

What is the fate of Retirees? Payment of Contributory Pension Scheme and the Welfare of Public Service Retirees in Selected States of Southwest, Nigeria

Dauda A. Morakinyo ^{1*}, Lawal A. Bakare ²

¹ PhD (Osun State University, Osogbo, Nigeria, dauda.morakinyo@uniosun.edu.ng)

² PhD (Osun State University, Osogbo, Nigeria, lawal.bakare@uniosun.edu.ng)

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Abstract:

This study analyzes the impact of lump-sum payment implementation on the retirees' welfare in selected Southwest States in Nigerian. The study adopts survey design and uses descriptive statistics and linear regression analysis of data obtained through the administration of questionnaires to 1,850 purposively selected respondents. Results indicates that perceived adequacy ($\beta = 0.105$, $p < 0.001$) and timeliness ($\beta = 0.119$, $p < 0.001$) of lump-sum payments have a significant positive effect on retiree' welfare, whereas administrative denial negatively impacts welfare outcomes. Hence, there should be inflation-indexed benefit adjustments, digital accountability tools and post-retirement empowerment programmes for retirees

Keywords: *Lump sums, pension, implementation, public service retirees*

* **Corresponding author:** dauda.morakinyo@uniosun.edu.ng.

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1. Introduction

Retirement is the point of transition between active service to a period of economic dependence where welfare of the former employees mainly depends on, first, their financial commitment during their active service, and second, the strength, equity, and efficiency of the pension systems. The Contributory Pension Scheme (CPS), which was instituted in 2004 under the Pension Reform Act (PRA) and amended in 2014, was considered in the Nigerian public sector as a sustainable social security system to ensure the post-employment welfare of retirees by joint employer and employee contributions (National Pension Commission [PenCom], 2023). The reform came as a reaction to the failure of the Defined Benefit Scheme (DBS) that was full of corruption, payment delays, underfunding, and structural mismanagement (Balogun, 2021). Nevertheless, the lived experiences of the Nigerian retirees even after twenty years of reforms show that there are still contradictions between what the policy intended and what it delivered. It has been noted that there are issues with the access to the benefits of retirees, as well as bureaucratic bottlenecks that reduce their economic security and dignity (Adebayo & Adeniran, 2022; Olowookere, 2023).

Retirement well-being is a sensitive measure of moral and institutional dedication to social security and human safety of a country. In Nigeria, the situation of pensioners, however, indicates underlying structural governance failures, such as ineffective institutional accountability, fiscal misconduct, and the division of pension administration between states (Eboh & Omodero, 2021). Although the Pension Reform Act (2014) brought about a centralization of the regulatory structure with PenCom, the use of the reform has been quite fragmented especially at the subnational level, where states must localize and implement the contributory pension model. The scheme has been introduced partly or inconsistently funded in many states in Southwest Nigeria, such as Oyo, Osun, Ekiti and Ogun, leading to massive arrears, poor pension payments and access to Retirement Savings Accounts (RSAs) (Okonkwo, 2022).

Politically and academically, the connection between contributory pensions payment and welfare of retirees is poorly studied in the context of the

Nigerian situation, especially at the subnational levels where the fiscal capabilities and political will vary significantly. The existing literature (Adewale &

Fapohunda, 2020; Balogun, 2021; Eboh & Omodero, 2021) has mainly evaluated the reforms in pensions in macroeconomic or administrative terms, such as determining the compliance at the national level or the institutional construction of the scheme. Nevertheless, there is still an empirical gap in comprehending the impact of the operational realities of CPS payment in certain states on the well-being, livelihood, and quality of life of the retirees in the public service. Furthermore, studies have seldom discussed the overlap of governance accountability, financial sustainability and the welfare outcomes of retirees hence overlooking the human impacts of failures in the administration of pensions.

This research fills these gaps by focusing on the fate of the retirees on contributory pension scheme in some states in Southwest Nigeria. The study aims to fill the gap between the policy and practice of pension policy, and to add to the wider discussion of the social protection, governance integrity and welfare justice in developing economies by placing the analysis in the context of current fiscal and institutional reforms in Nigeria.

