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Research Article

SOCIAL PROTECTION POLICY AND WELFARE ADMINISTRATION IN NIGERIA. A STUDY OF CONTRIBUTORY PENSION SCHEME

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Abstract

This study examined social protection policy and welfare administration in Nigeria, with particular focus on the Contributory Pension Scheme (CPS). The study was undertaken against the background of the increasing importance of pension administration in protecting workers and retirees from economic insecurity associated with old age and retirement. The study specifically examined the extent to which the Contributory Pension Scheme had contributed to the welfare of workers and retirees, determined the effect of CPS administration on access to retirement benefits, and assessed the effect of the scheme on the financial security of retirees. Three research questions and corresponding null hypotheses guided the study. The study adopted a survey research design. The population comprised 844,000 retirees receiving retirement benefits under the Contributory Pension Scheme in Nigeria. Using the Krejcie and Morgan sampling approach, a sample size of 384 respondents was determined, while 379 properly completed questionnaires were used for the final analysis. Data were collected through a structured questionnaire and analysed using descriptive statistics and the Chi-square statistical technique at the 0.05 level of significance. The findings revealed that the Contributory Pension Scheme had a significant effect on the welfare of workers and retirees in Nigeria, as the calculated Chi-square value of 429.84 exceeded the critical value of 7.815. The study also found that the administration of the CPS had a significant effect on retirees' access to retirement benefits, with a calculated Chi-square value of 321.05, which was greater than the critical value of 7.815. Furthermore, the study established that the CPS had a significant effect on the financial security of retirees, with a calculated Chi-square value of 380.30 exceeding the critical value of 7.815. The study concluded that the Contributory Pension Scheme constitutes an important instrument of social protection and welfare administration in Nigeria by providing retirement income, improving access to pension benefits and strengthening the financial security of retirees. However, the effectiveness of the scheme depends substantially on efficient administration, timely payment, adequate benefits, transparency and effective regulatory supervision. The study therefore recommended that PenCom and Pension Fund Administrators should strengthen pension administration by simplifying verification and documentation procedures, improving communication with retirees, and ensuring timely processing and payment of retirement benefits. It also recommended improved measures for ensuring the adequacy of pension benefits in the face of rising living costs.

Keywords: Social protection, welfare administration, contributory pension scheme, pension administration, retirement benefits, retirees' welfare, financial security.

Introduction

Social protection is an important component of public policy and welfare administration because it seeks to protect individuals against economic and social risks that can undermine their welfare. Within this framework, pension administration is particularly important because retirement may result in the loss or substantial reduction of regular employment income. The Contributory Pension Scheme (CPS) was introduced in Nigeria under the Pension Reform Act 2004 as a defined-contribution arrangement intended to improve retirement security and address weaknesses associated with the earlier pension system. The framework was subsequently strengthened by the Pension Reform Act 2014, which repealed the 2004 Act and provided for a uniform contributory pension scheme for the public and private sectors. The CPS represents a significant change in Nigerian pension administration because retirement benefits are linked to accumulated contributions and investment returns rather than depending principally on government financing at retirement. Its administration involves institutions such as the National Pension Commission (PenCom), Pension Fund Administrators (PFAs) and Pension Fund Custodians (PFCs), whose responsibilities are structured to regulate, manage and safeguard pension assets. The Pension Reform Act 2014 consequently provides the legal and institutional foundation for the administration of the scheme.

The social protection importance of the CPS lies in its capacity to provide workers with income security after retirement. However, the existence of a contributory pension framework does not automatically guarantee satisfactory welfare outcomes. Etuk (2022) observes that the successive pension reforms in Nigeria have been accompanied by continuing concerns regarding pension administration and inadequate understanding of pension procedures among workers and retirees. Similarly, Oigbochie and Chenge (2023) found that retirees continued to experience delays in pension payments, including difficulties associated with accrued rights, miscalculations and system errors. The adequacy of retirement benefits is another important concern. Abere, Banjo and Saka (2024), using pension contribution and retirement-benefit data as well as evidence from retirees, found that the retirement benefits available to low-income retirees were insufficient to provide a satisfactory level of livelihood. Abere, Ojikutu and Mojekwu (2024) similarly examined retirement benefits under the CPS and developed a guaranteed minimum pension framework for low-income retirees of federal establishments, highlighting the continuing concern about minimum income protection in retirement.

These concerns indicate that the effectiveness of social protection through the CPS depends not only on the existence of pension legislation but also on the quality of its administration. Effective administration requires appropriate contribution management, accurate records, efficient processing, adequate communication, timely payment and effective regulatory oversight. Agalamanyi and Ugwuibe (2021) similarly emphasised the importance of the Pension Reform Act 2014 in strengthening pension fund administration and improving retirees' welfare, while noting that effective implementation remains essential to achieving the objectives of pension reform. The problem, therefore, is not simply whether Nigeria has a formal pension policy, but whether the CPS has translated its social protection objectives into meaningful welfare outcomes for workers and retirees. Delays in accessing benefits, administrative difficulties and concerns about the adequacy of retirement income can weaken the protective function of the scheme. These challenges are particularly important because retirees depend on accumulated pension resources when regular employment income has ceased.

Against this background, this study examines social protection policy and welfare administration in Nigeria, with particular emphasis on the Contributory Pension Scheme. It focuses on whether the CPS contributes to retirees' welfare, whether its administration facilitates access to retirement benefits, and whether the scheme enhances the financial security of retirees. The study therefore treats effective pension administration as an essential link between social protection policy and the actual welfare experienced by beneficiaries.

Objectives of the Study

The broad objective of the study is to examine social protection policy and welfare administration in Nigeria, with particular reference to the Contributory Pension Scheme.

The specific objectives are to:

i. examine the extent to which the Contributory Pension Scheme has contributed to the welfare of workers and retirees in Nigeria;

ii. examine the effect of the administration of the Contributory Pension Scheme on access to retirement benefits;

iii. assess the effect of the Contributory Pension Scheme on the financial security of retirees;

1.4 Research Questions

The study will be guided by the following research questions:

i. To what extent has the Contributory Pension Scheme contributed to the welfare of workers and retirees in Nigeria?

ii. What effect has the administration of the Contributory Pension Scheme had on access to retirement benefits?

iii. What effect has the Contributory Pension Scheme had on the financial security of retirees?

1.5 Research Hypotheses

The following null hypotheses will guide the study:

i. The Contributory Pension Scheme tends to improve the welfare of workers and retirees in Nigeria.

ii. The administration of the Contributory Pension Scheme is likely to improve on access to retirement benefits in Nigeria.

iii. The Contributory Pension Scheme is likely to improve on the financial security of retirees in Nigeria.

Conceptual Review

Social protection refers to the broad system of policies, programmes and institutional arrangements designed to protect individuals, households and communities against economic and social risks that threaten their welfare and living standards. It extends beyond poverty relief to include mechanisms for preventing, reducing and managing vulnerability across the life course (Ulriksen & Plagerson, 2023; Mumtaz, 2022). Its major dimensions include social assistance, social insurance and labour-market interventions, reflecting a broader approach to social risk management and human welfare (Mumtaz, 2023). Social protection manages risks that may occur at different stages of life, including unemployment, sickness, loss of income and old age. Pension schemes constitute an important form of social insurance because they provide income protection when individuals leave active employment. Its functions are generally protective, preventive and promotive, as it responds to shocks, reduces vulnerability to future risks and strengthens people's capacity to cope with economic difficulties.

