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Retirement in the Federal Civil Service of Nigeria: Conceptual Issues

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ABSTRACT
Retirement is the act of ending one's regular employment, usually due to reaching a specific age. The Nigerian labour law is the legislation that governs and protects the rights of employees in Nigeria, including their working conditions, the minimum wage, pensions, and many other aspects of the country's labour force. One of the essential statutes of the Nigerian Labour law is the Pension Act which establishes official retirement age and pension scheme for civil servants, teachers and other workers in the labour. The official retirement age in Nigeria varies since ministries in the civil service have different retirement age based on their peculiarities ranging from age 60 to 65. While the number of years in service is 35 years. This paper examined the retirement in the Federal Civil Service of Nigeria: conceptual issues. Drawing from literatures reviewed, this study observed that Pensioners face extra challenges as a result of irregular payments of monthly pension and gratuity which is as a result of thefts and acts of corruption in the administration. In specific circumstances, retirees are entitled to hefty monthly pension arrears but are not paid in most situations. This study recommends amongst others that government should increase the powers of institutes monitoring pension managers in Nigeria, and these monitoring institutions should enforce the laws that govern the pension administration in Nigeria.

Keywords: *Retirement, Federal Civil Service, Pension Act, Pensioners*

INTRODUCTION

There comes a time in everyone's life when leisure is essential for the daily job routine. Our bodies and minds weary, and we lose interest in being productive; this is when the majority of people decide to retire. Retirement enables an employee to withdrawal from a particular position or occupation or from one's active working life. The traditional retirement age is 65 in Nigeria (though it moved from 55 years to 60 years before now) and other developed and developing nations. Most of these countries have some kind of national pension or benefits system in place to supplement retirees' incomes. Hence in Africa, retirement and pension issues have recently attracted the attention of companies, employees, and the government (Okechukwu & Ugwu, 2011). Thus, the process of retirement involves the transition of people’s experience, when they move from a job role performed for pay to the role of retired person.

It follows that retirement entails a change from an active working life with sufficient financial capability at a young age to a less demanding work schedule or to an absence of any real work schedule at an advanced age. In terms of time management, retirement is a period of substantial adjustment (Olatunde & Onyinye, 2010). However, the significance of retirement is highlighted by the fact that the retired individual is forced to face new problems as a result of his or her new position. Abubakar (2021) proposed that when retirement knocks on a worker's door, it brings with it challenges and expectations. Retirement is often stressful for the average worker, especially in a country like Nigeria with tight economic laws.

When workers cease performing a certain job for which they have been known for a long time, they are said to have retired. Such a person is put on a monthly pension after the payment of gratuity, and no longer required by the government to work in the public or civil service. Rapidly distributing monthly stipends to those who have left the service has proven to be a significant challenge in the majority of Sub-Saharan African nations, such as Nigeria, where the government is combating inconsistencies in the payment of monthly payments to workers (Garba & Mamman, 2014). As a result, the majority of workers who are close to retirement are scared of what lies ahead. Pensioners regularly face challenges after retiring, which have an influence on their economical and physical wellbeing which real-world experiences have shown.

Most governments, notably, fail to pay gratuities on time, leaving retirees in a condition of uncertainty and unable to make socioeconomic decisions. With the failings of public sector pension systems, there is a fundamental paradigm change among workers over how to manage their life in retirement. As a result, it is critical to conduct a survey to learn more about the challenges faced by retirees in Nigeria in order to devise solutions that will improve their quality of life (The Economic Times, 2023). This is the primary topic of the research. In this light, this study is divided into the introduction, literature review, methodology, conclusion and recommendation.

LITERATURE REVIEW

Concept of Retirement

Retirement is the withdrawal from one's position or occupation or from one's active working life (Okechukwu & Ugwu, 2011). It refers to the time of life when one chooses to permanently leave the workforce behind. Layoffs, retirement, and termination are all indefinite separations from the payroll, according to Aina (1992), which can be caused by things like decreased sales, a shortage of supplies, seasonal fluctuations, production delays, or a major administrative reorganization. In contrast, retirement, according to Egbuta (1991), is the decision to leave a job in the later years of one's life in order to enjoy a period of leisure till death. To Nwajagu (2007), a retired person is one who has resigned from office. According to the Oxford Dictionary, retirement is the act of ceasing one's regular job, typically because one has reached a certain age. It can also be referred to as the act of retiring or the condition of having retired from work.

