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ENHANCING SOCIAL PROTECTION THROUGH CONTRIBUTORY PENSION POLICY REFORMS IN NIGERIA: A STEP TOWARDS ACHIEVING SDGs 1 (NO POVERTY)

Daniel Eseme Gberevbie[1*], Aliyu Hannatu Undah[2]

[1]Covenant University, Ota, Ogun State. Nigeria. daniel.gberevbie@covenantuniversity.edu.ng, https:orchid.org/0000-0002-3958-2699
[2]Covenant University, Ota, Ogun State. Nigeria. hannatu.aliyupgs@stu.cu.edu.ng

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Corresponding Author: Daniel Eseme Gberevbie (daniel.gberevbie@covenantuniversity.edu.ng)

ABSTRACT

This study explores how enhancing economic security through contributory pension reforms in Nigeria can support achieving SDG 1 (No Poverty), with a specific focus on identifying policy reforms for improving the Contributory Pension Scheme. The study is grounded in social protection theory and policy reform frameworks, examining how pension systems can serve as safety nets for vulnerable populations and contribute to financial empowerment in line with SDG targets. The research employed a qualitative approach, publications from the National Pension Commission (PenCom), relevant legislative frameworks, such as the Pension Reform Act (2004) and its amendments, and existing literature on pension schemes, including academic journals and reports from international organizations, Policy documents and reports from government agencies and pension industry stakeholders. The research reveals that a complex approach is necessary to strengthen the Contributory Pension Policy. Key findings indicate the need for increased awareness and education among contributors, enhanced regulatory frameworks, and improved technological integration for better efficiency and transparency in pension administration. The findings provide valuable insights for policymakers and stakeholders in developing more effective pension reforms. The study contributes to understanding how pension policies can be leveraged to reduce poverty and enhance financial security in Nigeria. This study uniquely examines the intersection of pension reform and socioeconomic development through the lens of SDG 1, offering practical recommendations for strengthening Nigeria's pension system while ensuring financial security for citizens in retirement.

KEYWORDS: Pension, SDGs 1, Contributory Pension Scheme (CPS), Pension Commission (PenCom), Social Protection, Retirement Benefits.

1. INTRODUCTION

Social protection is a vital component of poverty reduction strategies, providing a safety net for vulnerable populations. In Nigeria, the Contributory Pension Policy (2004) aims to ensure financial security for retirees. However, despite its potential, the policy faces challenges, leaving many without adequate protection (United Nations, 2022). As employees transition to retirement, often due to age or reduced productivity (Onakeke & Falope, 2020), financial stability becomes crucial. The contributory pension plan, with its shared contribution costs between employees and employers, raises important questions about the welfare of retired workers (Oseghale et al., 2023). The Importance of Pensions Financial security in retirement is essential for maintaining a decent standard of living. The contributory pension plan aims to provide this stability, but its effectiveness depends on various factors, including the regulatory framework, pension fund management, and the roles of key players. This study examines the effectiveness of Nigeria's pension system in providing social protection and financial security for retirees. It explores the challenges and opportunities in pension fund management, the roles of Pension Fund Administrators (PFAs), Pension Fund Custodians (PFCs), and Closed Pension Fund Administrators (CPFAs), and the impact of the contributory pension plan on retirees' financial stability.

2. METHODOLOGY

The study employed a qualitative research method, mainly relying on secondary data sources. This includes critically examining documents such as; PenCom publications; reports, guidelines, and circulars issued by the National Pension Commission, legislative frameworks; relevant laws, regulations, and policies governing pension administration in Nigeria. Policy documents; documents outlining pension policy objectives, strategies, and outcomes. Research materials; studies, policy briefs, and articles related to the Contributory Pension Scheme (CPS) and pension policy reforms. The document review provided a rich source of data, enabling the study to explore the complexities of pension policy reforms and their impact on social protection in Nigeria. By analyzing these documents, the study aimed to identify key themes, patterns, and insights that could inform pension policy decisions.