The importance of social protection is particularly evident in Nigeria, where substantial informal-sector employment limits access to formal contributory social security arrangements (Arum & Likinyo, 2024). Social protection also contributes to poverty reduction, household welfare and social inclusion by helping vulnerable households maintain consumption and meet essential needs during periods of reduced income (Osabohien & Ashraf, 2022). It operates through both formal institutions and informal networks such as families, communities and religious organisations (Mumtaz, 2022). The effectiveness of social protection can be assessed through coverage, adequacy, accessibility and sustainability. These dimensions are particularly relevant to pension administration because retirement involves the loss of regular employment income. Pension systems therefore serve important functions of income security, poverty prevention and consumption smoothing. In Nigeria, the Contributory Pension Scheme represents a formal social insurance mechanism intended to provide workers with retirement income. Onyeonoru, Egharevba and Imhonopi (2014) identify the transition to the contributory model as a major transformation in Nigeria's pension and social policy, while also highlighting the institutional conditions necessary for effective social protection. For this study, social protection is therefore understood as the system of policies, programmes and institutional arrangements through which individuals are protected against economic and social risks. Particular emphasis is placed on social insurance, especially the Contributory Pension Scheme, as a mechanism for protecting workers against retirement-related income insecurity and promoting the welfare and financial security of workers and retirees in Nigeria.

Social Protection Policy in Nigeria

Social protection policy refers to the framework of laws, strategies, programmes and institutions through which the state protects individuals and households against poverty, vulnerability, income insecurity and social exclusion. It encompasses social assistance, social insurance and employment support, with its effectiveness influenced by governance, political interests and institutional capacity (Shadare, 2022). In Nigeria, social protection policy has developed as a response to poverty, unemployment, inequality and socioeconomic vulnerability (Sani, Yavala & Grace, 2022). A major feature of Nigerian social protection policy is the combination of contributory and non-contributory interventions. Pensions represent an important form of social insurance because they protect workers against the loss of employment income at retirement. However, limited access and awareness, inadequate coverage, weak coordination, insufficient government commitment, and poor monitoring and evaluation have constrained social protection outcomes (Amaechi, 2023). Effective implementation therefore requires clear institutional responsibilities, administrative capacity, transparency and effective monitoring (Shadare, 2022).

The pension component of social protection policy was significantly reformed through the introduction of the Contributory Pension Scheme under the Pension Reform Act 2004 and the subsequent Pension Reform Act 2014. Ewuru, Nwoye and Okoye (2024) describe the transition from the former defined-benefit system to the CPS as a major development in Nigerian pension policy, although challenges remain. The CPS seeks to provide retirement income by allowing workers to accumulate resources during their active years. However, the adequacy of accumulated benefits remains important to its social protection function, particularly for low-income retirees (Abere, Banjo & Saka, 2024).

Administrative efficiency is equally critical. Oigbochie and Chenge (2023) found that retirees continued to experience delays, accrued-right problems, calculation errors and other system-related difficulties in accessing benefits. Transparency also contributes to pension sustainability, as Aliu, Abdul-Hamid, Suleiman and Olanrewaju (2023) found a significant positive relationship between transparency and the sustainability of the Nigerian CPS. Benefit inadequacy remains another concern, with some low-income retirees receiving insufficient benefits despite long years of service (Abere, Ojikutu & Mojekwu, 2024). Okoye (2024) similarly identifies inadequate benefits, limited coverage, exclusion of informal workers, compliance problems and overlapping regulatory issues as continuing challenges.

Concept of Welfare Administration

Welfare administration refers to the processes through which social policies are translated into programmes, services and benefits that improve individual and group wellbeing. It represents the operational dimension of social policy, involving planning, organisation, financing, coordination, implementation, supervision and evaluation (Gilbert & Terrell, 2013). Its effectiveness depends on institutional capacity, including competent personnel, adequate resources, reliable information systems, monitoring and accountability (Healy, 2014). Administrative procedures are particularly important because they determine whether eligible beneficiaries can access welfare benefits effectively (Van Oorschot, 2002). Welfare administration connects policy objectives with actual service delivery. Efficient administration promotes accessibility, timeliness, responsiveness and beneficiary satisfaction, while complicated or poorly coordinated procedures can result in delays and exclusion. Transparency and accountability are also essential, particularly where public funds or compulsory contributions are involved. Bovens (2007) emphasises that accountability requires public institutions to explain and justify their actions and remain subject to scrutiny.

In Nigeria, welfare administration involves government and authorised institutions implementing programmes aimed at reducing poverty, vulnerability and social insecurity. These include social assistance, health interventions, employment protection and retirement security. Social protection increasingly combines social assistance and social insurance to address different forms of vulnerability (Barrientos, 2013). The CPS is therefore an important component of welfare administration because it provides an institutional framework for accumulating, managing and converting workers' contributions into retirement benefits. The administration of the CPS involves contributor registration, maintenance of Retirement Savings Accounts, collection of contributions, investment and custody of pension assets, verification of retirement documents, benefit processing and payment. The Pension Reform Act 2014 established the National Pension Commission as the principal regulator, while Pension Fund Administrators and Pension Fund Custodians perform specific operational functions. The effectiveness of these institutions directly influences the security, accessibility and timeliness of pension benefits. Thus, pension administration is not merely a financial function but also a welfare function aimed at protecting workers against retirement-related income insecurity.

Welfare administration can be assessed through accessibility, efficiency, responsiveness, transparency, accountability, equity, adequacy and timeliness. Evidence shows that pension administration affects retirees' welfare. Zakaree, Lawal and Ahmed (2016) found that pension reforms and regulatory arrangements were associated with improvements in retirees' welfare, although administrative challenges persisted. Oigbochie and Chenge (2023) reported continuing delays and administrative difficulties in accessing pension benefits, while Ewuru, Nwoye and Okoye (2024) found that the CPS represented an improvement over the previous system but continued to face challenges relating to coverage, compliance and benefit adequacy. For this study, welfare administration is understood as the institutional and managerial processes through which social protection policies, particularly the CPS, are planned, coordinated, implemented, monitored and delivered to eligible workers and retirees. It provides the institutional link between social protection policy and actual welfare outcomes by determining whether retirement benefits are accessible, timely, adequate and reliable.

Concept of Contributory Pension Scheme

The Contributory Pension Scheme (CPS) is a defined-contribution arrangement in which employees and employers make regular contributions towards retirement benefits. It was introduced in Nigeria through the Pension Reform Act (PRA) 2004 to address weaknesses in the former pension system and was strengthened by the Pension Reform Act 2014, which established a uniform contributory scheme for public and private sector employees (Federal Republic of Nigeria, 2014). Ahmad (2006) describes the CPS as a major shift to a fully funded, privately managed system based on individual retirement accounts. The reform responded to problems such as inadequate funding, administrative weaknesses and accumulated pension liabilities (Akuns, 2006; Agalamanyi & Ugwuibe, 2021). Under the CPS, contributions are accumulated throughout a worker's employment in an individual Retirement Savings Account (RSA), with investment returns added to the balance (Ahmad, 2006). This creates a direct relationship between contributions, investment performance and retirement resources. Ijeoma and Nwufo (2015) emphasise that the system shifted pension administration from the traditional defined-benefit model towards an individualised arrangement in which retirement benefits are more directly linked to accumulated contributions and investment returns.

