Based on suggestions and criticism, a valid instrument was developed at the end of the study.

3.7 Reliability of the Instrument

The test re-test used is to discover the degree of reliability of the items in creating information from the respondent. The reliability of the instrument, as used in this research, was established using Spearman's Correlation. Copies of the questionnaire administered to 20 respondents at different times (two weeks interval). The reason is to make sure that the time was not too short or too long to abridge the respondents' memory effects or setting in some intervening variables.

3.8 Method of Data Analysis

The data collected for this research were analyzed using descriptive statistics such as percentages and tables shown responses to each question asked. Consequently, to test the hypotheses and establish the degree of dependence or independence of the variables under consideration, the “Z” statistical test tool was used to test the hypotheses.

Formula for ‘Z’ - test statistics,

$$a) \quad 'Z' = \frac{PQ}{\sqrt{nQP}}$$

Where, P = proportion of the positive responses

(Strongly agree and agree)

Q = proportion of the negative responses (Undecided, disagree and strong disagree, while n = is sample size

- b) Level of significance is 0.05
- c) Critical value: At 0.05 level of significance, the score takes value between -1.96 to 1.96 (see normal distribution table)
- d) Decision Rule: If the computed ‘Z’ value is between -1.96 to 1.96 of our critical value, we reject the null hypothesis otherwise the null hypothesis will not be rejected.

Computation of the ‘Z’ value.

4.0 PRESENTATION AND ANALYSIS OF DATA

4.1 DATA PRESENTATION

The analysis method was based on the statistical table format like a pie chart, histogram, and frequency distribution tables and, consequently, converted into percentages for easy analysis. Each tabular presentation represents the analysis of each question in the questionnaire, subsequently described with further discussion.

In all, three hundred and ninety-four (394) questionnaires were administered; and only three hundred and fifty (350) questionnaires were returned, which were used in the analysis.

SECTION A

Table 2. Percentage Distribution of Respondents by Age

Age	Frequency	Percentage
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18-26	88	25.1%
26-50	90	25.7%
51 & above	172	49.4%
Total	350	100%

Source: Field Survey Report 2017

For the table above, 88 which represent 25.1% of the respondents are 18-26 of age, 90 of the respondent which represents 25.7% are 26-50 of age while 51 and above represents 49.4% of the respondents.

Table 3. Percentage Distribution of Respondents by sex

Sex	Frequency	Percentage
Male	160	45.7%
Female	190	54.3%
Total	350	100%

Source: Field survey report, 2017

The table above sought to find out the sex distribution of respondents that answer the questionnaire. Majority of them are females which represent 190(54.3%) of the respondents while, 160 are male representing 45.7% of the respondents.

Table 4. Educational qualification of the respondents

Qualification	Frequency	Percentage
SSCE	35	10%
OND/NCE	40	11.4%
HND/B.Sc.	220	62.9%
Above 1 st degree	55	15.7%
Total	350	100%

Source: Field survey, 2017

The table above shows the number of respondents by qualifications. The data collected, indicated that 35(10%) of the respondents are SSCE holders and 40 representing (11.4%) of the respondents are OND/NCE holders. While 220(62.9%) of the respondents have HND/BSC. Lastly, 55(15.%) of the respondents possess first degree or above. It could therefore be inferred that majority of the respondents are HND/B.Sc. holders.

SECTION B

Table 5. Pension Fund Administrators give annual financial report to contributors

Variables	Frequency	Percentage (%)
Strongly Agreed	100	29%
Agreed	110	31%
Undecided	40	11.4%
Disagreed	60	18.4%
Strongly Disagreed	40	10.2%/
Total	350	100%

Source: Field Survey Report 2017

From the table above, majority of the respondents 110(60%) agreed and strongly agreed that Pension Fund Administrators give annual financial report to contributors, while 40(11.4%) are undecided, 60(18%) disagreed and 40(10.2%) strongly disagreed.

Table 6. Pension Fund Administrators report to PenCom if any employer is in default of remittance of employees' contributions.

