CONTRIBUTORY PENSION SCHEME AND FINANCIAL WELL-BEING OF PUBLIC SECTOR RETIREES IN NORTH CENTRAL NIGERIA

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Abstract

This study focused on contributory pension scheme and financial well-being of public sector retirees in North Central, Nigeria. The objective of the study was to determine the effect of employee and employer contributions on long-term financial planning of retirees; examine the effect of effective pension fund administration on financial security of retirees; and ascertain the effect of pension fund custody on household welfare of retirees. The study employed the survey research design. The sample size of the study was 383 respondents. In selecting the sample for this study, a multi-stage sampling technique was adopted. The research instrument consisted of a structured questionnaire. The study used content validity to ensure the accuracy and relevance of the research instrument. To ascertain the reliability of the instrument, test-retest method was used. The study employed both descriptive and inferential statistical techniques for data analysis. Least squares regression was applied to test the formulated hypotheses. Findings revealed that employee and employer contributions have a significant effect on long-term financial planning of retirees; effective pension fund administration has a significant effect on the financial security of retirees; and pension fund custody has a significant positive effect on household welfare. The study concluded that the contributory pension scheme has a profound effect on the financial well-being of public sector retirees. Among others, the study recommended that employers and employees must recognize the long-term benefits of regular pension funding, and that government agencies and pension operators should also intensify public awareness campaigns on the importance of pension contributions in securing post-retirement financial stability.

Keywords: Contributory Pension, Financial Well-Being, Public Sector Retirees, Employer, Pension Fund and Retirement Savings.

1.0 Introduction

Globally, contributory pension schemes have become an essential component of social protection and retirement planning, particularly in addressing the financial well-being of retirees after active service. These schemes are designed to ensure that workers accumulate retirement savings during their years of employment through regular contributions made by both employees and employers. Across developed economies such as Sweden, Canada, Germany, and the Netherlands, contributory pension systems have been structured to provide long-term income security, reduce old-age poverty, and enhance the welfare of retirees through efficient pension administration and transparent fund management practices (Böger & Leisering, 2020; Bravo et al., 2021). In these countries, pension systems combine public and private participation, thereby ensuring that retirees maintain a stable standard of living after retirement. The effectiveness of these pension systems largely depends on the adequacy of contributions, prudent fund administration, and secure custody of pension assets, all of which collectively improve retirees' financial confidence and economic stability.

In many developing economies, particularly in Africa, pension systems continue to face significant structural and operational challenges. The African pension landscape is characterized by low pension coverage, weak institutional frameworks, inadequate retirement savings, and increasing levels of old-age poverty. According to the International Labour Organization (ILO), a substantial proportion of older adults in Sub-Saharan Africa lack access to reliable pension benefits, thereby exposing retirees to economic vulnerability and financial hardship (Sabates-Wheeler et al., 2020). In response to these challenges, several African countries, including South Africa, Kenya, Ghana, and Nigeria, introduced contributory pension schemes aimed at improving retirement income security and reducing dependence on government-funded pension arrangements (Barca & Alfers, 2021; Umoh, 2023). These reforms were intended to establish sustainable pension systems capable of guaranteeing retirees stable financial support after retirement.

Nigeria's pension reform gained significant attention with the enactment of the Pension Reform Act and the introduction of the Contributory Pension Scheme (CPS), which replaced the old defined benefit system. The CPS was introduced to address persistent problems such as delayed pension payments, pension arrears, corruption, and weak pension administration that characterized the previous pension structure. Under the CPS, both employees and employers are mandated to make periodic contributions into Retirement Savings Accounts (RSAs), which are managed by licensed Pension Fund Administrators (PFAs) and safeguarded by Pension Fund Custodians (PFCs). The scheme was designed to ensure transparency, accountability, efficiency, and sustainability in pension management while enhancing the financial well-being of retirees.

Employee and employer contributions constitute the foundation of the contributory pension scheme because the adequacy and consistency of these contributions determine the amount available to retirees after service. Regular contributions enable workers to accumulate sufficient retirement savings capable of supporting long-term financial planning and ensuring financial independence after retirement. Studies have shown that countries with effective pension contribution systems often experience lower levels of poverty among retirees because individuals can adequately prepare for post-retirement expenses such as healthcare, housing, feeding, and other household needs (Dolls et al., 2018; Ghilarducci & James, 2018). In contrast, irregular remittances, delayed contributions, and inadequate funding significantly weaken retirees' financial capacity and expose them to economic hardship during retirement.