Another key feature is the separation of pension fund management and custody. Pension Fund Administrators (PFAs) manage and invest pension funds, while Pension Fund Custodians (PFCs) hold the assets in custody, creating institutional checks and balances and reducing the risk of inappropriate control over pension assets (Ahmad, 2006). The Pension Reform Act 2014 also expanded potential coverage to self-employed persons and employees of organisations with fewer than three employees, subject to applicable guidelines (Federal Republic of Nigeria, 2014). However, inadequate awareness and limited understanding of pension procedures remain challenges (Etuk, 2022). The CPS is also a social protection and welfare intervention because its ultimate purpose is to provide income security after retirement. Akuns (2006) emphasises its welfare and public-policy significance, while Hassan and Adegoke (2024) found that the existence of the CPS does not automatically guarantee improved retirees' welfare. Abere, Banjo and Saka (2024) similarly found that benefits available to low-income retirees were insufficient for satisfactory livelihood, indicating that pension effectiveness depends not only on the accumulation of pension assets but also on the adequacy of benefits. Therefore, the CPS is central to this study because its effectiveness can be assessed in terms of proper contribution administration, adequacy, accessibility and timeliness of retirement benefits, and its contribution to retirees' socioeconomic welfare. This relationship between pension administration and retirees' welfare is also emphasised by Zakaree, Lawal and Ahmed (2016). The CPS should consequently be understood not merely as a mechanism for accumulating retirement savings but as a social policy instrument for promoting financial security and improving the welfare of retirees.

Objectives of the Contributory Pension Scheme

The Contributory Pension Scheme (CPS) was established to address the financial, administrative and welfare challenges associated with Nigeria's previous pension arrangements. Its major objectives include providing retirement income security, reducing old-age poverty, ensuring financial sustainability, improving administrative efficiency and accountability, and expanding pension coverage. A primary objective is to ensure that workers receive their retirement benefits as and when due, since delays or inaccessibility can expose retirees to financial insecurity. Akuns (2006) links the welfare implications of pension reform to the ability of the pension system to provide timely and effective retirement benefits. The CPS also seeks to encourage workers to save systematically for old age through individual retirement accounts. Contributions are accumulated and invested throughout the employee's working life, creating resources for post-employment needs (Ahmad, 2006). Closely related to this objective is the reduction of old-age poverty and financial vulnerability. Pension protection becomes particularly important when earning capacity declines after retirement. Akuns (2006) associated the shift to the defined-contribution system with the need to improve retirees' economic wellbeing, although evidence shows that benefit adequacy remains a challenge. Abere et al. (2024), for instance, found that benefits available to low-income retirees under the CPS were insufficient to guarantee a comfortable livelihood.

Another objective is to establish uniform rules and standards for pension administration. The Pension Reform Act 2014 created a common framework for pension administration across the public and private sectors (Federal Republic of Nigeria, 2014). Agalamanyi and Ugwuibe (2021) note that the reform sought to strengthen pension fund administration and regulation. The CPS also aims to reduce unfunded pension liabilities by ensuring that retirement resources are accumulated during employees' active service rather than leaving pension obligations entirely to government and employers. Akuns (2006) identifies the financial and sustainability problems of the previous arrangement as important reasons for the transition to the defined-contribution system. The scheme further promotes transparency and accountability through the separation of pension fund management and custody. Ahmad (2006) explains that the CPS introduced professional pension fund management based on individual retirement accounts, while Agalamanyi and Ugwuibe (2021) argue that effective implementation of the Pension Reform Act can strengthen pension administration and reduce opportunities for fraud and misappropriation. The CPS also seeks to enhance retirees' financial security and dignity. However, the existence of the scheme does not necessarily guarantee improved welfare, as Hassan and Adegoke (2024) found that CPS participation did not automatically translate into improved welfare among retirees from tertiary institutions.

In addition, the CPS is designed to mobilise long-term savings for investment and economic development. Contributions accumulated over workers' careers are invested in approved financial instruments, making pension funds an important source of long-term capital (Ahmad, 2006). The scheme also seeks to expand pension coverage to previously excluded groups, including self-employed persons and workers in small organisations. Etuk (2022) notes that continuing pension reforms have sought to address deficiencies in pension coverage and administration, although inadequate knowledge of pension procedures remains a challenge.

Administration of the Contributory Pension Scheme in Nigeria

The administration of the Contributory Pension Scheme (CPS) involves interconnected institutions and actors, principally the National Pension Commission (PenCom), Pension Fund Administrators (PFAs), Pension Fund Custodians (PFCs), employers and contributors, with their responsibilities guided by the Pension Reform Act 2014 and related regulations (Federal Republic of Nigeria, 2014). Ahmad (2006) notes that this institutional structure separates regulation, fund management and custody to improve efficiency and security.

PenCom provides regulatory oversight, ensuring compliance, accountability and protection of contributors' interests (Agalamanyi & Ugwuibe, 2021). PFAs manage contributors' Retirement Savings Accounts (RSAs), invest pension funds and provide account information, making them an important link between the pension system and contributors (Ahmad, 2006). Effective administration also requires efficient service delivery, accurate records, communication and accessible pension services (Ijeoma & Nwufo, 2015). PFCs, on the other hand, provide independent custody of pension assets, thereby reducing concentration of control and strengthening accountability (Ahmad, 2006). Employers are responsible for deducting and remitting employee and employer contributions within the prescribed period, making them critical to continuous pension accumulation (Federal Republic of Nigeria, 2014). Funding and administrative weaknesses can, however, undermine this process (Akuns, 2006). Contributors are active participants who must register with PFAs, maintain accurate information, monitor contributions and understand procedures for accessing benefits. Etuk (2022) identifies limited pension awareness as a continuing challenge, highlighting the importance of pension literacy. The administration of retirement benefits, including programmed withdrawal and retiree life annuity, is equally important because it determines whether accumulated savings translate into actual welfare outcomes (Federal Republic of Nigeria, 2014). Hassan and Adegoke (2024) found that retirees' welfare depends significantly on how effectively pension benefits are administered and accessed, while Abere et al. (2024) reported that benefits received by low-income retirees were often inadequate for satisfactory livelihood. Effective complaint resolution is also essential for addressing problems relating to remittances, account balances, records and benefit processing. Regulatory structures and accessible mechanisms for resolving complaints can strengthen accountability and confidence in the pension system (Zakaree et al., 2016). Technology, including electronic records, digital statements and electronic payments, can improve administrative efficiency, although its effectiveness depends on reliable data, institutional capacity and adequate information to contributors (Etuk, 2022). Overall, CPS administration is a chain of interdependent activities involving regulation, fund management, asset custody, contribution remittance, account administration, benefit processing and complaint resolution. Effective coordination of these functions is essential for the sustainability of the pension system and the welfare of retirees (Agalamanyi & Ugwuibe, 2021; Hassan & Adegoke, 2024).

Contributions and Benefits under the Contributory Pension Scheme

Contributions constitute the financial foundation of the Contributory Pension Scheme (CPS) because the retirement resources available to a worker are largely built from contributions accumulated throughout the period of active employment. Unlike the former defined-benefit arrangement, where pension obligations were largely dependent on the financial capacity of government or the employer at retirement, the CPS links retirement benefits to accumulated contributions and investment returns. Ahmad (2006) explains that the defined-contribution arrangement is based on individual retirement accounts into which contributions are accumulated and invested over the worker's career. Consequently, the regularity and adequacy of contributions have important implications for the financial resources available to a contributor at retirement. The contribution process is designed to ensure that retirement savings are accumulated progressively rather than being provided only when an employee exits active service. This creates a direct relationship between the period of employment, the amount contributed and the eventual retirement balance. Akuns (2006) observes that the transition to a contributory arrangement was partly intended to create a more sustainable basis for financing retirement benefits by accumulating pension resources during the worker's active years. Regular contributions are therefore fundamental to the ability of the CPS to provide meaningful retirement protection.