2.Literature Review

2.1. Literature Review

Conceptual Review

Pension is a phenomenon that takes a center stage in the social policy debate as an institutional tool of securing financial welfare and dignity to the retirees. Theoretically, pension is a wage deferral, a systematic saving of money in form of monetary payments made in the line of service to ensure income security in retirement (Barr & Diamond, 2010). In Nigeria, the Pension Reform Act (2004, amended 2014) has introduced the Contributory Pension Scheme (CPS) that aims to provide sustainability, transparency and equity as both employees and employer are required to make joint contributions. The plan was meant to fix the systemic failures of the Defined Benefit System, which are corruption, bureaucratic inefficiency and chronic arrears (Balogun, 2021). Nonetheless, as it is shown through the Nigerian experience, managing pensions is not just a financial

operation but a challenge of institutional integrity and political commitment. Therefore, the notion of pension in third world countries such as Nigeria goes

beyond the economical rationality; it is a social contract between the state and the citizens where the validity of governance is judged by the ability of the government to maintain the welfare of the ones who have served the state.

A retiree in this discussion is not merely a person who has left the labor market but one whose socioeconomic performance and well-being will depend on the consistency of institutional provisions that will ensure the security of retirement. In the ideal sense, retirement denotes relaxation, reward, and appreciation of a life of productive service to the common good; but in the Nigerian context, it is more anxiety, deprivation, and uncertainty (Olowookere, 2023). The welfare outcomes of the retirees depend heavily on the prudent management of funds by the pension administrators, the timeliness of the pensions and their adequacy (Adebayo & Adeniran, 2022). The irony, then, is that the divide between the normative ideal of retirement as the time of restful and comfortable life and the reality of the economic and psychological misery of the retired is growing. In Nigeria, most retirees in the public service, especially in the subnational setting, cannot afford the basic needs of healthcare, housing, and nutrition, despite decades of working under the CPS (Ogunbameru & Olaoye, 2022).

The concept of welfarism provides a normative theory in terms of which one can interpret the correlation between the well-being of the pensions and the well-being of the retired people. Welfarism is founded on the Welfare Economics and the Social Justice Theory, which is based on the responsibility of the state to ensure the well-being of citizens by distributing the resources and covering the social risks fairly (Pigou, 1920; Rawls, 1971). In the context of the public administration, welfarism is more than charity, it is a formalized assurance of dignity, belonging and safety of all citizens, particularly the elderly. The pension system in Nigeria, on the other hand, embodies the dilemma of the state that wants social protection and is limited by poor institutions, incoherent fiscal policy, and political inertia (Okonkwo, 2022).

Theoretical Perspectives

The Social Contract Theory and the Moral Foundation of Pension Obligations.

The Social Contract Theory provides that in order to be safe, healthy, and have social order, individuals relinquish some of their freedom to the state. As documented in the writings of Hobbes and Locke, in the setting of the public service and the retirement, the theory offers the moral and political rationale of the state responsibility to the retirees. In exchange, the state takes a contractual obligation to protect the livelihood of the public servants after retirement through the payment of pensions (Rawls, 1971; Fapohunda, 2020).

The Contributory Pension Scheme (CPS) in Nigeria is based on this social contract ethos. Nevertheless, the continued failure or refusal to pay pensions on time is a violation of that unwritten contract - it is a loss of trust in the state and a weakening of social cohesion (Adebayo & Adeniran, 2022). The ethical credibility of the leadership within a democratic environment is gauged through the protection of the helpless as argued by Adewale and Fapohunda (2020) about the state safeguarding the elderly and the retirees. Therefore, the inability to meet the pension payment is not only an administrative waste, but it is the breach of the moral contract between citizens and the state.

The Pension Governance and the Institutional Theory.

Institutional Theory is used to explain the influence of institutional norms, rules and power relation on the outcome of policies. It implies that the success or failure of the public programs is dependent on the institutional structures, enforcement mechanisms, and administrative cultures (Scott, 2014). The institutional theory is applicable in the example of the pension system in Nigeria to explain the gap between the official proclamations of the Pension Reform Act and its actual application at federal and state bureaucracies.

Institutions are not just formal institutions but carriers of norms, routines and path dependencies which tend to be resistant to change (North, 1990). Therefore, although the National Pension Commission (PenCom) has the statutory authority to control and enforce compliance, state-level institutions often have

little ability or political desire to fully implement the CPS (Eboh & Omodero, 2021). That is why the implementation is uneven in 36 states of Nigeria, with some (e.g., Lagos and Ogun) relatively compliant and others (e.g., Osun and Ekiti) having problems with arrears and poor record keeping (Okonkwo, 2022). Institutional perspective The problem of pensions in Nigeria is symptomatic of greater dysfunctions of governance systems, such as ineffective accountability systems, fiscal irresponsibility, and divided bureaucracies.

The interplay of these theories points out the fact that pension management is not a technical or financial concern per se but a multidimensional governance challenge that lies at the crossroads of moral duty (social contract), redistribution of welfare (economic justice), and institutional performance (governance capacity).