Variables	Frequency	Percentage (%)
Strongly Agree	150	46.6
Agreed	100	23.8%
Undecided	10	2.9%
Disagreed	80	22.9%
Strongly disagree	0	0
Total	350	100%

Source: Field Survey Report 2017

The Table 6 above shows that 150(46.6%) and 100(23.8%) of the respondents strongly agreed and agreed with the above statement respectively, 80(22.9%) disagreed while 10(2.9%) were undecided.

Table 7. Pension Fund Administrator gives annual reports to contributors through the national dailies and public notice boards of Organizations

Variables	Frequency	Percentage (%)
Strongly Agree	50	11.9%
Agreed	50	11.9%
Undecided	10	2.9%
Disagreed	80	22.9%
Strongly disagree	150	46.6%
Total	350	100%

Source: Field Survey Report 2017

From the table above, 50(11.9%) of the respondents strongly agreed and agreed with the above statement that Pension Fund Administrator gives annual reports to contributors through the national dailies and public notice boards of Organizations, 10 were undecided, while majority of respondents 80(22.9%) disagreed and 150(46.6) strongly disagreed.

Table 8. The pension fund administrators, within four months from the end of each year, because its accounts to be audited by qualified external auditors.

Variables	Frequency	Percentage (%)
Strongly Agree	100	28.6%
Agreed	100	28.6%
Undecided	10	2.9%
Disagreed	80	22.9%
Strongly disagree	50	15.5%
Total	350	100%

Source: Field Survey Report 2017

From the table 8, 100(28.6%) strongly agreed and agreed with the above statement that pension fund administrators, within four months from the end of each year, cause its accounts to be audited by qualified external auditors, 10(2.9%) respondents were undecided and 80(22.9%) of the respondents disagreed and 50(15.5%) strongly disagreed.

Table 9. Pension fund administrators are penalized for refusing to disclose relevant information to external auditors.

Variables	Frequency	Percentage (%)
Strongly Agree	110	31.4%
Agreed	100	23.8%
Undecided	10	2.9%
Disagreed	80	22.9%
Strongly disagree	40	11.4%
Total	350	100%

Source: Field Survey Report 2017

Table 9 sought to find out if Pension fund administrators are penalized for refusing to disclose relevant information to external auditors, 110(31.4%) of the respondents strongly agreed, 100(23.8%) agreed while 10(2.9%) were undecided and 80(22.9%) of the respondents disagreed and 11.4% strongly disagreed.

Table 10. Severe penalty is meted to pension fund administrator for non-compliance with guidelines in its operations

Variables	Frequency	Percentage (%)
Strongly Agree	110	31.4%
Agreed	100	28.5%
Undecided	30	8.6%
Disagreed	80	22.9%
Strongly disagree	20	5.7%
Total	350	100%

Source: Field Survey Report 2017

From the table above, 110(31.4%) of the respondents strongly agreed that Severe penalty is meted to pension fund administrator for non-compliance with guidelines in its operations, 100(28.5%) agreed, 30(8.6%) were undecided and 80(22.9%) of the respondent disagreed.

Table 11. Contributors to consolidated pension fund are regularly informed through national dailies of all investments with their funds.

Variables	Frequency	Percentage (%)
Strongly Agree	50	11.9%
Agreed	50	11.9%
Undecided	10	2.9%
Disagreed	80	22.9%
Strongly disagree	150	46.6%
Total	350	100%

Source: Field Survey Report 2017

From table 11, 50(11.9%) strongly agreed and agreed that Contributors to consolidated pension fund are regularly informed through national dailies of all investments with their funds, while 20(5.7%) respondents were undecided and majority of the respondents disagreed and strongly disagreed with above statement 150(46.66%) and 80(22.9%).

Table 12. The Pension Fund Administrator declares the interest generated by investments

Variables	Frequency	Percentage (%)
Strongly Agree	40	11.4%
Agreed	50	11.9%
Undecided	10	2.9%

Disagreed	90	25.7%
Strongly disagree	150	46.6%
Total	350	100%

Source: Field Survey Report 2017

From the table 12, majority of the respondents strongly disagreed with 150(46.6%) and 90(25.7) that Pension Fund Administrator declares the interest generated by investments, 10(2.9%) were undecided and 40 and 50 of the respondents strongly agreed and agreed respectively.

Table 13. Retirement benefits are paid immediately after retirement.