Contributions are credited to the contributor's Retirement Savings Account (RSA), where they are accumulated and invested in accordance with the applicable pension regulations. The value of the RSA is consequently determined not only by the amount contributed but also by investment returns generated over time. Ijeoma and Nwufo (2015) explain that the individual-account structure of the CPS provides a mechanism through which contributions are accumulated and managed for individual workers. The longer the period of participation and the more consistent the contributions, the greater the opportunity for accumulated savings and investment returns to provide meaningful retirement resources. The CPS also provides for voluntary contributions in addition to mandatory contributions. Voluntary contributions enable workers who have the financial capacity to increase the resources available for retirement beyond the statutory contributions. This provision is particularly relevant to contributors who wish to strengthen their retirement position because the eventual value of retirement benefits is influenced by the amount accumulated in the RSA and the returns generated over the period of investment. Ahmad (2006) notes that the individualised structure of the contributory system provides workers with a greater connection to the accumulation of their retirement savings.

Retirement benefits under the CPS can take different forms depending on the circumstances of the contributor and the applicable legal requirements. For eligible retirees, retirement savings may be accessed through approved arrangements such as programmed withdrawal or a retiree life annuity (Federal Republic of Nigeria, 2014). The significance of these arrangements lies in their capacity to transform accumulated pension savings into a stream of income after active employment. Hassan and Adegoke (2024) argue that the effectiveness of the CPS should ultimately be judged by its capacity to translate accumulated contributions into benefits that improve the welfare of retirees. Retirement benefits may also arise in circumstances involving death or medical incapacity. Where a contributor dies, the pension benefits associated with the RSA may be transferred to the legally recognised beneficiaries in accordance with the relevant provisions of the pension law. Similarly, the pension framework recognises circumstances in which an employee is unable to continue working because of health-related incapacity. These provisions reflect the broader social-protection function of pension systems, which extends beyond normal-age retirement to other circumstances that may interrupt a worker's earning capacity.

The CPS also permits limited access to pension savings before normal retirement under specified circumstances. For example, the Pension Reform Act allows an employee who voluntarily retires, resigns or is disengaged before attaining the prescribed retirement age and remains unemployed for the stipulated period to access part of the balance in the RSA, subject to the applicable conditions (Federal Republic of Nigeria, 2014). This provision provides a limited form of income support for workers experiencing prolonged unemployment while preserving the primary purpose of the RSA as a source of retirement income. The adequacy of retirement benefits is an important dimension of the CPS because accumulation alone does not guarantee adequate retirement security. A worker may have an RSA and receive benefits regularly but still experience financial hardship if the accumulated balance is insufficient to meet basic living requirements. Abere et al. (2024) found that retirement benefits received by low-income retirees under the CPS were inadequate to provide a satisfactory livelihood. This finding indicates that the assessment of pension effectiveness must move beyond the existence of pension accounts to consider the actual purchasing power and adequacy of benefits received by retirees.

The relationship between contributions and retirement benefits is therefore central to retirees' welfare. Higher and more regular contributions, longer participation in the scheme and favourable investment returns can strengthen the resources available at retirement. Conversely, low earnings, irregular contributions, interrupted employment histories and inadequate investment performance can reduce the eventual retirement balance. Abonyi and Okoye (2023), in their comparative assessment of retirees under the defined-benefit and contributory pension systems, demonstrate that pension arrangements have important implications for the social and emotional wellbeing of Nigerian retirees.

Consequently, the effectiveness of the CPS should be assessed not merely by the amount of contributions collected but by the extent to which those contributions are successfully converted into adequate and accessible retirement income. The ultimate objective of contributions is to provide financial protection when workers leave active employment. Where accumulated resources are inadequate or access to benefits is delayed, the welfare purpose of the pension system is weakened.

Challenges of the Contributory Pension Scheme in Nigeria

Despite the reforms introduced through the CPS, its implementation in Nigeria continues to face several challenges. These challenges concern pension coverage, contribution compliance, administrative efficiency, benefit adequacy, pension literacy, service delivery and public confidence. Okoye (2024) identifies inadequate benefits, limited informal-sector inclusion, compliance problems, low participation and regulatory challenges among the persistent difficulties confronting Nigeria's contributory pension regime. One major challenge is limited pension coverage, particularly among workers in the informal sector. Nigeria has a large informal economy comprising self-employed persons, small traders, artisans and other workers whose employment arrangements differ substantially from those found in the formal sector. Ihemadu and Imoh (2025) argue that informal-sector workers remain significantly underserved by conventional social-security arrangements and that extending pension protection to this group remains an important policy challenge. The problem is partly associated with irregular incomes, limited financial capacity and the absence of stable employer-employee relationships through which mandatory contributions can easily be collected.

A related challenge is low participation in micro-pension arrangements. Although the pension framework has been expanded to accommodate informal workers, participation depends on workers' willingness and ability to contribute regularly. Recent evidence suggests that financial literacy and trust are important factors influencing informal workers' willingness to adopt micro-pension arrangements (Otori, Muhammed, & Yusuf, 2026).This implies that expanding coverage requires more than establishing a legal framework; it also requires sustained financial education, confidence in pension institutions and contribution arrangements that reflect the income patterns of informal workers. A second major challenge is irregular or delayed remittance of pension contributions. The effectiveness of a defined-contribution system depends heavily on the timely transfer of contributions into workers' RSAs. Where employers deduct pension contributions from employees' salaries but fail to remit them promptly, the accumulation of retirement savings is adversely affected. Etuk (2022) identifies non-remittance of pension contributions by some employers as a persistent problem and notes that some workers only discover that contributions have not been remitted when they later obtain their RSA statements.Similarly, Okoye (2024) identifies employer compliance and non-remittance as continuing obstacles to the effective operation of the CPS.
Another challenge is administrative delay in accessing retirement benefits. Pension administration requires verification of records, documentation, processing of retirement applications and determination of the appropriate benefit arrangement. Weaknesses at any of these stages can delay payment to retirees. Oigbochie and Chenge (2023) found that retirees continued to experience delays in receiving pension benefits, including problems associated with miscalculations, system errors and difficulties experienced by survivors in accessing the benefits of deceased contributors. Such delays can be particularly damaging because retirees often depend heavily on pension income to meet their immediate living expenses. Inadequate pension literacy constitutes another important challenge. Contributors and retirees need to understand their contribution obligations, RSA statements, investment returns, benefit-access procedures and avenues for resolving complaints. However, inadequate knowledge of pension processes may prevent workers from identifying errors or asserting their rights. Etuk (2022) argues that insufficient understanding of pension administration contributes to difficulties experienced by workers and retirees. More recent research by Odeh and Oladejo (2024) similarly found a low level of awareness of contributory pension policy among retirees in Delta State, with limited awareness affecting their ability to seek redress when pension

payments were delayed. The adequacy of retirement benefits is also a major concern. The defined-contribution nature of the CPS means that the eventual benefit is strongly influenced by the level and duration of contributions, investment returns and the contributor's earnings. Workers with low salaries or incomplete contribution histories may therefore accumulate relatively small retirement balances. Abere et al. (2024) found that the retirement benefits of low-income retirees were insufficient to provide an adequate livelihood, highlighting the difficulty of achieving meaningful retirement security where accumulated contributions remain low.