2.2. Empirical Review

Empirical studies of pensions and welfare of the retirees in Nigeria show that there has always been a disparity between policy goal and welfare actualisation. As an example, Balogun (2021) established that even with the promises of transparency and sustainability in the context of the CPS, the lack of remittance compliance, administrative corruption, and political interference hamper the efficiency of the pension funds. Equally, in a survey on the Southwest states, Adebayo and Adeniran (2022) found out that more than 70 percent of the respondents reported a delay of over six months in receiving pension, with most retirees reporting to be psychologically stressed and unable to afford their basic needs.

As noted by Ogunbameru and Olaoye (2022), the arrears of pensions and delayed gratuities have led to more poverty and health problems among retirees, especially those who rely only on the government pensions. Moreover, Olowookere (2023) has observed that the welfare results of retirees are closely related to the timeliness and the sufficiency of CPS payments- showing that procedural effectiveness directly determines the outcome of post-retirement well-being.

In the systemic level, Omodero (2021) and Eboh and Omodero (2021) found institutional weaknesses, fragmented data management, and absence of efficient

monitoring as significant risks to the sustainability of the pension system. According to their findings, although PenCom has set standards of regulations, they are not applied consistently at the state level. This gap provides a good argument to the institutional theory that governance capacity, and not policy design, is a determinant of pension performance.

Outside Nigeria, empirical research on similar developing economies demonstrates that in these countries, the pension vulnerability is in the same way. Darko and Agyei, (2020) in Ghana observed that the shift to contributory scheme enhanced fiscal sustainability, but did not significantly enhance the welfare of retirees because of delayed payments and inflationary loss of the value of pensions. Mutinda (2021) noted in Kenya that corruption, laxity in regulations and the disjointed state of pension records was limiting the effectiveness of the scheme and retirees were waiting long lines before they could receive benefits.

Muthoga and Kanyinga (2022) noted that in South Africa, despite a comparatively developed pension system, there are still inequalities between the retirees in the public sector and those in the private sector, which are structural differences of inequalities in wage contributions. The same results were demonstrated in India and Indonesia, where the problem of delayed pension processing and poor institutional accountability are acute (Sharma and Patel, 2020).

These cross-national results highlight that pension schemes in the developing economies tend to face a threefold problem, namely financial sustainability, administrative effectiveness, and equity in welfare results. The case of Nigeria can be considered a symbol of such structural contradictions because the contributory model, despite its progressive design, cannot fulfill its welfare mandate because of ineffective institutional implementation and political inconsistency.

Gap in the Literature

Although there has been an increase in the academic research on the topic of pension reforms in Nigeria, there are still a lot of conceptual and empirical gaps. To begin with, most of the current studies take a macro-administrative approach, with most studies addressing regulatory frameworks or financial

outcomes of pension funds (Balogun, 2021; Omodero, 2021), but few studies pay attention to the real experiences and welfare of the retirees on the ground. Second, the majority of research designs consider pension payment as a single independent variable instead of examining a causal relationship of this variable with welfare measures including income security, access to healthcare, and psychological well-being. Third, the number of studies which combine an integrated theoretical framework to describe the interaction of moral responsibility (social contract), economic welfare (distributional equity) and institutional performance (governance capability) is low.

The study is therefore useful in filling these gaps through a contextually-based, theoretically-informed, and empirically-driven examination of the role played by contributory practices of pension payments in enhancing the wellbeing of public service retirees in the chosen states of Southwest Nigeria. It also makes comparative observations to place the experience of Nigeria in the larger context of retirement justice and reform of governance in developing societies. Based on the analysis above, this study posed the following research question:

What is the effect of the initial lump sums payment on the welfare of public service retirees in Osun, Ogun, and Ondo States of Southwest Nigeria?

3.Objective of the Study

This study is poised to assess the lump sums payment policy implementation on public service retirees' welfare in selected States of Southwest Nigeria. Specifically, the study sought to evaluate the effect of lump sums payment on the welfare of public service retirees in Osun, Ogun, and Ondo States of Southwest Nigeria

Research Hypothesis

H₀: Initial lump sums payment has no significant effect on the welfare of public service retirees in Osun, Ogun, and Ondo States of Southwest Nigeria.

3.1.Methodology

The research employed a descriptive survey design. This study design is suitable as it facilitates the distribution of questionnaires to a sampling community, thereby elucidating their attitudes, characteristics, and opinions (John, 2018). Moreover, the technique may guarantee a more precise sample, facilitate the acquisition of extensive data, and aid in drawing substantial findings and decisions. It is exemplary for delineating the characteristics of large populations. Survey design facilitates confidentiality, enabling respondents to offer authentic and valid responses, thereby yielding more sincere and unequivocal answers compared to alternative research methods, particularly when it is explicitly stated that survey responses will remain completely confidential. The research employed a quantitative methodology.