Variables	Frequency	Percentage (%)
Strongly Agree	10	2.9%
Agreed	80	23.8%
Undecided	20	5.7%
Disagreed	100	28.5%
Strongly disagree	120	34.3%
Total	350	100%

Source: Field Survey Report 2017

From table 13, sought to find out if retirement benefits are paid immediately after retirement, 10(2.9%) and 80(23.8) of the respondents strongly agreed and agreed, while 20(5.7%) were undecided and majority of the respondents strongly agreed and agreed with 34.3% and 28.5% respectively.

Table 14. Retiree's pensions are paid regularly

Variables	Frequency	Percentage (%)
Strongly Agree	80	22.9%
Agreed	88	25.1%
Undecided	62	17.7%
Disagreed	90	25.7%
Strongly disagree	40	11.4%
Total	350	100%

Source: Field Survey Report 2017

Table 14 sought to find out retiree's pensions are paid regularly, 80(22.9%) respondents strongly agreed, 25% agreed while 62(17.7%) were undecided and 90(25.7%) disagreed and 11.4% strongly disagreed.

Table 15. Payment of pension benefits was not so much delayed.

Variables	Frequency	Percentage (%)
Strongly Agree	110	31.4%
Agreed	100	23.8%
Undecided	10	2.9%
Disagreed	80	22.9%
Strongly disagree	40	11.4%
Total	350	100%

Source: Field Survey Report 2017

Table 15 sought to find Payment of pension benefits was not so much delayed, 110(31.4%) of the respondents strongly agreed, 100(23.8%) agreed while 10(2.9%) were undecided and 80(22.9%) of the respondents disagreed and 11.4% strongly disagreed.

Table 16. Provision of retirement benefits under the advance financing system

Variables	Frequency	Percentage (%)
Strongly Agree	150	46.6
Agreed	100	23.8%
Undecided	10	2.9%
Disagreed	80	22.9%
Strongly disagree	0	0
Total	350	100%

Source: Field Survey Report 2017

Table 16 shows that 150(46.6%) and 100(23.8%) of the respondents strongly agreed and agreed provision of retirement benefits under the advance financing system, 80(22.9%) disagreed while 10(2.9%) were undecided

Table 17. I'm comfortable how the pension funds are being managed

Variables	Frequency	Percentage (%)
Strongly Agree	40	11.4%
Agreed	50	11.9%
Undecided	10	2.9%
Disagreed	90	25.7%
Strongly disagree	150	46.6%

Total	350	100%
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Source: Field Survey Report 2017

From the table 17, majority of the respondents strongly disagreed with 150(46.6%) and 90(25.7) that are comfortable the pension funds are being manager, 10(2.9%) were undecided and 40 and 50 of the respondents strongly agreed and agreed respectively.

Table 18. Pension Fund Administrators report to PenCom if any employer is in default of remittance of employees' contributions

Variables	Frequency	Percentage (%)
Strongly Agree	110	31.4%
Agreed	100	28.5%
Undecided	30	8.6%
Disagreed	80	22.9%
Strongly disagree	20	5.7%
Total	350	100%

Source: Field Survey Report 2017

From the table 18, 110(31.4%) of the respondents strongly agreed that Pension Fund Administrators report to PenCom if any employer is in default of remittance of employees' contributions, 100(28.5%) agreed, 30(8.6%) were undecided and 80(22.9%) of the respondent disagreed.

Table 19. Pension Fund Administrator does not utilize any pension funds or assets in its custody to meet its own financial obligation to any person whatsoever

Variables	Frequency	Percentage (%)
Strongly Agree	80	22.9%
Agreed	88	25.1%
Undecided	62	17.7%
Disagreed	90	25.7%
Strongly disagree	40	11.4%
Total	350	100%

Source: Field Survey Report 2017

Table 19 sought to find out if Pension Fund Administrators does not utilize any pension funds or assets in its custody to meet its own financial obligation to any person whatsoever, 80(22.9%) respondents strongly agreed, 25% agreed while 62(17.7%) were undecided and 90(25.7%) disagreed and 11.4% strongly disagreed.