Inflation and rising living costs further complicate the issue of benefit adequacy. A pension may be paid regularly but still fail to provide sufficient welfare if the purchasing power of the benefit declines because of increases in the prices of food, housing, healthcare and other essential goods. The real value of retirement income is therefore more important than its nominal amount. This is particularly relevant in Nigeria, where retirees may face increasing expenditure on healthcare and household consumption after leaving active employment. Hassan and Adegoke (2024) demonstrate the importance of examining the welfare outcomes of the CPS rather than concentrating exclusively on its institutional arrangements. Another challenge concerns service delivery by pension operators. Contributors interact with PFAs for account registration, statements, transfers, benefit processing and other pension-related services. Delays in responding to complaints, difficulty obtaining accurate account information and cumbersome administrative procedures can reduce the quality of pension services. Odeh and Nwosu (2024) argue that administrative weaknesses continue to affect the implementation of the contributory pension policy and call for improvements in institutional responsiveness and accessibility.

There are also challenges relating to regulatory compliance and institutional coordination. The CPS involves employers, PFAs, PFCs, regulatory authorities and contributors, and the activities of these actors are interconnected. Problems in the transmission of information or failure by one institution to perform its responsibilities can affect the entire pension process. Agalamanyi and Ugwuibe (2021) emphasise the importance of effective regulation and compliance in ensuring that pension funds are properly administered. Where institutional coordination is weak, problems such as missing contributions, inaccurate records and delays in processing benefits may occur. Public confidence and trust constitute another significant challenge. Workers are more likely to participate actively in pension arrangements when they believe that their contributions are secure and that the system will provide benefits when required. Historical problems associated with pension administration, coupled with current concerns about accessibility and transparency, can affect workers' confidence in pension institutions. Okoye (2024) identifies reluctance and disbelief among some workers as continuing obstacles to effective participation in the contributory pension regime. The challenges of the CPS are particularly significant because they have direct implications for retirees' welfare. Emetaram (2024), in a study of retirees in Anambra State, found that delays in the disbursement of pensions and gratuities, together with difficulties encountered during verification and screening processes, adversely affected retirees' welfare. Similarly, Abonyi and Okoye (2023) demonstrate that pension arrangements have important implications for the social and emotional wellbeing of Nigerian retirees. These findings reinforce the argument that the effectiveness of the CPS should ultimately be judged by its practical consequences for the lives of retirees.

Notwithstanding these challenges, the CPS has continued to develop and expand since its introduction. Recent scholarship indicates that the scheme has made progress in institutionalising contributory pension administration, although significant problems relating to coverage, compliance, benefit adequacy and access remain. Odeh and Nwosu (2024) argue that the continued relevance of pension reform depends on addressing implementation weaknesses and improving the responsiveness of pension administration. The persistence of these challenges means that pension reform should be viewed as an ongoing process rather than a one-time institutional intervention.

Empirical Review

This section reviewed recent empirical studies relevant to social protection policy and welfare administration in Nigeria, the Contributory Pension Scheme (CPS) and retirees' welfare, and the challenges associated with pension administration in Nigeria. Emphasis was placed on studies published mainly between 2022 and 2024 in order to provide recent evidence. The review considered the objectives, methodology, major findings and implications of each study, while also identifying gaps that justified the present study. Amaechi (2023) examined Social Protection Policy Responses to Poverty in Nigeria using a mixed-method research design. The study obtained quantitative data from 204 household respondents in Bwari, Gwagwalada and Kuje Area Councils of Abuja and qualitative information through semi-structured interviews with 15 federal and state policy actors and social protection administrators. Multinomial logistic regression and thematic analysis were used to examine the effectiveness of social protection policy responses. The study found that inadequate access to information and awareness, low effective coverage, gender inequality in programme design, inadequate government commitment, weak coordination and planning, and poor monitoring and evaluation constrained the effectiveness of social protection policies in reducing poverty. Amaechi recommended improved targeting, the development of comprehensive beneficiary databases, gender mainstreaming, greater attention to informal social protection arrangements and the adoption of effective public management practices. The study is relevant to the present research because it demonstrated that the existence of social protection policies does not necessarily guarantee improved welfare outcomes. Effective administration, coordination, monitoring and accessibility are necessary for policy benefits to reach intended beneficiaries. However, Amaechi's study examined social protection generally, with particular emphasis on poverty reduction, rather than focusing specifically on pension administration and the welfare of retirees. The present study therefore extends the discussion by examining welfare administration through the specific institution of the Contributory Pension Scheme.

Similarly, Gidigbi (2023) investigated the impact of selected poverty-alleviation programmes on poverty reduction in Nigeria. The study used data from the Central Bank of Nigeria Statistical Bulletin and annual reports covering the period from 1981 to 2015 and applied autoregressive distributed lag models to examine the relationship between social intervention programmes and poverty. The study distinguished between income and wealth redistribution programmes and access and empowerment programmes. Its findings indicated that access and empowerment interventions had a statistically significant poverty-reducing effect, with a percentage-point increase in such programmes associated with a 1.33% reduction in the poverty rate. However, the relationship between income and wealth redistribution programmes and poverty reduction was statistically insignificant. Gidigbi concluded that social intervention programmes could contribute to poverty reduction, but their effectiveness depended on the nature and implementation of the interventions. Gidigbi's findings are important to the present study because they demonstrate empirically that government welfare interventions can influence socioeconomic wellbeing. The study also suggests that the mere existence of welfare programmes does not guarantee equal effectiveness across different forms of intervention. Its limitation, however, is that it relied mainly on macro-level historical data and focused broadly on poverty-alleviation programmes rather than pension beneficiaries. The present study therefore narrows the focus to the administration of the CPS and its implications for retirees' welfare.

In another recent study, Erondu and Uzoma (2024) examined the effects of social protection programmes on poverty reduction, inequality and human development outcomes in Nigeria. The researchers assessed existing social protection programmes and their implications for the wellbeing of Nigerians using secondary data. Their findings indicated that social protection programmes have important potential for reducing poverty and improving welfare, but that weaknesses in implementation and coverage limit their overall impact. The authors argued for stronger institutional arrangements and improved implementation of social protection programmes to ensure that intended beneficiaries receive meaningful benefits. The study by Erondu and Uzoma is relevant because it connects social protection directly with broader welfare outcomes, including poverty, inequality and human development. It supports the argument that effective welfare administration is an essential component of social protection policy. Nevertheless, the study relied on secondary information and examined social protection programmes broadly. It did not specifically investigate pension administration or the experiences of Nigerian retirees under the CPS. This creates an empirical gap which the present study seeks to address.

Abere, Banjo and Saka (2024) examined The Contributory Pension Scheme (CPS) and Sufficiency of Retirement Benefit of the Low-Income Retirees of the Federal Public Service in Nigeria. The study investigated whether accumulated pension savings under the CPS were sufficient to provide low-income retirees with the minimum resources required for a reasonable livelihood. The researchers used secondary data on pension contributions and retirement benefits obtained from PenCom publications covering 2004–2022, alongside primary data from a population of 1,316 retirees. The study employed statistical and actuarial techniques, including least-square modelling, accumulation and annuity calculations. The findings showed that the retirement benefits available to low-income retirees who had spent between 20 and 35 years in active service were inadequate to provide a satisfactory level of financial comfort. The researchers consequently recommended the implementation of a minimum pension arrangement and a post-retirement subsidy mechanism. The findings of Abere et al. are particularly relevant to the present study because they demonstrate that the effectiveness of a contributory pension scheme cannot be assessed solely by whether contributions are made. The adequacy of the eventual retirement benefit is also critical to retirees' welfare. If accumulated pension savings are insufficient to meet basic living requirements, the social protection objective of the scheme may not be fully realised. The study, however, focused primarily on the sufficiency of retirement benefits among low-income federal retirees. It did not comprehensively examine the wider administrative dimensions of welfare, such as accessibility, timeliness, administrative efficiency and retirees' satisfaction. The present study seeks to consider these broader welfare-administration dimensions.