The Nigerian labour law is the law that covers and guides the right of workers in Nigeria, their working conditions, the minimum wage, their pensions and many other things related to workers in labour force of the country (Oparanma, 2015). One of the essential statutes of the Nigerian Labour law is the Pension Act which establishes official retirement age and pension scheme for civil servants, teachers and other workers in the labour force. Workers retire from service at a certain age or after a specific number of years in service and are entitled to receive gratitude or a monthly pension. The official retirement age in Nigeria varies. This is because each ministry in the civil service has different retirement age based on their peculiarities. Also, the retirement age in the private sector is also different.

When they are too elderly or ill to work, many workers make the decision to leave the labour force. When they reach a specific age and become eligible for private or governmental pensions, these people retire. Employees who are sick or have unanticipated mishaps may retire without planning. This implies that retirement is the retreat from active function of one's means of subsistence (Simwa, 2018). The federal government sets the compulsory retirement age in Nigeria for workers in the public sector of which the private sector takes a cue from. There are different retirement ages for various sector/industry in the Nigeria public service. Hence, the compulsory retirement age is set at 60 to 70 years as approved for the various public sectors, and such employee must have worked for the government for at least 15 years or for a maximum of 35 years in service before retirement, to be liable for pension (Premium Times, 2022). However, the aids are abridged if you elect for early retirement.

One will need to save a certain amount of money, which will depend on how long such an employee may intend to live after retiring and how much cash he/she may need each month to live. Statistics suggest that after reaching the usual retirement age, people typically live for 17 to 20 years (The Economics Times, 2023). To live happily and healthily, you might need to save more money. It's important to understand how much money you'll need to earn to support yourself for the rest of your life. Considerations like rent and mortgage payments are important. To maintain their standard of living after retirement, the majority of pensioners need 80% of their pre-retirement income.

Okechukwu & Ugwu (2011) said that the majority of retired public officers in Nigeria viewed retirement as a crisis situation. He had a completely different perspective from Manion (1976), who acknowledged that retirement is the end of regular employment in business, industry, or service. According to them retirement is more than just a withdrawal; it is a serious crisis, particularly in Nigeria, due to a lack of pre-retirement counseling provided by employers to employees, which would produce changes that would normally facilitate the transition from work to retirement but may be interpreted as causing a loss of status, especially if the retiree is a head of the household. This point supported Olatunde & Onyinye (2010) research, which showed that teachers in developing nations were afraid of retiring and were unwilling to do so due to the boredom and loss of security they perceived comes with it.

Retirement options include statutory, compulsory, and voluntary retirement. By law, one is required to retire when they reach the age of sixty (or sixty to seventy, chronologically in provision of the public service sector) or after they have served 35 years in the public service, or whichever comes first (Premium Times, 2022). Pension and gratuity payments are associated with statutory retirement. Three options for retiring or leaving public service were outlined by Nwajagu (2007). There are three types of retirement: Compulsory, Statutory, and Voluntary.

According to the Pension Reform Act of 2004, a person can retire voluntarily or be forced to retire before the age of 50 on the basis of a medical recommendation, a persistent disability, or because of certain terms and circumstances of work. Self-imposed retirement is voluntary (Abubakar, 2021). To put it another way, a person may decide for themselves whether to retire or stay in service. Prospects within the service are taken into account, and if one is not happy with their career or their level of job satisfaction, they are free to voluntarily resign. The catch with voluntary retirement is that if the retiree hasn't worked for at least fifteen years, he forfeits his gratuity and pension; but, if he has worked for fifteen years, he is eligible to receive both (Okechukwu & Ugwu, 2011).