Table 1: Population and Sampling Frame (Pensioners)

	Executives and Pensioner Members				Category of population per State	Numbers of Local Government in South-West, Nigeria
	State		LGA			
	Executives	Pensioners	Executives	Pensioners		
Osun	18	2,085	18	2,484	4,605	30
Ondo	18	1,791	18	1,888	3,712	18
Ogun	18	4,173	18	6,381	10,590	20
Total					18,910	68

Source: National Bureau of Statistics, (2024)

The study employed a multistage sampling strategy. The proportionate stratified sample method was employed to pick respondents based on the strata of State (Osun, Ondo, and Ogun) and Pensioners (members and Executives). The

proportionate sample approach was employed to pick respondents based on the population of each state and clustered group. A sampling frame of eighteen thousand, nine hundred and ten (18,910) recommended respondents from the three States was utilised, resulting in a sample size of one thousand, eight hundred and ninety-one (1,891) respondents for the study. This was established by utilising ten percent (10%) of the sample frame population.

Table 2: Analysis of Sample Size for the Study (Pensioners)

State	Population of Respondents	Sample Size
Osun	4,605	460.5
Ondo	3,715	371.5
Ogun	10,590	1059.0
Total	18,910	1,891

Source: Researcher’s Computation, (2024)

This study utilised primary sources for data and information acquisition. Primary data were obtained through a questionnaire distributed to pensioners and administrative bodies in selected states in Southwest Nigeria. Data for the study was gathered using a systematic questionnaire and interview schedule. The organised questionnaire was segmented into three components. Section A comprises the demographic information of respondents. Section B concentrated on the assessment of the efficacy of Administrative Boards (ABs), while Section C examined the welfare of retirees from public service in specific States in South West Nigeria. A five-point Likert scale was employed in the administration of the questionnaire to ensure reliable replies. The replies were evaluated using a nominal scale consisting of Strongly Agree (5), Agree (4), Undecided (3), Disagree (2), and Strongly Disagree (1). The researcher distributed the research instruments. The data gathered for the study were examined utilising both

descriptive and inferential statistics. Descriptive tools, like frequency counts, mean, percentage analysis, and standard deviation, together with inferential statistical tools, namely linear regression, were utilised.

Table 3: Retrieval Rate of Administered Questionnaire for Pensioners.

Questionnaires	Frequency	Relative Frequency (%)
Questionnaire Administered	1891	100
Retrieved	1850	97.8
Not Retrieved	41	2.2

Source: Researcher’s field Survey, (2024).

The above table indicates 97.8% recovery which the researcher considered to be more adequate and sufficient for the analyzed data since 100% recovery is most times unrealizable.

3.2. Results

Socio-Demographic Characteristics of respondents (Pensioners)

Table 4 indicates that there were 1,850 respondents with gender proportion of 62.8 per cent males and 37.2 per cent females. The gender imbalance in the Nigerian public service is reflected in the fact that most retirees are male, as men employees are larger in the workforce, especially in the senior and pensionable jobs (Balogun, 2021). The distribution of age shows that 61.6% of the respondents are aged between 61-70 and 31.4% are aged between 71-80. This implies that the majority of the respondents are at the early retirement age or in the active pension-receiving age and thus their views regarding lump-sum disbursement and welfare outcomes are empirically relevant. The marital status data reveal that 62.4 percent of them are married with the remaining 32.6 percent (including divorced, widowed and separated) having lost spousal support, which is a possible

contributor to economic vulnerability in retirement. In terms of educational levels, most (39.2%) have ND/NCE, then 32.9% have B.A/B.Sc./HND, and 27.0% have postgraduate. This means that the population of the retired will be relatively educated and highly aware of their entitlements and may have been displeased with the bureaucracies and their inefficiencies.