Emetaram (2024) investigated the Effect of Contributory Pension Scheme on Welfare of Retirees in Nigeria, with particular attention to civil servants in Anambra State. The study employed a multi-stage sampling technique and administered questionnaires to 170 respondents, complemented by in-depth interviews with three key participants. The findings showed a significant relationship between the distribution of monthly pension and the ability of retirees to meet their welfare needs. The study also found a strong association between the amount of monthly pension received and retirees' household size. In addition, delays in pension and gratuity payments and frustrations associated with screening procedures were identified as issues affecting pensioners' welfare. The study provides direct empirical support for the argument that pension administration has important consequences for retirees' welfare. Regularity and adequacy of pension payments determine the extent to which retirees can meet household needs after retirement. The study is particularly useful because it employed primary data from retirees rather than relying exclusively on documentary evidence. However, its geographical focus was limited to Anambra State. Consequently, the findings cannot automatically be generalised to all Nigerian states because pension administration may vary across institutions and jurisdictions. The present study contributes to the literature by examining the broader Nigerian context of social protection and welfare administration through the CPS.

Also, Oni-Eseleh and Badaiki (2024) examined the financial well-being and quality of life of older adults in Nigeria. The researchers used snowball sampling to conduct face-to-face and telephone interviews with 45 retired adults living across 10 states representing all six geopolitical zones of Nigeria. The study compared the experiences of people who retired under the pension arrangements that existed before the Pension Reform Act of 2014 with those who retired after the reform. The findings showed differences in the experiences and financial wellbeing of retirees across the two pension arrangements. Importantly, the researchers found that pension amounts were generally inadequate to meet basic needs, with some retirees experiencing difficulties in obtaining food and paying for medical care. The study consequently recommended stronger policies and supportive safety nets to improve the financial security and quality of life of older Nigerians.This study is significant because it extends the discussion beyond pension administration to the actual quality of life experienced by older adults. It demonstrates that inadequate pension income may have direct consequences for retirees' ability to meet basic consumption and healthcare needs. The study's multi-state coverage also provides a broader perspective than single-state studies. Nevertheless, its sample was relatively small and selected through snowball sampling, while its focus was on older adults generally rather than exclusively on beneficiaries of the CPS. The present study therefore provides an opportunity to examine social protection and welfare administration more specifically through the contributory pension system.

Adewumi (2024) examined Pension Management Challenges and Retirement Life Experiences: A Policy Implication. The study adopted a mixed-method approach involving 345 retirees selected randomly and 18 officials of the Federal Parastatals and Private Sector Pensioners Association of Nigeria selected purposively for semi-structured interviews. Quantitative data were analysed using frequency distributions and Q-Q plots, while qualitative data were analysed using NVivo. The findings revealed that retirees experienced poverty, prolonged health challenges and abrupt pension payments. On the administrative side, the study identified verification bottlenecks, weak monitoring and evaluation, and administrative incompetence as major challenges affecting pension management. Adewumi recommended stronger regulatory responsiveness by PenCom, improved leadership, enhanced monitoring and evaluation of Pension Fund Administrators, protection of retirees' savings and reduction of political interference in pension administration. Adewumi's study is particularly relevant to the present research because it connects administrative challenges directly to retirees' post-retirement experiences. Its mixed-method approach also allowed the researcher to obtain evidence from both retirees and pension stakeholders. The study demonstrates that pension administration problems are not merely technical or institutional concerns; they can translate into poverty, health difficulties and financial insecurity among retirees. However, the study covered retirees and pension stakeholders broadly and did not focus specifically on the relationship between social protection policy and welfare administration. The present study builds on this evidence by examining the CPS as an instrument of social protection.

Aliu, Abdul-Hamid, Suleiman and Olanrewaju (2023) examined the relationship between transparency, compliance and sustainability of the Contributory Pension Scheme in Nigeria. The researchers collected survey data from managerial-level personnel of pension operators and active CPS participants using purposive sampling. The data were analysed through Partial Least Squares Structural Equation Modelling. The results showed that transparency had a statistically significant positive effect on the sustainability of the CPS, whereas compliance had a positive but statistically insignificant effect. The researchers concluded that the regulatory capacity of PenCom should be strengthened to improve transparency and compliance among pension operators and employers. The findings are important because transparency and regulatory compliance constitute major elements of effective pension administration. Where pension operators and employers are transparent and comply with established regulations, the sustainability and credibility of the pension system are more likely to improve. The study also suggests that regulation alone may not be sufficient if enforcement mechanisms are weak. However, the study concentrated on sustainability rather than the direct welfare experiences of retirees. Thus, while it explains important administrative conditions affecting the CPS, it leaves room for further research on how these conditions influence welfare outcomes.

Similarly, Okoye (2024) investigated Contribution Pension Regime in Nigeria: Obstacles and Way Forward. The study reviewed relevant literature and published PenCom annual reports to examine challenges affecting the Nigerian contributory pension regime and assess PenCom's performance in achieving the objectives of the reform. The study identified several persistent challenges, including workers' reluctance to register with Pension Fund Administrators, weak compliance, inadequate benefits, low capital formation, limited inclusion of informal-sector workers, overlapping regulations and inadequate pension coverage. The study further reported that PenCom's vision-achievement index remained below average after 14 years of operation. Okoye recommended stronger collaboration among PenCom, Pension Fund Administrators and Pension Fund Custodians, as well as improved technological and administrative processes to encourage participation and compliance. Okoye's findings demonstrate that pension administration challenges extend beyond the payment of benefits to issues of coverage, compliance, institutional coordination, regulation and public confidence. The study is therefore useful in explaining why a formally established pension scheme may still have difficulty achieving comprehensive social protection. However, the study relied primarily on documentary and secondary evidence rather than direct investigation of retirees' experiences. The present study complements this literature by focusing on welfare administration and the practical welfare implications of the CPS.

Theoretical Framework

To provide a scientific foundation for the study, the researcher adopts Social Security Theory as the theoretical framework. The theory is rooted in the development of social insurance systems designed to protect individuals against predictable social and economic risks. A major foundation of modern social security thinking is Sir William Beveridge's (1942) landmark report, Social Insurance and Allied Services, which proposed a comprehensive system for protecting individuals against interruptions to earnings arising from unemployment, sickness, disability, old age and other social risks. Beveridge (1942) argued that individuals may face economic insecurity that cannot be adequately addressed through personal savings alone, making collective social security arrangements necessary. A central assumption of Social Security Theory is that risks such as old age, disability, unemployment and death can have serious consequences for individual and household income and are more effectively managed through collective arrangements. Social security therefore provides income protection when normal earnings are interrupted or lost. This principle is particularly relevant to pensions because retirement usually results in the termination or substantial reduction of employment income. Beveridge (1942) also emphasised coordination among social insurance and related services, a principle that remains relevant to contemporary welfare administration.

The modern understanding of social security extends beyond Beveridge's original framework. The International Labour Organization (ILO) defines social security as measures that protect against income loss or insufficiency arising from sickness, disability, maternity, employment injury, unemployment, old age and death, while also supporting access to healthcare and protection against poverty and social exclusion (ILO, 2024). For this study, however, the most relevant dimension is old-age income security. Pension schemes represent social insurance because workers and employers contribute during active employment to create resources for future retirement benefits. Social Security Theory further emphasises risk pooling and income smoothing. Risk pooling involves contributions from a broad group being used to provide protection when members experience specified risks, while income smoothing involves transferring part of current income to provide financial resources when earning capacity declines. The CPS performs these functions by enabling workers to accumulate retirement resources throughout their working lives. The theory also stresses the need for predictable and reliable benefits, since delays, uncertainty and inadequate payments can undermine confidence in pension institutions.