3. LITERATURE REVIEW

3.1. Pension Systems and Regulatory Frameworks

Pension is the term used to describe an employee's continued income after leaving their employer's job. According to him, pensions are rights that businesses cannot take away from their workers or refuse to grant them. This concept is reasonable in the context of a non-contributory pension plan, in which the employer pays for the pension (Abdullahi et al, 2020). Under the contributory plan, retirement savings may no longer be viewed strictly as an extension of the employee's compensation, as both the employee and employer share the contribution costs rather than the employer bearing the full expense (Oseghale et al., 2023). This shift calls for a broader definition of retirement benefits. More so, a pension is a set amount of money that a retired individual, also known as a pensioner, receives on a regular monthly basis for the remainder of his life. Ideally, the pay-out should start on the retirement date. Retirement in the context of a formal job is described as leaving one's job or being forced to leave it after attaining pensionable age (Oseghale et al., 2023).Several scholars and other stakeholders have developed a variety of social security schemes that do not just include pensions. As a result, countries across the world and the field of academic scholarship have classified pensions into different categories as a kind of social security. In Nigeria, there are four primary pension classes as identified by Abdullahi et al. (2020, p. 99).

These include retirement pension, which is awarded to an employee who retires after completing a designated period of service, typically between 30 to 35 years, or upon reaching a specified retirement age, usually 60 to 65 years for public servants, and 70 years for academic staff and judges; compensatory pension, granted to an employee whose position has been permanently abolished, with no alternative employment options provided by the government; superannuation pension, available to employees who retire at the age specified in their terms of employment; and compassionate allowance, issued when a public servant is disqualified from receiving a pension due to dismissal for misconduct, bankruptcy, incompetence, or inefficiency (Ekwunife, Egunlusi, & Chikwe, 2019, p. 13).

Pension systems are generally categorized by the type of benefits they provide and the funding methods used to sustain those (Ugwoke & Onyeanu, 2019).

3.2. Types of Pension Schemes

The two main types of pension schemes are the defined-benefit (DB) and defined-contribution (DC) plans. In defined contribution plans, a fixed contribution rate is applied, with contributions typically shared between the employee and employer (Okoh, 2022). While employers may compel employees to retire for various reasons, an employee's pension remains a vital source of financial support after retirement. To address these needs, the Pension Reform Act of 2004, which established a contributory pension scheme, was signed into law by then-President Chief Olusegun Obasanjo on June 25, 2004. This Act underwent further amendments in 2014 to strengthen its provisions (Osimen, Ehibor, Daudu, and Alofun, 2025).

The Act underwent further amendments in 2014 to strengthen its provisions; the contributing pension plan was justified by the following factors the previous pension plans' ineffective and feeble management, which relied entirely on government funding; unsustainable pension obligations that remain unpaid in a large number of government-owned establishments, including universities; an unregulated pension plan with a wide range of highly diverse arrangements throughout the federation's states and private businesses; and ensuring that Nigerian workers receive a pension after many years of service regularly (Okoh, 2022). Ihejirika (2022) defines a pension as the amount of money that the state, through its former employers, pays to an individual who is unable to work due to age or disability or pays to their widow or dependent children. The funds are a combination of contributions made by the individual and their employers. He also emphasized that, for someone who is too elderly or sick to maintain themselves, a pension plan offers an organized means of giving them financial stability (Oseghale et al., 2023).

It is the sum of money that is routinely given to an individual who is no longer employed by the government or a business, either from a fund that they contributed to or did not participate in (Afolayan, 2017). Also, a pension plan is an agreement between an employer and employee whereby the company agrees to pay the employees cash payments upon their retirement, subject to certain requirements. The term "pension scheme" refers to the total of all plans under a certain system as established by parliament. Nigeria's current pension plan was modelled after one in Chile (Mojisola, 2019).