Table 20. Pension Fund Administrators reports any fraud, forgery or theft occurring in its organization through national dailies

Variables	Frequency	Percentage (%)
Strongly Agree	100	28.6%
Agreed	100	28.6%
Undecided	10	2.9%
Disagreed	80	22.9%
Strongly disagree	50	15.5%
Total	350	100%

Source: Field Survey Report 2017

From the table 20, 100(28.6%) strongly agreed and agreed with the above statement that Pension Fund Administrators reports any fraud, forgery or theft occurring in its organization through national dailies, 10(2.9%) respondents were undecided and 80(22.9%) of the respondents disagreed and 50(15.5%) strongly disagreed.

Table 21. Maintenance of Retirement Savings Account guarantees fund security with the Pension Fund Administrators

Variables	Frequency	Percentage (%)
Strongly Agree	80	22.9%
Agreed	88	25.1%
Undecided	90	25.7%
Disagreed	62	17.7%
Strongly disagree	40	11.4%
Total	350	100%

Source: Field Survey Report 2017

From table 21 sought to find out Maintenance of Retirement Savings Account guarantees fund security with the Pension Fund Administrators, 80(22.9%) respondents strongly agreed, 25% agreed while 90(25.7%) were undecided and 62(17.7%) disagreed and 11.4% strongly disagreed.

Table 22. Exemption of Pension funds from liquidation process is a security mechanism.

Variables	Frequency	Percentage (%)
Strongly Agree	150	46.6
Agreed	100	23.8%

Undecided	10	2.9%
Disagreed	80	22.9%
Strongly disagree	0	0
Total	350	100%

Source: Field Survey Report 2017

Table 22 shows that 150(46.6%) and 100(23.8%) of the respondents strongly agreed and agreed that exemption of Pension funds from liquidation process is a security mechanism. respectively, 80(22.9%) disagreed while 10(2.9%) were undecided.

Table 23. The quarterly Statement of Account from the Pension Fund Administrator to employee contributors shows the true financial position of each employee under the scheme

Variables	Frequency	Percentage (%)
Strongly Agree	130	37.1%
Agreed	100	23.8%
Undecided	30	8.6%
Disagreed	60	17.1%
Strongly disagree	20	5.7%
Total	350	100%

Source: Field Survey Report 2017

Table 23 shows that 130(37.1%) and 100(23.8%) of the respondents strongly agreed and agreed that the quarterly Statement of Account from the Pension Fund Administrator to employee contributors shows the true financial position of each employee under the scheme, 60(17.1%) disagreed while 10(2.9%) were undecided and 5.7% strongly disagreed.

Table 24. Disclosure in notes of the actuarial method used and changes thereto

Variables	Frequency	Percentage (%)
Strongly Agree	80	22.9%
Agreed	88	25.1%
Undecided	62	17.7%
Disagreed	90	25.7%
Strongly disagree	40	11.4%
Total	350	100%

Source: Field Survey Report 2017

From table 24 sought to find out if PFAs is disclose notes of the actuarial method used and changes thereto, 80(22.9%) respondents strongly agreed, 25% agreed while 62(17.7%) were undecided and 90(25.7%) disagreed

and 11.4% strongly disagreed.

4.2 TESTING OF HYPOTHESES

4.2.1 HYPOTHESES ONE

Ho: There are no significant levels of financial transparency in the administration of retirement savings funds by pension funds administrators in Nigeria.

Hi: There are significant levels of financial transparency in the administration of retirement savings funds by pension funds administrators in Nigeria.

The hypothesis sought to know whether or not there are significant levels of financial transparency in the administration of retirement savings funds by pension funds administrators in Nigeria. This hypothesis will be tested with questions in table 7 and 8.

Presentation of Responses on a frequency and percentage table

Variables	Frequency	Percentage
Strongly Agreed	150	21.4%
Agree	150	21.4%
Undecided	20	2.9%
Disagree	160	22.9%
Strongly disagreed	200	28.6%
Total	700	100%

Source; Field Survey, 2017

Using 'Z'- test statistics,

$$e) \quad 'Z' = \frac{PQ}{\sqrt{nQP}}$$

Where, P = proportion of the positive responses (strongly agree and agree)

Q = proportion of the negative responses (Undecided strongly disagree and disagree)

n = sample size

- f) Level of significance is 0.05
- g) Critical value: At 0.05 level of significance, the score takes value between -1.96 to 1.96 (see normal distribution table)
- h) Decision Rule: If the computed 'Z' value is between -1.96 to 1.96 of our critical value, we reject the null hypothesis otherwise the null hypothesis will not be rejected.
- i) Computation of the 'Z' value

From the table above, P = (300) 42.8%, Q = (400) 57.1% and n = 350

$$Z = \frac{0.428 \times 0.571}{\sqrt{(350 \times 0.428 \times 0.571)}} = 0.026$$

a) Statistical Decision: since our computed 'Z' value of 0.026 fall between -1.96 to 1.96 of our critical value, we reject the null hypothesis.