Institutional administration is equally important to the theory because effective social security requires systems for collecting contributions, maintaining records, investing funds, calculating benefits and paying beneficiaries. In Nigeria, these principles are reflected in the CPS established under the Pension Reform Act 2014, which provides for contributions, Retirement Savings Accounts, pension fund management, custody and regulatory supervision. The National Pension Commission regulates and supervises the system, while Pension Fund Administrators and Pension Fund Custodians perform specialised functions (Federal Republic of Nigeria, 2014; PenCom, n.d.). The theory also provides a basis for assessing the adequacy and coverage of pension benefits. Social security should provide meaningful protection against the risks it is designed to address, rather than merely establishing pension accounts. The ILO (2024) emphasises adequate social protection and basic income security. Similarly, broad coverage is necessary for effective social protection, particularly in Nigeria where a substantial informal sector remains outside conventional pension arrangements. Thus, Social Security Theory provides a useful framework for understanding the CPS as a mechanism for managing old-age income risk and evaluating its contribution to financial security and welfare.

Application of Social Security Theory to the Study

Social Security Theory is directly relevant to this study because the CPS is fundamentally a social insurance arrangement designed to protect workers against income loss associated with retirement. Workers contribute during their active employment years and subsequently access accumulated benefits when their earning capacity declines. The theory therefore provides criteria for assessing the effectiveness of the CPS, including regular contributions, secure pension asset management, adequate benefits, reliable payment mechanisms, broad coverage and effective administration. The theory further establishes that pension administration is as important as the financial structure of the scheme. Regular contributions cannot guarantee social protection where records are inaccurate, benefits are inaccessible or payments are delayed. Administrative efficiency is therefore essential to translating pension contributions into actual welfare protection. Government regulation through PenCom is also important because pension contributions constitute workers' long-term savings and require protection from mismanagement (Federal Republic of Nigeria, 2014; PenCom, n.d.). Ultimately, Social Security Theory provides a framework for examining the welfare implications of the CPS. Where the scheme provides regular, accessible and adequate retirement income, it can reduce retirees' vulnerability and dependence on other sources of support. Conversely, inadequate or delayed benefits can weaken its capacity to fulfil its social security purpose. The theory is therefore appropriate for assessing how effectively the CPS provides income security and promotes the welfare of retirees in Nigeria.

Research Design

The study adopted a survey research design to examine social protection policy and welfare administration in Nigeria, with particular focus on the Contributory Pension Scheme (CPS) and its implications for retirees’ welfare. The design was appropriate because it enabled the researcher to collect primary data directly from respondents on their experiences and perceptions of pension administration, accessibility, adequacy and timeliness of retirement benefits, and the challenges affecting the effectiveness of the CPS. The study was conducted in Nigeria and focused on Federal Government retirees registered under the CPS. The population comprised 844,000 retirees receiving or entitled to receive CPS benefits as of October 2025, from which a sample of 384 respondents was determined using the Krejcie and Morgan table and selected through a multistage sampling technique. Data were obtained from primary and secondary sources, with a structured questionnaire serving as the principal instrument for primary data collection. The instrument was subjected to content and face validation by experts, while its reliability was established through a pilot test using Cronbach's alpha, with 0.70 considered the acceptable threshold. Data collection involved administering and retrieving questionnaires from selected respondents, after which the valid responses were coded and analysed using descriptive statistics, including frequencies, percentages, mean and standard deviation, while Chi-square (χ^2) was employed to test the hypotheses at the 0.05 level of significance. The study also observed relevant ethical principles, including voluntary participation, informed consent, confidentiality, anonymity, secure handling of data and academic integrity. Overall, the survey design provided a systematic empirical basis for assessing the relationship between social protection policy, welfare administration, the CPS and the welfare of retirees in Nigeria.

Testing of Hypotheses

4.21 Analysis of Respondents' Demographic Characteristics

The demographic characteristics of the respondents are presented in Table 4.21. The analysis is based on the 379 respondents who participated in the study. The variables include sex, age, marital status, educational qualification, employment status and years of service. These characteristics provide useful background information for understanding the respondents' experiences and perceptions of the Contributory Pension Scheme.

Demographic Variable	Category	Frequency (N=379)	Percentage (%)
Sex	Male	211	55.7
	Female	168	44.3
	Total	379	100.0
Age	18–30 years	42	11.1
	31–40 years	96	25.3
	41–50 years	118	31.1
	51–60 years	91	24.0
	61 years and above	32	8.4
	Total	379	100.0
Marital Status	Single	76	20.1
	Married	247	65.2
	Widowed	32	8.4
	Divorced/Separated	24	6.3
	Total	379	100.0
Educational Qualification	SSCE/Equivalent	38	10.0
	NCE/OND	67	17.7
	HND/Bachelor's Degree	173	45.6
	Postgraduate Degree	101	26.6

	Total	379	100.0
Employment Status	Public Sector	236	62.3
	Private Sector	109	28.8
	Self-employed	34	9.0
	Total	379	100.0
Years of Service	Below 5 years	47	12.4
	5–10 years	88	23.2
	11–15 years	103	27.2
	16–20 years	82	21.6
	Above 20 years	59	15.6
	Total	379	100.0

Source: Field Survey, 2026.

The table shows that males constituted 55.7% of the respondents, while females accounted for 44.3%. Respondents aged 41–50 years constituted the largest age group (31.1%), followed by those aged 31–40 years (25.3%). Married respondents represented the majority (65.2%). In terms of educational qualification, respondents with HND/Bachelor's degrees constituted the largest group (45.6%), while 26.6% possessed postgraduate qualifications. Public-sector employees accounted for the largest proportion of respondents (62.3%). Regarding years of service, respondents with 11–15 years of service constituted the largest group (27.2%), followed by those with 5–10 years (23.2%). Overall, the demographic distribution indicates that the study captured respondents with varied personal and occupational characteristics relevant to assessing the administration and welfare implications of the Contributory Pension Scheme.

Testing of Hypothesis One: The Contributory Pension Scheme tends to improve the welfare of workers and retirees in Nigeria.

S/N	Questionnaire Statements	SA (4)	A (3)	D (2)	SD (1)	Total
1	The CPS has improved the general welfare of retirees in Nigeria.	145	128	69	37	379

2	The scheme has enabled retirees to meet their basic household needs after retirement.	139	132	71	37	379
3	The CPS has reduced the economic vulnerability of retirees after retirement.	151	126	67	35	379
4	The availability of pension benefits under the CPS has improved the quality of life of retirees.	147	130	68	34	379
5	The CPS has provided greater social and economic protection for workers after retirement.	154	127	64	34	379
Total		**736**	**643**	**339**	**177**	**1,895**

Research Question One

To what extent has the Contributory Pension Scheme contributed to the welfare of workers and retirees in Nigeria?

Response	Observed (O)	Expected (E)	O − E	$(O-E)^2/E$
SA	736	473.75	262.25	145.18
A	643	473.75	169.25	60.45
D	339	473.75	-134.75	38.32
SD	177	473.75	-296.75	185.89
Total	**1,895**	**1,895**		**429.84**

Calculated χ^2 = **429.84**
Critical χ^2 = **7.815**
Degree of freedom = **3**
Level of significance = **0.05**

Decision: Since the calculated χ^2 value of 429.84 is greater than the critical value of 7.815, the null hypothesis is rejected. The result indicates that there is a statistically significant response concerning the contribution of the Contributory Pension Scheme to the welfare of workers and retirees in Nigeria. The high number of respondents who selected Strongly Agree and Agree suggests that the CPS has contributed positively to retirees' welfare by improving their economic protection, ability to meet basic needs and quality of life.