3.3. Roles of Key Players

3.3.1. The National Pension Commission as a Regulatory Body

The lack of robust and effective regulations contributed to the downfall of the Defined Benefit Scheme (DBS). In response, the current plan established the National Pension Commission (PenCom) to serve as the primary regulatory authority overseeing Nigeria's pension system (Abere et al., 2024). PenCom is responsible for managing, controlling, and ensuring the effective administration of pension-related matters in the country. Additionally, the Pension Reform Act (PRA) 2004 introduced key players such as Pension Fund Administrators (PFAs), Pension Fund Custodians (PFCs), and Closed Pension Fund Administrators (CPFAs) to enhance the management of the pension system (Abere et al., 2024). Section 21 of the Pension Reform Act (PRA) 2004 outlines the functions and powers of the National Pension Commission (PenCom), which include establishing and managing Nigeria's overall pension policy, setting the employment terms and compensation for its staff, and requesting information related to retirement benefits from employers, pension administrators, custodians, and other relevant entities. PenCom is also empowered to collect fees, levies, or penalties as specified by the Commission, as well as establish the necessary offices and facilities to perform its functions (Chidozie, Osimen, Bhadmus, & Newo, 2024).

Additionally, the Commission is responsible for conducting investigations of pension fund administrators, custodians, and any other parties involved in pension fund management. It has the authority to impose administrative sanctions or fines on employers who fail to comply with pension fund management regulations and can direct the transfer of pension fund custody or management in cases where a custodian's license is revoked or if they face insolvency. Finally, PenCom is authorized to take any other actions deemed necessary to ensure the effective execution of its duties under the Act (Abere et al., 2024).

3.3.2. Pension Fund Administrators

Under the new pension plan, qualified Pension Fund Administrators (PFAs) are responsible for privately managing pension funds (Abere et al., 2024). PFAs are licensed to open Retirement Savings Accounts (RSAs) for employees, invest and oversee the pension funds as specified by the Commission, track all transactions related to the funds they manage, regularly update workers and beneficiaries, and distribute retirement benefits according to the Pension Reform Act of 2004. According to Afolayan (2017), PFAs have several key responsibilities, including opening RSAs for employees, managing the funds and their assets, calculating annuities, and processing retirement benefit payments. Therefore, PFAs play a crucial role in enhancing the value of the contributors' funds (Okoh, 2022).

3.3.3. *Pension Fund Custodians*

Pension Fund Custodians (PFCs) are responsible for securely storing the assets of pension funds, ensuring that Pension Fund Administrators (PFAs) do not hold these assets themselves. Payments are made directly from the employer to the Custodian, who then informs the PFA of the receipt, allowing the PFA to fund the employee's Retirement Savings Account (Abere et al., 2024). **Specifically, the main responsibilities of PFCs include** receiving and holding the fund in trust for contributors and beneficiaries, settling financial transactions on behalf of the PFA, submitting unbiased reports on fund assets to the Pension Commission, and conducting statistical evaluations of the investments and returns for both the PFA and the Pension Commission (Aliu et al., 2023).

The roles of PFCs and PFAs complement each other, reducing the risk of financial misconduct. Although the PFA creates the account, it cannot access the funds except for investment purposes; the Custodian maintains asset representation and handles payments and related activities for specific investment ventures (Aliu et al., 2023). Additionally, the PFC does not manage the funds but must adhere to the PFA's directives and cannot treat the funds as standard savings accounts. This structure decreases, but does not eliminate, the potential for financial imprudence due to the shared trust roles of both parties (PWC, 2016).

3.3.4. *Closed Pension Fund Administrators*

Closed Pension Fund Administrators (CPFAs) are established by corporations that have the financial capacity to manage their own pension funds (Aliu et al., 2023). Currently, there are about seven CPFAs, primarily owned by international corporations, which operate under the supervision and regulation of the National Pension Commission (PenCom) to ensure effective management of their pension funds (PWC, 2016).

4. THEORETICAL FRAMEWORK

The study is anchored in two complementary theoretical frameworks Social Protection Theory and Policy Reform Theory. Social Protection Theory, as developed by Devereux and Sabates-Wheeler (2004), conceptualizes social protection as encompassing both protective and preventive measures that address vulnerabilities and reduce poverty. This theory posits that effective social protection systems should provide **four types of functions** protective (providing relief from deprivation), preventive (averting deprivation), promotive (enhancing incomes and capabilities), and transformative (addressing social equity concerns).