Effective pension fund administration also plays a critical role in enhancing the financial security of retirees. Pension fund administration involves the management of pension contributions, investment decisions, record keeping, benefit payments, and risk management. Efficient administration ensures that pension funds are properly invested to generate returns capable of increasing retirement savings over time. When pension funds are professionally managed, retirees are more likely to enjoy stable and predictable retirement income that guarantees financial security and peace of mind after retirement. However, poor administrative practices, inefficiencies, bureaucratic bottlenecks, and weak transparency can negatively affect the performance of pension schemes, leading to delays in benefit payments and reduced confidence in the pension system

(Ganapathy, 2021; Waweru, 2022). These administrative shortcomings often undermine the primary objective of the contributory pension scheme, which is to provide financial protection for retirees.

Another major component of the contributory pension scheme is pension fund custody, which ensures the safety and protection of pension assets. Pension Fund Custodians are responsible for holding pension assets in trust, monitoring transactions, and ensuring that pension funds are not misappropriated or diverted for unauthorized purposes. Proper custody practices contribute significantly to retirees' household welfare because they guarantee timely access to pension benefits and reduce the risks associated with fraud, corruption, and financial mismanagement (Etim *et al.* 2023; Sant, 2024). Secure custodial systems promote trust in the pension industry and ensure that retirees can conveniently access funds needed to meet household responsibilities such as healthcare expenses, food, accommodation, and other daily needs. Conversely, weak custodial practices and poor oversight mechanisms can result in delayed payments, financial insecurity, and declining household welfare among retirees.

Despite the reforms introduced under the contributory pension scheme in Nigeria, many public sector retirees continue to experience serious financial challenges after retirement, particularly in North Central Nigeria. Although the CPS was designed to improve retirees' welfare through adequate contributions, effective fund administration, and secure fund custody, evidence suggests that many retirees still struggle with delayed pension payments, inadequate retirement savings, poor investment returns, and administrative inefficiencies. In several instances, employee and employer contributions are either delayed or inconsistently remitted, thereby reducing the amount available for retirement benefits. Similarly, poor administrative coordination and weak custodial procedures have continued to affect the timely disbursement of pension entitlements to retirees.

Furthermore, many retirees in North Central Nigeria face worsening household welfare conditions due to rising living costs, inflationary pressures, inadequate healthcare support, and limited alternative sources of income after retirement. These conditions have raised serious concerns regarding the effectiveness of the contributory pension scheme in guaranteeing financial well-being and economic security for retirees. While several studies have examined pension reforms and pension administration in Nigeria, limited empirical attention has been given to how specific components of the contributory pension scheme such as employee and employer contributions, pension fund administration, and pension fund custody directly influence the financial well-being of public sector retirees in North Central Nigeria. Existing studies have largely focused on pension reforms generally without adequately examining the relationship between these core pension variables and retirees' long-term financial planning, financial security, and household welfare.

It is against this background that this study investigates the effect of contributory pension scheme on the financial well-being of public sector retirees in North Central Nigeria.

In realizing the objectives of this study, the following questions are formulated to be answered by this study.

i. To what extent is the effect of employee and employer contributions on financial well-being of retirees?
ii. How does effective pension fund administration affect financial well-being of retirees?

iii. To what degree does pension fund custody affect financial well-being of retirees?

This study examine the effect of effect of contributory pension scheme on financial well-being of public sector retirees in North Central Nigeria.

. The Specific objectives are:

i. Determine the effect of employee and employer contributions on financial well-being of retirees;
ii. Examine the effect of effective pension fund administration on financial well-being of retirees;
iii. Ascertain the effect of pension fund custody on the financial well-being of retirees.

To address the research question designed for this study, the following hypotheses was formulated and tested in null form;

Ho$_1$: Employee and employer contributions has no significant effect on the financial well-being of retirees;

Ho$_2$: Effective pension fund administration has no significant effect on the financial well-being of retirees;

Ho$_3$: Pension fund custody has no significant effect on the financial well-being of retirees.

2.0 Review of Related Literature

Conceptual Review

Concept of Contributory Pension Scheme

Contributory pension scheme is a structured retirement savings plan where both the employer and the employee contribute a predetermined percentage of the employee's salary to a retirement fund. This fund is professionally managed and invested to generate returns, ensuring financial security for employees upon retirement. The conceptual understanding of contributory pension schemes has been examined from different perspectives by various scholars. Etim *et al.* (2023) define a contributory pension scheme as a structured financial plan in which both employees and employers contribute periodically to fund employees' retirement benefits. Similarly, Alao (2023) posits that a contributory pension scheme is a financial arrangement wherein a portion of an employee's salary, supplemented by employer contributions, is pooled into a retirement fund that is invested to provide a steady post-retirement income. Onukwu (2017) adds that the contributory pension scheme is designed as a systematic savings plan where both employer and employee allocate funds for future retirement security. This scheme is distinct in that contributions are invested by professionals to generate returns, ensuring financial sustainability for employees after their working years.