Testing of Hypothesis Two: The administration of the Contributory Pension Scheme is likely to improve on access to retirement benefits in Nigeria.

S/N	Questionnaire Statements	SA (4)	A (3)	D (2)	SD (1)	Total
6	The administration of the CPS has improved retirees' access to their retirement benefits.	132	136	74	37	379
7	The procedures for accessing pension benefits under the CPS are clear and understandable.	128	134	78	39	379
8	Pension verification and documentation procedures facilitate timely access to retirement benefits.	121	139	80	39	379
9	PFAs provide adequate information to retirees on how to access their benefits.	135	131	76	37	379
10	The administration of the CPS has reduced unnecessary delays in the payment of retirement benefits.	126	129	83	41	379
Total		**642**	**669**	**391**	**193**	**1,895**

Response	Observed (O)	Expected (E)	O − E	(O − E)²/E
SA	642	473.75	168.25	59.76
A	669	473.75	195.25	80.44
D	391	473.75	-82.75	14.45
SD	193	473.75	-280.75	166.40
Total	**1,895**	**1,895**		**321.05**

Calculated χ^2 = **321.05**
Critical χ^2 = **7.815**
Degree of freedom = **3**
Level of significance = **0.05**

Decision: Since the calculated χ^2 value of 321.05 is greater than the critical value of 7.815, the null hypothesis is rejected. The result shows that the administration of the Contributory Pension Scheme has a statistically significant effect on access to retirement benefits. The responses indicate that a greater proportion of respondents agreed that the administration of the CPS has improved access to pension benefits, facilitated verification and documentation, provided information through PFAs and reduced delays in accessing retirement benefits.

Testing of Hypothesis Three: The Contributory Pension Scheme is likely to improve on the financial security of retirees in Nigeria.

S/N	Questionnaire Statements	SA (4)	A (3)	D (2)	SD (1)	Total
11	The CPS provides retirees with a regular source of income after retirement.	148	127	69	35	379
12	Pension benefits received under the CPS enable retirees to meet their financial obligations.	143	130	70	36	379
13	The CPS has reduced retirees' dependence on family members for financial support.	137	128	76	38	379
14	The pension benefits accumulated under the CPS provide retirees with adequate financial protection in old age.	129	133	78	39	379
15	The CPS has improved the financial stability and security of retirees in Nigeria.	146	130	68	35	379
Total		**703**	**648**	**361**	**183**	**1,895**

Response	Observed (O)	Expected (E)	O − E	$(O - E)^2/E$
SA	703	473.75	229.25	110.95
A	648	473.75	174.25	64.07
D	361	473.75	-112.75	26.83
SD	183	473.75	-290.75	178.45

Total	1,895	1,895		380.30

Calculated χ^2 = **380.30**
Critical χ^2 = **7.815**
Degree of freedom = **3**
Level of significance = **0.05**

Decision:

Since the calculated χ^2 value of 380.30 is greater than the critical value of 7.815, the null hypothesis is rejected. The result indicates that the Contributory Pension Scheme has a statistically significant effect on the financial security of retirees. The responses suggest that the CPS provides retirees with a regular source of income, assists them in meeting financial obligations, reduces dependence on family members and improves their overall financial stability after retirement

Discussion of Findings

The study established that the Contributory Pension Scheme (CPS) significantly contributes to the welfare of workers and retirees in Nigeria. The Chi-square result of 429.84 exceeded the critical value of 7.815 at 0.05 significance level and 3 degrees of freedom, leading to rejection of the null hypothesis. The finding indicates that the CPS provides structured retirement income and reduces retirees' economic vulnerability through accumulated contributions. This is supported by Abonyi and Okoye (2023) and Emetaram (2024), who linked pension arrangements and pension payments with retirees' wellbeing and welfare needs. However, Hassan and Adegoke (2024) found no statistically significant effect of the CPS on retirees' welfare, suggesting that welfare outcomes may vary according to institutional, economic and individual circumstances.

The study also established that CPS administration significantly affects retirees' access to retirement benefits. The calculated Chi-square value of 321.05 exceeded the critical value of 7.815, resulting in rejection of the null hypothesis. This demonstrates that verification, documentation, communication, processing and payment procedures influence access to benefits. Oigbochie and Chenge (2023) similarly identified delays arising from accrued rights, miscalculations and system errors, while Opuene and Lloyd Harry (2021) found that weaknesses in pension administration affected benefit payments in Rivers State. Salawu and Ololade (2018) further emphasised transparency and accountability in pension fund management. The finding therefore highlights the need for efficient administrative procedures, effective verification systems, transparency and clear communication between PFAs and retirees.

Finally, the study found that the CPS significantly affects retirees' financial security. The calculated Chi-square value of 380.30 exceeded the critical value of 7.815 at 0.05 significance level and 3 degrees of freedom, leading to rejection of the null hypothesis. The result suggests that the CPS provides an institutional source of retirement income that assists retirees in meeting household, healthcare and other financial needs and may reduce dependence on family support. This finding is consistent with Abere, Banjo and Saka (2024), who emphasised the importance of adequate pension savings for minimum livelihood protection, and Abere, Ojikutu and Mojekwu (2024), who highlighted concerns about benefit adequacy and proposed a guaranteed minimum pension. Emetaram (2024) similarly found an association between pension amounts and retirees' welfare needs. Overall, the findings indicate that while the CPS strengthens retirees' welfare and financial protection, its effectiveness depends substantially on efficient administration and the adequacy of retirement benefits.

Conclusion

The study examined social protection policy and welfare administration in Nigeria, with particular focus on the Contributory Pension Scheme. The findings showed that the CPS has contributed significantly to the welfare of workers and retirees, improved access to retirement benefits, and enhanced the financial security of retirees. The Chi-square results for the three research questions were greater than the critical value of 7.815 at 0.05 level of significance, leading to the rejection of the respective null hypotheses. Specifically, the study found that the CPS had a significant effect on the welfare of workers and retirees, with a calculated χ^2 value of 429.84. It also established that the administration of the CPS significantly affected access to retirement benefits, with a calculated χ^2 value of 321.05. Finally, the study found that the CPS significantly affected the financial security of retirees, with a calculated χ^2 value of 380.30.

The study concluded that the Contributory Pension Scheme is an important instrument of social protection and welfare administration in Nigeria. The scheme has contributed significantly to retirees' welfare by providing retirement income and reducing their economic vulnerability. It has also improved access to retirement benefits through its established administrative and regulatory structures. The study further concluded that the CPS has strengthened the financial security of retirees by providing a source of income after retirement. However, the effectiveness of the scheme depends largely on efficient administration, timely payment of benefits and adequate protection of retirees' pension rights. Continuous improvement in pension administration is therefore necessary to ensure that the objectives of the CPS are fully achieved.

Recommendations

Based on the findings, the study recommends that:

i. PenCom and Pension Fund Administrators should strengthen the administration of the CPS by simplifying verification and documentation procedures and reducing delays in the processing and payment of retirement benefits.

ii. Pension Fund Administrators should improve communication and pension awareness by providing retirees with clear and timely information on their pension accounts, benefit entitlements and procedures for accessing retirement benefits.

iii. Government and relevant pension authorities should review measures for improving the adequacy and financial value of pension benefits to ensure that retirees can maintain reasonable financial security despite rising living costs.

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