Table 4:

Variable	Frequency (n = 1850)	Percentage (%)
Gender of the Respondents		
Male	1162	62.8
Female	688	37.2
Age of the Respondents		
50 - 60 years	104	5.6
61 □ 70 years	1139	61.6
71 □ 80 years	581	31.4
81 years and above	26	1.4
Marital Status		
Single	80	4.3
Married	1154	62.4
Divorced	290	15.7
Widow/Widower	312	16.9
Separated	14	0.8
Highest Educational Qualification		
O- Level	16	0.9
ND/NCE	726	39.2

B.A/B.Sc./HND	608	32.9
Postgraduate	500	27.0
Length of Time of Retirement/Years of Retirement		
1 - 10 years	133	7.2
11 - 20 years	125	6.8
21 - 30 years	758	41.0
31 years and above	834	45.1
What was your Grade upon Retirement		
1- 5 grade	6	0.3
6 - 10 grade	314	17.0
11 - 15 grade	1074	58.1
16 and above	456	24.6

Source: Researcher’s Computation, (2024)

Lump-Sum Payments Experience and Implementation.

The information on the lump-sum payment practices reveals fundamental system flaws in the administration of pensions in the states under study. On whether the respondents were paid their lump sum upon retirement, a very high 91.8% (n = 1,699) replied either in the negative (50.7%), or strongly in the negative (41.1%). Only 7.6% confirmed receipt. This is a very worrying number since most of the retirees have not gotten their lump-sum benefits, which is contrary to the provisions of the Pension Reform Act stating that retirees should get a lump-sum payment when they retire (PenCom, 2023). These delays do not only represent the lack of administrative efficiency but also a violation of the social contract between the state and its retirees, as it destroys the confidence in the governmental institutions.

Concerning the sufficiency of the lump-sum payment compared to the number of years of service, only 35.0% of the respondents stated that they felt that the amount paid was fair in relation to the service provided, whereas a significant 63.3% of the respondents did not. This observation indicates that there is perceived inequity in the computation formula, which may be attributed to non-uniform contributions or understating the benefits accrued by the administrators of pension funds (Omodero, 2021). In addition, 53.0% of the respondents confirmed that lump-sum payments to retirees were regularly rejected by organizations,

which proves the existence of systemic non-observance of the rules of payment of pensions at the state level.

The problem of timeliness also supports the economic precarity of retirees: an amazing 93.5% said their lump sums were not paid soon enough after they had retired. It is a blow to the adaptation of retirees to life after service and increases the financial strain in a pivotal period of transition (Ogunbameru & Olaoye, 2022). Also, 57.1% of them said their lump-sum was unsatisfactory in relation to the current living standards, which indicates that the real value of pensions has diminished sharply in response to the increasing cost of living and macroeconomic instability (NBS, 2023).

Symbolically, it was only 13.9 percent of the people who were given any letter of commendation by their employers- a decent pointer at how institutions overlook the dignity and recognition of retirees. Similarly, the assertion that you are frequently looked up to as an elderly person was not accepted by a large rate of 43.8 percent, and this indicates the ethical and social aspect of the marginalization of retirees.

Importantly, the findings indicate that the lump-sum payment policy has been failed in its application and principle. It does not offer short-term financial security and dignity in old age. The trend indicates that pensioned people in Osun, Ogun, and Ondo are facing institutional neglect in a similar manner, which is an endemic governance issue and not a case of administrative neglect.

Table 5: Lump sum Payment Scale

You have been paid your lump sum after your retirement	32 (1.7)	109 (5.9)	10 (0.5)	938 (50.7)	761 (41.1)
The payment of lump sums to retirees is commensurate to the length of service rendered to your organisation.	193 (10.4)	456 (24.6)	30 (1.6)	822 (44.4)	349 (18.9)
Your organization often denied retirees of lump sums	211 (11.4)	770 (41.6)	82 (4.4)	653 (35.3)	134 (7.2)
Your lump sums was paid earlier enough after your retirement	14 (0.8)	22 (1.2)	84 (4.5)	1044 (56.4)	686 (37.1)
Your lump sums is satisfactory considering the current standard of living	114 (6.2)	66 (3.6)	615 (33.2)	808 (43.7)	247 (13.4)

You received letter of commendation from your employer after retirement	21 (1.1)	236 (12.8)	115 (6.2)	1320 (71.4)	158 (8.5)
You are often being treated with dignity as a senior citizen.	992 (53.6)	23 (1.2)	26 (1.4)	545 (29.5)	264 (14.3)

Source: Researcher’s Computation, (2024)

Retirees Welfare Scale

The indicators of welfare bring empirical support to the impact of delayed and poor lump-sum payments. In a variety of areas of welfare, such as income security, nutrition, health, shelter and leisure, there is a broad deprivation in response. Only 87.1% of those surveyed agreed that premiums are paid by the pension administrators on a regular basis. This discrepancy is degrading to the financial planning of the retirees and perpetuates their chronic reliance on informal support networks. Likewise, 97.6 percent of them disagreed with the fact that, they had good access to food, and 99.0 percent of them had poor access to healthcare. These results are consistent with the national poverty statistics, which indicate that more than 70 percent of the Nigerian retirees are living below the poverty line as a result of the delayed benefits and the increasing inflation (World Bank, 2023).