Compulsory retirement is imposed externally by the authority, which may determine that the person's continued employment is not in the service's best interests. Retirement is a necessary conclusion, much like death. This is due to the Holy Bible's assertion that everything has its appointed time, including birth, death, arrival, departure, employment, retirement, and other events (Garba & Mamman, 2014). When an employee leaves active duty before becoming 50 years old in conformity with the terms and conditions of their employment, compulsory retirement takes place.

Statutory age on the other hand which is also known as an enforced or mandatory retirement age is the set age at which persons who hold certain jobs or offices are required by industry, custom or law to leave their employment by retirement (Oparanma, 2015). The statutory retirement age in Nigeria is 60 years or 35 years of unbroken active service or as stated in the constitution for the public service sector. After retirement, civil servants are eligible to benefits such as gratuity and pension.

Concept of Pensions

A pension is a fund from which regular payments are given to support a person's retirement from work after they have contributed a set amount throughout their working years (Hinrichs & Lynch, 2021). A pension is a periodic income or annuity payment made to an employee who is qualified for benefits because of their age, earnings, and service, either at or after retirement. Other definitions of pension may include:

- a retirement pay, that is a set sum of money, provided to someone on a regular basis during retirement by the government or a former employer or any company.
- a regular payment made as compensation for harm suffered on the job or as a token of appreciation for service. For instance, to a former coworker (Oparanma, 2015).

Simwa (2018) claims that a pension is a lump sum payment made to an employee upon his separation from active duty. He claims that payments are frequently made in monthly installments. He contributed that pension plans might be single or multiemployer, insured or trusteed, group or individual, fixed or variable benefits, and contributory or non-contributory. Social security payments, which are provided to all inhabitants of a country regardless of whether they are working class or not, may be used to augment pension income in many developed nations of the globe (Hinrichs & Lynch, 2021). However, since the majority of people in these nations may have worked at some point, it would seem that social security benefits are synonymous with the working class. It differs from gratuity in this way. There are four primary categories of pensions in Nigeria, according to Ebere (2016). These are:

i. Superannuating Pension: Workers who retire at the legal age limit of 60 to 65 years are eligible for this form of pension.
ii. Compensatory pension: This sort of pension is given to an employee whose permanent position is eliminated and the government is unable to find him an appropriate substitute job.
iii. Compassionate Allowance: This is given when a public servant is dismissed from their position due to misbehavior, bankruptcy, incompetence, or inefficiency.
iv. Retiring Pension: This form of pension is often given to an employee who is allowed to retire after completing a predetermined amount of qualifying service, which is typically between 35 and 40 years in Nigeria.

A one-time lump sum of money known as a gratuity is given to an employee at retirement, upon death or retirement, or upon total incapacitation while on the job. According to Nwajiagu (2007), employees may be eligible for both a pension and a gratuity in specific circumstances, depending on when they leave the workforce. However, a worker who is eligible for a pension is often also eligible for the payment of a gratuity. Unless he was explicitly fired without benefits due to misbehavior, he is still eligible for retirement even if he is in debt to the company at that time (Okechukwu & Ugwu, 2011).

Retirees' Planning and Management Difficulties in Nigeria

According to Abubakar (2021), retirement can be regarded from a variety of angles and might be a bitter pill for certain people. According to Omoresemi, retirement is a true transition since it implies shifting from one location or stage of development to another (1987). He also believed that the shift may reflect a transition from one stage of a person's growth to another, or from one corporate position to another. This contribution is in response to Harris and Cole's statement (1980). According to Manion, retirement is the first stage of life that effectively characterizes a person as aged (1976). It is a break from the usual tasks performed at work or in the service industry.

Due to their lack of planning, many people have had psychosocial challenges, while others have developed phobias as a result of retiring. In Nigeria today, civil servants in both the public and commercial sectors view retirement as one of the hardest problems to resolve. Federal Republic of Nigeria Official Gazette (2008) asserts that retirement planning is a challenging endeavor anywhere in the globe. Due to their poor salary, little savings, and heavy family and community responsibilities, Nigerian government employees may find it more difficult to plan for retirement. A few of the societal issues that have an impact on effective retirement planning in Nigeria include the size of the family, polygamy, the increased responsibilities of the extended family, inadequate access to medical care, and others. The Exit Phase The transition phase was rather challenging, with usually quite onerous payment procedures, and retirees commonly having to wait days or even years to collect their benefits. Similar to this, the reimbursement process for allocating pension and gratuity payments between federal, state, and other entities was time-consuming, chaotic, and oftentimes fraught with bribery and corruption.