The Policy Reform Theory, particularly as it relates to pension systems, builds on the work of World Bank economists Holzmann and Hinz (2005), who developed the multi-pillar pension framework. **This framework suggests that effective pension systems should comprise multiple pillars** a mandatory publicly managed pillar, a mandatory privately managed pillar, and voluntary arrangements. This theoretical approach emphasizes the importance of institutional capacity, regulatory frameworks, and market infrastructure in implementing successful pension reforms.

These theoretical frameworks together provide a comprehensive lens for analyzing Nigeria's Contributory Pension Scheme. The social protection theory helps understand how pension systems can serve as safety nets, while the policy reform theory guides the analysis of institutional arrangements and implementation strategies necessary for effective pension reform.

4.1. *Application to Knowledge/Justification*

These frameworks provide a comprehensive lens for analyzing Nigeria's Contributory Pension Scheme. The social protection theory helps understand the role of pension systems as safety nets, while the policy reform theory guides the analysis of institutional arrangements and implementation strategies necessary for effective pension reform.

5. SUSTAINABLE DEVELOPMENT GOALS 1 AND PENSION SCHEME IN NIGERIA

Sustainable Development Goals (SDGs) are a set of 17 global objectives adopted by the United Nations in 2015 to address a wide range of global challenges. These challenges include poverty, inequality, climate change, environmental degradation, peace, and justice. The SDGs aim to create a more inclusive, equitable, and sustainable world by 2030 (United Nations 2020).

Each goal is interconnected and addresses a specific aspect of human development, with a focus on improving quality of life, protecting the planet, and ensuring that prosperity is shared by all people. For example, some SDGs focus on ensuring good health and well-being (Goal 3), promoting quality education (Goal 4), and fostering economic growth while reducing inequality (Goal 10). Others, such as Goal 13, aim to combat climate change, while Goal 16 emphasizes peace, justice, and strong institutions (Obasa 2019).

The SDGs are universal, meaning they apply to all countries, regardless of their level of development. They are designed to be inclusive, ensuring that no one is left behind in the pursuit of a better future for people and the planet. These goals are a call for action and collaboration across governments, businesses, civil society, and individuals to achieve sustainable development that benefits both present and future generations (W.H.O, 2022).

The Sustainable Development Goal (SDG) 1, "No Poverty," strives to eradicate extreme poverty and reduce inequality globally by 2030. This goal highlights the importance of ensuring that everyone, regardless of their circumstances, has access to basic necessities such as food, healthcare, and education. It emphasizes not only alleviating the hardships faced by those in the most vulnerable situations but also fostering an inclusive society where economic and social opportunities are accessible to all, especially marginalized groups (Osimen, Ehibor, Daudu, & Alofun, 2025).

One important tool that contributes to achieving SDG 1 is the contributory pension scheme. A contributory pension system involves workers and employers regularly contributing a portion of their earnings into a pension fund. This system is designed to ensure that individuals, particularly those in formal employment, are provided with financial security after retirement. By facilitating savings for future income, contributory pensions play a critical role in reducing poverty among older populations (Chukwudi, Osimen, Dele-Dada, and Ahmed, 2024).

In the context of SDG 1, contributory pension schemes can act as a safety net for individuals once they are no longer able to earn a livelihood through active work. This initiative ensures that older adults are not left without resources, reducing their vulnerability to poverty. Moreover, by involving both employees and employers in the process, it fosters a sense of shared responsibility and encourages sustainable economic planning that contributes to long-term financial stability.

While contributory pension schemes alone cannot fully eradicate poverty, they are a vital component in addressing income insecurity in old age. As countries implement and improve these systems, they contribute to broader efforts to fulfill the SDG of "No Poverty," creating a stronger, more resilient society for all (Olayinka, 2017).

The SDG 1 (No Poverty) Objectives

According to the United Nations (2020) Sustainable Development Goals, its objectives were stated as follows;

- Eradicate extreme poverty by 2030
- Reduce poverty in all its dimensions by at least half by 2030
- Implement social protection systems for all
- Ensure equal rights to economic resources, basic services, and ownership/ control over land and property by 2030
- Build resilience of the poor/ vulnerable to climate- related extreme events and other shocks by 2030.