On the housing welfare, 82.5 percent said they could not afford good shelter. The small number of retirees that have housing stability must be the ones who had made some pre-retirement investments or gratuities during the CPS period. Other indicators of quality of life and psychological well-being, leisure and recreation, also exhibit serious deterioration, 54.5% of respondents noted that they lacked recreational activities because of financial reasons.

Most notably, 75.4% of the respondents strongly concurred that their well-being has drastically declined as a result of ineffective application of pension schemes, which proves the direct cause and effect relationship between lump-sum disbursement failures and welfare decline. This connection supports the argument of welfare economics that pension systems are not only used as financial buffers but also as welfare institutions that guarantee social continuity.

The sum total of Table 5 and Table 6 forms a statistically consistent and conceptually coherent correlation between the failure of lump-sum payments and the decline of welfare of the retirees in Osun, Ogun, and Ondo States. Most of the respondents have not been paid their due and have spent too long before being paid as well as dissatisfied with the amount paid to them. This descriptive trend confirms that the inefficiency of lump-sum payment is a structural factor of post-retirement poverty and is not an administrative anomaly. The welfare consequences are not just limited to personal suffering but also to structural loss of social justice, institutional legitimacy, and confidence of the masses. According to the Institutional Theory, the characteristics of these states include institutional fragility, which is characterized by a low enforcement level, political inconsistency, and corruption of bureaucracy (Scott, 2014; Okonkwo, 2022). Under the Social Contract approach, the repeated refusal or postponement of entitlements is a violation of the moral contract between the state and the civil servants, undermining trust in state institutions.

Table 6: Retirees Welfare Scale

Variable	SA f(%)	A f(%)	U f(%)	D f(%)	SD f(%)
Your pension administrator always pay your premium at regular interval	8 (0.4)	108 (5.8)	123 (6.6)	1433 (77.5)	178 (9.6)
You have access to good food	10 (0.5)	22 (1.2)	13 (0.7)	1457 (78.8)	348 (18.8)
You have access to good health care facilities.	10 (0.5)	4 (0.2)	4 (0.2)	1386 (74.9)	446 (24.1)
You enjoy having access to good shelter	6 (0.3)	12 (0.6)	306 (16.5)	1191 (64.4)	335 (18.1)
You have accessibility of engagement in leisure and recreational activities.	30 (1.6)	800 (43.2)	12 (0.6)	685 (37.0)	323 (17.5)
Your well-being is drastically reduced on retirement due to financial constraints arising from poor implementation of pension scheme	774 (41.8)	621 (33.6)	210 (11.4)	100 (5.4)	145 (7.8)

Source: Researcher’s Computation, (2024)

Inferential Analysis

Table 8 shows regression estimates of contributions of each dimension of the implementation of lump-sum payment to the welfare of public service retirees. The regression model is used to estimate the independent contribution of each predictor variable to the welfare of the retirees, after adjusting for the other variables in the model. All of the explanatory variables are statistically significant at the 1% level ($p < 0.001$), which means they all explain some variations in the welfare of public service retirees.

The variable "Lump sum been paid after retirement" has a positive and statistically significant effect on the welfare of the retired people ($B = 0.455$, $\beta = 0.326$, $t = 13.448$, $p < 0.001$). This discovery implies that the welfare of retirees experience significantly higher welfare than those who do not. The result shows that access to lump-sum retirement benefits gives retirees financial resources to cater for their needs. The discovery also suggests that the right timing of retirement benefits leads to better financial security, lower risk of poverty, and a smoother retirement transition.

The analysis also shows that the effects of lump-sum payments in relation to years of service rendered on the welfare of the retirees is positive and significant ($B = 0.097$, $\beta = 0.105$, $t = 4.242$, $p < 0.001$). The result indicates that retirees feel better about their welfare being provided when the retirement benefits commensurate with the number of years served in public service. This is in keeping with the concept of distributive justice, which involves an assessment of the equity of rewards with respect to contributions.

Also, organization denial was found to exhibits statistically significant relationship with retirees' welfare ($B = -0.235$, $\beta = -0.239$, $t = -10.246$, $p < 0.001$). This finding suggests that the welfare of retirees is seriously impaired if lump-sum benefits are denied by administration or delayed for an extended period of time. The somewhat high negative standardized coefficient suggests that institutional inefficiency is one of the important barriers that must be overcome in order to meet the goals of the Contributory Pension Scheme.