Corruption is a cancer worm that has eaten deep into the fabrics of most countries in the world, and Nigeria, which is a developing country, is not left out. The Pension Board in Nigeria is tainted (Federal Republic of Nigeria Official Gazette, 2004) Federal Republic of Nigeria Official Gazette (2008). Despite periodic minor changes to employees' retirement benefits, the Nigerian pension system has been marked by overt corruption and fraud, mismanagement, and financial diversion over the years. The Pension Scheme is currently rife with corruption. Corruption and thievery come in a variety of colours and shades. The multi-million pension fund frauds involving PENCOM, Nigerian Police Pensions, and the Pension Unit of the Office of the Head of Civil Service of the Federation was reported in Fapohunda (2013).

Six civil workers misappropriated N24 billion from the Police Pension Funds, according to a recent National Assembly public hearing on pension administration. The same individuals are accused of being complicit in the fraudulent theft of another N24 billion from the Police Pension Funds. Similarly, N151 billion, N32.8 billion, and 6 million pounds were seized following the Biometric Data Capture program of pensioners since 2010. All these lootings and corruption has resulted to increased hardship for the pensioner. In some situations, retired persons are entitled to considerable quantities of money as monthly pension arrears, which are not paid. If peradventure just a fraction of the monthly pension is obtained, the pensioners experience significant administrative challenges, to the point where some die standing in line to collect what is by right theirs.

The submissions cited above asks for reforms among retired public officials since their pensions are usually distributed haphazardly, leaving them at the mercy of their children, who may not have enough to care for themselves, let alone taking care of their old parents. Already, a big number of individuals are languishing in rural and urban regions due to their incapacity to plan for retirement, and more are dropping out of this retirement training on a yearly basis.

METHODOLOGY

The research is based on a descriptive research design which is a type of research design that aims to systematically obtain information to describe a phenomenon, situation, or population. This study used secondary source to obtain the relevant literatures and information required. As a result, the literature review was produced from a number of research articles available on in hard copy and online on a variety of platforms, including the National Digital Library, Google Scholar, Research Gate, Academia, and others.

CONCLUSION

A Bill for an Act to Prohibit Late Payment, Non-Payment and Underpayment of Workers' Wages, Pension and Other Emolument in Nigeria, and Prescribes Penalties for Violations has been passed in Nigeria. This law aims to make it illegal to pay salaries to workers in Nigeria late, not at all, or insufficiently, and it lays out punishments for doing so as well as other related issues. According to the proposed pension legislation, penalties for violations of other financial advantages beyond monthly wages and pensions are set at 30% of such benefits for the time in question. Every recruiter of employment in Nigeria, either private or public; whether hiring on a permanent or contract basis; or whether employing them on a weekly, fortnightly, monthly, or quarterly premise as consented by the parties in the worker's employment agreement, must indeed guarantee that all payments of earnings (as regards wages, salaries, pensions, and other benefits) to the workforce are made promptly and without delay.

RECOMMENDATIONS

The different enterprises in Nigeria should be encouraged to offer retirement counselling to their employees in order to prepare them for the inevitable. Hence, government on his part should reduce the barriers that is generally created in gratuity payout.

This study further recommends that after leaving the service, the gratuity should be paid within a month to the retirees. While pension payment should commence in the month succeeding the gratuity payment.

To avoid pension fund mismanagement, the government should increase the powers of institutes monitoring pension managers in Nigeria, and these monitoring institutions should enforce the laws that govern the pension administration in Nigeria. This single act of monitoring and the penalty of losing their license may guide them under the provisions of the Pension Act to be of reputable stance with their customers.

The government ought to motivate its employees to invest in productive enterprises so that they may supplement their income after retirement. Also, employees should be encouraged to have a modest number of children through workshops and meetings organized by the government.

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