Decision: Since we reject the null hypothesis, we therefore conclude that there are significant levels of financial transparency in the administration of retirement savings funds by pension funds administrators in Nigeria.

4.2.2 HYPOTHESIS TWO

Ho: Contributory Pension Scheme has not enabled easy access to pension savings funds to the retirees in Nigeria.

Hi: Contributory Pension Scheme enabled easy access to pension savings funds to the retirees in Nigeria. This hypothesis will be tested with questions in table 13 and 14.

Presentation of Responses on a frequency and percentage table

Variables	Frequency	Percentage
Strongly Agreed	90	12.9%
Agree	168	24%
Undecided	82	11.7%
Disagree	190	27.1%
Strongly disagreed	160	23.9+%
Total	700	100%

Source; Field Survey, 2017

From the table above, P = (268) 38.3%, Q = (432) 61.7% and n = 350

$$Z = \frac{0.383 \times 0.617}{\sqrt{(350 \times 0.383 \times 0.617)}} = 0.026$$

$$\sqrt{(350 \times 0.383 \times 0.617)} = 0.026$$

Statistical Decision: since our computed 'Z' value of 0.026 falls between -1.96 to 1.96 of our critical value, we reject the null hypothesis.

Decision: Since we reject the null hypothesis, we therefore conclude that Contributory Pension Scheme up to a certain extent enabled easy access to pension savings funds to the retirees in Nigeria.

4.2.3 HYPOTHESIS THREE

Ho: Introduction of PFAs has no significant effect on the reduction of corruption in the management of pension funds in Nigeria.

Hi: Introduction of PFAs has significant effect on the reduction of corruption in the management of pension funds in Nigeria.

This hypothesis will be tested with the questions in table 20 and 21.

Presentation of Responses on a frequency and percentage table

Variables	Frequency	Percentage
Strongly Agreed	180	25.7%
Agree	188	26.9%
Undecided	100	14.3%
Disagree	142	20.7%
Strongly disagreed	90	12.9%
Total	700	100%

Source; Field Survey, 2017

From the table above, $P = (368) 52.6\%$, $Q = (332) 47.4\%$ and $n = 350$

$$Z = \frac{0.526 \times 0.474}{\sqrt{(350 \times 0.526 \times 0.474)}} = 0.027$$

Statistical Decision: since our computed 'Z' value of 0.027 falls between -1.96 to 1.96 of our critical value, we reject the null hypothesis.

Decision: Since we reject the null hypothesis, we therefore conclude that the introduction of PFAs has significant effect on the reduction of corruption in the management of pension funds in Nigeria.

4.3 Discussion of Findings

Findings from this study revealed that retirees, contributory workers, pension fund administrators, pension fund custodians, and the National Pension Commission (PenCom) agreed that the new contributory pension scheme had ensured a certain level of transparency and accountability of the pension fund administrators and pension fund custodians and up to a certain level reduced the corruption in pension fund management.

From the test of hypothesis one, the null hypothesis was rejected. At the same time, the alternative was accepted. It states that there are significant levels of financial transparency in the administration of retirement savings funds by pension funds administrators in Nigeria. The study revealed that pension fund administrators give a financial report to the National Pension Commission, but not to contributory workers nor pensioners; report to PenCom any unusual occurrence concerning the pension funds in his view, could adversely affect the rights of the owner of retirement savings account under the scheme; report to PenCom if an employer is in default of remittance of employees contributions; report any fraud, forgery or theft occurring in its organization directly to the National Pension Commission, not through the national dailies; give annual reports to contributory workers and pensioners through PenCom and records showing income, expenditure, and assets.