Likewise, the early payment of lump-sum benefits after retirement has a positive effect on the welfare of the retirees ($B = 0.214$, $\beta = 0.119$, $t = 5.700$, $p < 0.001$). This result validates the importance of timeliness of pension payment for post-retirement wellbeing. Early access to retirement benefits can help retirees to fund current consumption requirements, pay off debts, engage in productive activities and sustain their standard of living without facing long periods of economic insecurity. While its standardized effect is not as large as in the case of payment receipt and benefit adequacy, the result shows that timely payment is still an important element of an efficient pension administration system.

The largest standardized coefficient in the model is for the variable "Lump sums is satisfactory considering the current standard of living" ($B = 0.726$, $\beta = 0.588$, $t = 32.407$, $p < 0.001$), making it the strongest predictor of the welfare of the retirees. The positive coefficient suggests that when pensioners' lump-sum benefits are viewed as satisfactory in relation to the prevailing economic conditions, they are significantly more likely to have high levels of welfare. The standardized beta coefficient ($\beta = 0.588$) shows that, among all the variables that were explored, benefit adequacy is the most powerful determinant of welfare. The result implies that pension benefits, not just the receipt of benefits, can impact the quality of life for retirees. In Nigeria, where inflation is still a reality, healthcare prices are still high, housing costs are increasing and the living standards of the citizens are still reducing, the sufficiency of lump-sum benefits to maintain a decent standard of living after retirement becomes very important. In general, the regression findings offer solid empirical evidence that the impact of Nigeria's Contributory Pension Scheme is closely tied not just to the participation of the pensioners but also the quality of the benefits' implementation.

Taken together, the regression results (coding uncertainty aside) suggest three robust substantive conclusions: (i) adequacy (payments according to service) improves welfare; (ii) timeliness of payment matters; and (iii) denial or mismanagement reduces retiree welfare substantially. These correspond to theoretical and empirical pension policy research highlighting adequacy, predictability and administrative reliability as basic design and implementation principles (Barr & Diamond, 2008, Bakare et al., 2019).

Table 7: Linear Regression Analysis Showing Significance of Predictors on Welfare of Public Service Retirees

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	1244.383	5	248.877	314.936	.023 ^b
	Residual	1492.772	1844	.790		
	Total	2737.156	1849			
a. Dependent Variable: Welfare of Public Service Retirees (WPSR)						
b. Predictors: (Constant), (LSSCCS), (LSPR), (ODRLS), (LSPR), (LSPCSR)						

Source: Researcher’s Computation, (2024)

The table 8 also revealed the overall significance for lump sums is satisfactory considering the current standard of living (LSSCCS), Lump sums was paid earlier enough after retirement (LSPR), Organization often denied retirees of lump sums (ODRLS), Lump sums been paid after retirement (LSPR), lump sums payment is commensurate to length of service rendered (LSPCSR) in this model is F (5,1849), 314.936, P-value or sig value > 0.05 (Sig .000). This indicates strong evidence against the null hypothesis, as there is greater than 5% probability that null hypothesis is rejected. F – statistical indicates that the overall regression model is highly statistically significant in terms of its goodness of fit since the value of $F_{tab} (6,1849) > F_{cal} (314.936)$.

Table 8: Contribution of Each Predictor Variable on Welfare of Public Service Retirees.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	6.670	.153		43.731	.000
Lump sum been paid after retirement (LSPR)	.455	.034	.326	13.448	.000
Lump sums payment commensurate with length of service rendered (LSPCSR)	.097	.023	.105	4.242	.000
Organization often denied retirees of lump sums (ODRLS)	-.235	.023	-.239	-10.246	.000
Lump sums was paid earlier enough after retirement (LSPR)	.214	.038	.119	5.700	.000
Lump sums is satisfactory considering the current standard of living (LSSCCS)	.726	.022	.588	32.407	.000

Source: Researcher’s Computation (2024)

4. Discussion of Findings

The empirical evidence from the analysis of the lump sum payment scale demonstrates the precarious condition of retired workers in Nigeria's contributory pension scheme. The evidence reveals that most retired workers are offered lump-sum payments woefully inadequate to secure a decent standard of living after decades of labor. The insufficiency is not only indicative of structural shortcomings in the pension reform framework but also symptomatic of deep-

seated governance and implementation issues that undermine the welfare objectives of the pension regime.