6. OBJECTIVES OF THE PENSION POLICY TO ACHIEVE SDG 1 IN NIGERIA

A recent report by the National Pension Commission (PenCom) revealed that only 10 million Nigerians have pension accounts, out of a workforce of over 80 million. This staggering gap highlights the need for urgent reforms to ensure that all citizens have access to social protection. Furthermore, the current pension policy has been criticized for its limited coverage, inadequate funding, and inefficient benefit structures (PenCom 2020). Before the implementation of the current pension plan, Nigeria faced challenges with its "Pay As You Go" defined benefit program. Chukwuemeka (2022) identified several critical factors contributing to the underperformance of the defined benefit pension system. These included chronic underfunding, unsustainable outstanding pension liabilities, ineffective and weak pension administration, demographic changes, and an aging scheme. Additionally, there was a notable reluctance among private sector workers to embrace any form of mandatory retirement benefit arrangements, compounded by inadequate regulation of the existing scheme (Osimen, Ehibor, Daudu, and Alofun, 2024). These shortcomings highlighted the urgent need for reform to ensure the effective provision and funding of retirement benefits. Consequently, the introduction of the Contributory Pension Scheme (CPS) was deemed necessary to address these gaps and create a more sustainable and efficient system for managing pension contributions and benefits (Akinwumi, Oladele, and Sanmi, 2022). The CPS aims to mitigate the previous issues by establishing a framework where both employees and employers contribute to retirement savings, thereby enhancing the financial security of retirees and improving the overall administration of pension funds in Nigeria.

According to Obasa (2019), the Contributory Pension Scheme (CPS) is built on several key principles designed to reform Nigeria's pension system. One of its primary objectives is the timely payment of retirement benefits, ensuring that employees receive their pension payments without the delays that plagued the previous system. The CPS also aims to empower employees by providing them greater control over their pension savings, encouraging active savings for retirement and fostering financial independence in old age. Additionally, the scheme seeks to mitigate pension liabilities, which had become a significant burden under the former defined benefit system, by establishing a funded contributory model that balances contributions and payouts. The CPS also emphasizes the creation of standardized guidelines for pension management, promoting transparency and consistency across the system (Osimen, Ehibor, Daudu, & Alofun, 2025). Finally, the scheme aims to ensure compliance with regulations while expanding coverage to include a wider range of employees, including those who were previously excluded from pension schemes (Braimah, Gberevbie, Chidozie, and Osimen, 2024).

The shortcomings of the 1979 pension provisions led to the landmark 2004 pension reform, which aimed to tackle these issues by establishing a more sustainable, contributory system. This reform was further enhanced by the Pension Reform Act of 2014, enacted by the Nigerian National Assembly in June 2014, to include both public and private sector employees across organisations with more than five employees (Victor, 2017). The 2014 Act established clear objectives aimed at improving Nigeria's pension system. One key goal was to create unified guidelines, introducing a standardized framework of rules and procedures to govern the administration and disbursement of retirement benefits. These standards apply to employees across various sectors, including the public sector, state governments, the Federal Capital Territory, local government councils, and the federal government. The Act also sought to ensure the smooth operation of the Contributory Pension Scheme, which relies on employer and employee contributions to fund retirement benefits, replacing the older, financially unsustainable model (Chukwudi, Osimen, Dele-Dada, and Ahmed, 2024). Another important objective was to guarantee the timely payment of retirement benefits, ensuring that employees in both the public and private sectors receive their pensions promptly, thus reducing financial uncertainty for retirees. Lastly, the Act aimed to promote financial independence in old age by encouraging employees to build personal savings through the contributory plan, helping them to support themselves during retirement (National Pension Commission, 2017).