The null hypothesis was also rejected from hypothesis two, and the alternative was accepted, which states that the Contributory Pension Scheme enabled easy access to pension savings funds to retirees in Nigeria. The ease in remittance of contributions is facilitated by the branch net-work through e-payment. Accurate record-keeping, a data bank for the remittance of money to retirement savings account, and the alerts services being made on notice is another success story. Prompt and regular payment of pension benefits at least to higher percentage; prompt access to whatever credit balance on the retirement savings account of a deceased pensioner or a deceased contributory worker (who died in active service) by the survivor; strict regulatory monitoring of the operators by the National Pension Commission; streamlining of rules and guidelines, and availability of such policy instruments to operators to standardize the administration and other logistics in running the pension scheme, are some of the successes achieved the contributory pension scheme.

Finally, from hypothesis three, the null hypothesis was also rejected and the alternative was accepted which states that the introduction of PFAs has significant effect on the reduction of corruption in the management of pension funds in Nigeria. On the spate of overwhelming revelations of fraud in pension industry, Onuoha (2012) reported that Pension Fund Operators Association Of Nigeria (PENOP) has explained that the high rate of corruption being unearthed in the public sector pensions system is under the defunct deferred pension system, therefore Senate Committee probes cannot happen in the new dispensation, and the incidents are not connected to the new contributory pension scheme. The Pension Fund Operators Association of Nigeria is an independent, non-governmental, non-political and non-profit making body whose membership include four Pension Fund Custodians, twenty-four Pension Fund Administrators, and seven Closed Pension Fund Administrators with the objective of promoting the operations and growth of the industry and ensuring that the best practices relating to

the industry of international standards are observed by the operators registered in Nigeria.

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY OF THE FINDINGS

In this study, attempts have been made to evaluate pension fund administrators and financial transparency of retirement savings funds in Nigeria. Findings from the study were obtained through the review of relevant literature, response from PFAs staff and retirees to the questions in the questionnaire, and empirical testing of the hypotheses.

1. There is a significant level of financial transparency in the administration of retirement savings funds by pension funds administrators in Nigeria.
2. The contributory Pension Scheme enabled easy access to pension savings funds to retirees in Nigeria.
3. The introduction of PFAs has a significant effect on reducing corruption in the management of pension funds in Nigeria.

5.2 CONCLUSION

This research has shown that financial transparency is the key to the sustainability of the contributory pension scheme. These will enable easy access to saving funds and reduction of corrupt practices.

The licensed independent pension fund operators should be more transparent about how much investment returns have been made and, for purposes of further clarity, be accurately accountable to their respective clients through the organization of annual general meetings to decide with the principals the formula and ratio for sharing the annual investment returns. Investors are the primary stakeholders and should be carried along in corporate decision-making processes to sustain and improve upon the existing transparency and accountability in the pension industry to avoid the obvious mistakes of the old defined pension scheme and strengthen the protection of the interest of stakeholders.

5.3 RECOMMENDATIONS

For effective, efficient and transparent pension fund administration in Nigeria, the following policy recommendations are necessary;

- i. On the part of the regulator, there is a need to address issues like non-remittances of pension contributions by corporations. The problems that cause non-payment of pension and gratuities to older citizens should also be discussed.
- ii. The regulator (National Pension Commission) should enforce the Pension Reform Acts' relevant sanctions on defaulting employers to improve on the existing compliance.
- iii. The government of Nigeria should punish those who steal pensioner's funds to serve as a deterrent to others.
- iv. There is a need for public enlightenment campaign on the merits of the contributory pension scheme with a view of introducing in the nearest future a way of mitigating some problems faced by retirees and pensioners in collecting their entitlements non-remittance and improper documentation.

Finally, there is no economic theory or policy devoid of risks in any developed countries' entire economy, talk less of developing countries of the third world. The inbuilt security mechanisms, policy instruments, guidelines, rules, and regulations, including the supervisory role of the National Pension Commission, are not adequately sufficient

to guard against investment risks. To avoid the total collapse of the scheme, it is recommended that government should, as a matter of emergency, ensure that the contributed pension funds are insured against risks with viable and reliable insurance companies so that in the event of any economic crash, the insurance companies bear the total brunt of the loss.

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