A key observation is the reality that retirees in mass numbers complain about the size of their lump-sum payments, which cannot cover healthcare, housing, and living costs. This aligns with the view of Olanrewaju and Adebayo (2020), who argue that Nigeria's pension reforms, while progressive on paper, have overlooked inflationary elements and rising living costs and hence left retired individuals exposed to financial risks. Moreover, the inability of lump-sum payments to facilitate long-term financial protection pushes retirees into poverty traps since confirmed by Dostal (2021), who states that post-retirement poverty remains one of the most critical social protection challenges in sub-Saharan Africa.

The findings also show that irregularity and delayed payment of pension benefits aggravate the misery of retirees. This is corroborated by Orifowomo (2022), who indicates that administrative inefficiencies, corruption, and bureaucratic roadblocks in managing pension funds frequently deny retirees timely access to their benefits. The cost to human beings manifests in the experiences of retirees facing difficulties to meet for important medication, food, and rent bills, thus negating the constitutional and policy goals of social welfare protection.

Notably, the data presents that despite some of the retirees attempting to invest their lump-sum payments in micro-enterprises or informal ventures, they fail due to the fact that they lack proper financial literacy, are financially insecure, and have poor institutional support. This agrees with Ojong and Akpan (2019), who found that a majority of the Nigerian retirees lack access to post-retirement schemes of empowerment that would prepare them to transition into sustainable livelihoods. Without properly organized reintegration or capacity-building programs, lump-sum payments are readily depleted, leaving retirees economically stranded. The discussion also alludes to the socio-psychological impacts of pension shortages. Retirees felt abandoned, disillusioned, and deprived of dignity, evincing how financial insecurity demoralizes social identity in old age.

Besides, despite efforts at pension reforms to depoliticize retirement benefits and align Nigeria with international best practices, evidence indicates the persistence of inequality in access. Retirees with stronger political connections or

higher cadre status reportedly get faster and higher payments than lower cadre workers. Such disparity resonates the rebuke of Ikeanyibe and Osadebe (2021), who submit that Nigeria's pension reforms continue to overcome institutional patronage and unevenness in distribution, thereby perpetuating social injustice in retirement security.

Generally, the debate confirms that pension management in Nigeria remains structurally defective, implementation lacking, and inequalities that undermine retirees' welfare. Even as the contributory scheme is a departure from the unsustainable defined benefits regime, its real implications are still far from being acceptable. This study therefore reiterates the necessities of policy reform, enhanced institutional accountability, and inflation-indexed variation to ensure retirees are not abandoned to penury and despair after long years of labor.

5. Conclusion and Recommendations

The findings of this study establish the precarious situations of Nigerian retirees in the current contributory pension scheme, particularly in relation to lump-sum benefits. The research shows that the monies earned by the retirees are primarily not enough to provide for basic needs such as healthcare, food, shelter, and social welfare, with inflation and high living costs further eroding their value. Administrative inefficiencies, corruption, and uneven access compound the challenge, as the majority of retirees are forced to wait for many years before they can access their benefits, while others disproportionately benefit, tending to be politically well-connected or of higher cadres. This not only has brought the majority of retirees into poverty traps but has also undermined their psychological

well-being, leaving them disillusioned, stressed, and disenfranchised after serving the public for many years.

Overall, even though the contributory pension reform had aimed to introduce sustainability and transparency as compared to the pre-existing defined benefits scheme, it has failed to deliver on its promise of universal social security to all the retirees. The flaws in the mechanism of administration, unfairness in the

distribution of benefits, and lack of inflation-adjusted adjustments continue to stand in its way. The evidence suggests that until gaps in institutions and structures are filled, the pension scheme will remain a cause of insecurity rather than protection, hence undermining the legitimacy of governance and public institutions' trust.

To address these issues, the study recommends overall pension management reform to make payments adequate and equitable. Adjustments should be cost of living and inflation-indexed to ensure long-term maintenance of real value, while administrative agents such as pension fund managers should be strengthened with digital changes, accountability provisions, and anti-corruption measures to prevent delays and maladministration. In addition, official post-retirement empowerment schemes, education in money management, and reintegration support are crucial in facilitating retirees to invest their lump sum amounts in a productive manner. Equity should be institutionalized to prevent political interference and to prevent that lower cadre workers are privileged at the cost of the elites.

The research has very serious implications for policy and governance. An inefficient pension scheme that is not capable of bestowing welfare to pensioners is not only capable of dissolving the social contract but also the legitimacy of the state as a bestower of dignity in old age. Rationalizing the pension system is not an economic necessity alone but a moral imperative for building social trust and inclusive governance. Beyond Nigeria, implications for other emerging economies beset by pension reforms against poor institutions include lessons from the study and emphasize the necessity of reforms that balance sustainability with fairness, dignity, and human security.

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