7. THE CONTRIBUTORY PENSION SCHEME

The National Pension Commission (PenCom) plays a crucial role in the oversight and regulation of the Contributory Pension Scheme (CPS), aiming to ensure compliance and protect the interests of all contributors (National Pension Commission, 2017). While the CPS has achieved significant progress, there are ongoing challenges, particularly concerning the sufficiency of pension benefits for retirees. Experts highlight the need for periodic adjustments to contribution rates to preserve retirees' living standards over time. In response to the evolving finance, stakeholders recommend that CPS funds adopt sustainable investment strategies that incorporate environmental, social, and governance (ESG) criteria. Such practices could enhance the scheme's sustainability and align it with broader social goals. Furthermore, the CPS's diversified investment portfolio and long- term focus have enabled it to endure economic fluctuations, showcasing its resilience as a model for stable retirement planning (Osimen, Dele-Dada, & Osere, 2025). This success has attracted the interest of other African nations considering similar reforms to enhance their own pension systems (National Pension Commission, 2017). Promoting public awareness and education is essential to the CPS's ongoing success. Informing workers about the scheme enables them to make better retirement choices and encourages more people to participate (National Pension Commission, 2017). A strong CPS with growing assets can also drive new financial products and services, benefiting the entire financial sector (National Pension Commission, 2017). In summary, Nigeria's CPS is a significant step toward securing the workforce's financial future (National Pension Commission, 2017). This innovative scheme reflects Nigeria's goal of creating a financially secure society for both current and future generations. By resolving current challenges and continually improving the program, Nigeria can build a sustainable retirement system that could serve as a model for other nations (Abere et al., 2024).

On June 25, 2004, Nigeria's National Assembly passed the Pension Reform Act, 2004 (as amended), which established the Contributory Pension Scheme. The scheme was designed with several key goals, including ensuring the timely payment of retirement benefits to individuals who served in the Federal Capital Territory, the Public Service of the Federation, or the private sector. It also aimed to encourage individuals to save for self-support in retirement, fostering financial independence for retirees. Additionally, the scheme sought to provide clear guidelines, norms, and procedures for the management and distribution of retirement benefits across these sectors, ensuring a structured and transparent system (Abere et al., 2024).

The key points from the amended 2004 Pension Reform Act include an increase in contributions, with both the employer and employee raising their contributions from 7.5%to remit contributions will face penalties. Additionally, the Act stipulates severe punishment for embezzling pension funds, with offenders facing ten years in jail, three times the amount embezzled, or both. The Act also mandates the investment of pension funds in federal infrastructure development, including the construction of roads, rail tracks, electricity projects, and oil and gas initiatives (Abere et al., 2024).

Kudu (2015) highlighted three major features of the new Pension Scheme. First, it is mandatory: all organisations in the Federal Capital Territory, as well as both the private and public sectors with at least five employees, are required to participate in the scheme. **Second, it is contributory** both the employer and the employee must contribute 7.5% of their income to the scheme, although this was adjusted in July 2014 to 10% by the employer.

7.1. Components and Challenges of Nigeria's Contributory Pension Scheme

This table provides an overview of the CPS components and Challenges, making it easier to understand the complexities of the pension system.

Table 1: The CPS Components and Challenges.

Component	Description	Challenges
Contributory Pension Scheme	Mandatory pension scheme for both public and private sector employees	Coverage limitations, inadequate awareness
Pension Fund Administrators (PFAs)	Manage pension funds, open a Retirement Savings Account	Inefficient management, high fees
Pension Fund Custodians (PFCs)	Securely store pension fund assets	Security risks, inefficient settlement of transactions
Retirement Savings Account (RSAs)	Individual accounts for employees' pension savings	Low contribution rates, inadequate returns
Regulatory Framework	PenCom regulates and supervises the pension industry	Enforcement challenges, regulatory gaps

8. PROSPECTS FOR ENHANCING SOCIAL PROTECTION THROUGH CONTRIBUTORY PENSION POLICY REFORMS IN NIGERIA

Contributory Pension Scheme (CPS) in Nigeria has significant socioeconomic and demographic implications. For instance, women may face challenges in accessing pension benefits due to their limited participation in the formal workforce, lower earnings, and caregiving responsibilities. This can result in lower pension contributions and benefits, exacerbating poverty and inequality in old age. Additionally, demographic factors such as age, occupation, and geographic location can also impact pension access and benefits. For example, workers in the informal sector or rural areas may not have access to formal pension schemes, leaving them vulnerable to poverty and insecurity in old age.

Furthermore, the CPS's design and implementation can have implications for socioeconomic outcomes, such as poverty reduction, inequality, and economic growth. For instance, the scheme's coverage and benefit levels can influence the financial security and well-being of retirees, which in turn can affect their ability to contribute to the economy and support their families.

Research has shown that contributory pension policies can play a critical role in reducing poverty, particularly among vulnerable populations such as the elderly (World Bank, 2020). By providing a steady income stream, pension policies can help alleviate poverty, improve living standards, and enhance overall well-being. The modern Contributory Pension Scheme (CPS) offers various options and has significantly leveraged the capital and money markets, contributing to economic expansion. Currently, all Pension Fund Administrators (PFAs) invest their funds in bonds and stocks within the capital market, while banks and other money market participants benefit from fixed deposits (Aliu et al., 2023).

The emergence of PFAs and Pension Fund Custodians (PFCs) under this new scheme has created job opportunities and encouraged employee savings. Odo, Ani, and Agbo (2021) highlight the benefits Nigeria and its citizens can gain from the CPS, including minimum pension guarantees, individual retirement savings accounts that enhance fund accumulation, increased labour mobility without losing access to retirement savings accounts, the right for contributors to switch PFAs, timely access to retirement benefits, and the long-term growth of funds that supports the capital market's development (Anam, 2024).

The new pension plan in Nigeria has effectively eliminated the issue of "Ghost Pensioners" from retirees' paychecks, marking a significant milestone for the economy (Ekezue, Okereka, & Mukoro, 2024). By ensuring that contributions are individually owned, pensioners now receive a consistent monthly retirement payment independent of government support or employment status.

With real-time updates on retirement savings accounts, the plan promotes budgetary discipline and strengthens economic foundations (Olutimi et al., 2024). The scheme fosters substantial growth in convertible funds, builds vast pools of long-term capital, and enhances accountability. Through separating investment, administration, and asset custody, the plan enforces stringent legal and administrative measures. Transparency is further supported by mandated returns, regular contribution statements, and audited accounts (Olayinka, 2017).

9. CONCLUSION AND RECOMMENDATIONS

Enhancing social protection through contributory pension policy reforms is crucial for achieving SDG 1 (No Poverty) in Nigeria. By prioritizing reforms that expand coverage, improve funding, enhance benefit structures, and promote financial inclusion, Nigeria can provide financial security for its citizens, reduce poverty, and promote sustainable development. This study on the Contributory Pension Scheme (CPS) provides a comprehensive analysis of the system's structure, challenges, and impact on both active employees and retirees. Rooted in the Pension Reform Act of 2004, revised in 2014, the CPS represents a shift towards a contributory pension model designed to ensure a secure retirement for Nigerian employees across the public and private sectors.

The Contributory Pension Policy (CPP) has proven beneficial to contributors, particularly in fostering positive financial planning and providing a degree of post- retirement financial security. However, this study provides a comprehensive analysis of the Contributory Pension Scheme (CPS), highlighting its benefits and challenges.

To improve the CPS, **the following recommendations are proposed Recommendations**

- Expand coverage: Increase the number of Nigerians with pension accounts, particularly in the informal sector.
- Improve funding: Ensure that pension funds are adequately financed and managed to provide sustainable benefits.
- Enhance benefit structures: Design benefit structures that provide adequate income replacement rates for retirees.
- Promote financial inclusion: Leverage technology to increase access to pension services, particularly for rural and underserved populations.
- Simplify administrative processes: Streamline administrative processes to reduce bureaucratic hurdles and delay benefit disbursements.
- Clearer communication channels: Provide accessible information resources to empower contributors with knowledge about their pensions.
- Regular policy reviews: Advocate for regular reviews of the CPS policy to meet the evolving needs of contributors.

9.1. Limitations and Future Research Opportunities

While this study provides valuable insights into the CPS, it has some limitations. Future research could explore the impact of the CPS on specific industries or populations, such as the informal sector or rural communities. Additionally, studies could investigate the effectiveness of other social protection programs in Nigeria and their potential integration with the CPS. By addressing these knowledge gaps, future research can inform policy decisions and contribute to the development of more effective social protection systems in Nigeria.

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