Employee and Employer Contributions

Employee and employer contributions to pension schemes are fundamental to ensuring financial security in retirement. In contributory pension systems, both employees and employers allocate a portion of the employee's salary to a retirement savings fund, fostering a shared responsibility for post-retirement income. This approach helps to create a sustainable pension system that reduces dependence on government-funded pension programs and ensures that retirees have access to a steady stream of income after leaving the workforce. The effectiveness of these contributions in securing financial stability has been widely recognized, as they encourage employees to engage in long-term financial planning while providing employers with a tool to enhance employee satisfaction and retention (Muslim & Omoleke, 2024). Research indicates that employees are more likely to participate in pension schemes when they know that their employer is also making contributions on their behalf (Choukhmane *et al.* 2023; Clark, Lusardi, & Mitchell, 2017; Rubinstein-Levi, 2021).

Pension Fund Administration

Pension Fund Administration plays a vital role in managing retirement savings and ensuring the long-term sustainability of pension schemes. It involves a structured process of collecting contributions, investing funds, and disbursing benefits to retirees. The effectiveness of Pension Fund Administration is critical in maintaining the financial health of pension funds and fostering confidence among contributors and beneficiaries (Etim et al., 2023). A well-administered pension fund provides a secure and stable income stream for retirees while also serving as an important vehicle for economic growth through strategic investments. A core function of Pension Fund Administration is investment management, which entails formulating investment strategies that balance risk and return to maximize fund growth while complying with regulatory guidelines. Pension funds are typically invested in a diversified portfolio that includes government securities, equities, bonds, and real estate to ensure long-term stability and profitability (Mingeli, 2020; Oladele, 2023). Fund administrators must continuously assess market conditions and economic trends to make informed investment decisions that protect and grow retirement savings. Given the volatility of financial markets, pension fund managers often employ risk management strategies to mitigate potential losses while ensuring sustainable returns for retirees.

Pension Fund Custody

Pension Fund Custody plays a vital role in safeguarding and administering assets within pension schemes, ensuring the financial security of retirees (Alao, 2023; Ekezue *et al.* 2024). It encompasses the safekeeping of pension assets, settlement of transactions, and provision of comprehensive reporting services. As pension funds accumulate substantial assets over time, the role of custodians becomes critical in mitigating risks associated with fraud, mismanagement, and regulatory non-compliance (Sarker & Datta, 2022). Pension custodians act as intermediaries between pension fund administrators, investment managers, and regulatory bodies, ensuring that funds are held securely and managed transparently. A fundamental aspect of pension fund custody is adherence to regulatory frameworks, which establish stringent guidelines for asset protection and governance. In various jurisdictions, regulatory authorities such as the U.S. Securities and Exchange

Commission (SEC) and the Financial Conduct Authority (FCA) in the United Kingdom set standards to safeguard pension assets from misappropriation and insolvency risks (Baker & Wurgler, 2018).

Financial Well-Being

Financial well-being is a multifaceted concept that encompasses an individual's capacity to secure and manage their financial resources to meet both current and future needs, particularly during retirement. According to the Consumer Financial Protection Bureau (CFPB), financial well-being is the ability to "manage one's day-to-day and monthly finances, absorb a financial shock, remain on track to achieve financial objectives, and make financial decisions that enable one to fully appreciate life" (CFPB 2017). This definition underscores the importance of financial stability and preparedness in navigating life's financial challenges. Iramani and Lutfi (2021) further view financial well-being as the perception of one's financial status, which includes the ability to meet current and future financial obligations while maintaining satisfaction with one's financial situation. Similarly, Zainuddin *et al.* (2022) define financial well-being as the degree to which an individual can establish financial independence and security both in the present and in the future.

Theoretical Framework

Institutional Theory

Institutional Theory, developed by authors such as DiMaggio and Powell (1983), focuses on understanding the role of institutions, norms, regulations, and practices in shaping the behaviors of organizations within a particular context. The theory posits that organizations are influenced by external forces such as regulatory bodies, cultural expectations, and market conditions, and must conform to these institutional pressures to gain legitimacy and ensure survival (Scott, 2008). Institutional theory highlights that organizations often adopt practices that are widely accepted in their field, not necessarily because they are the most efficient or effective, but because they are perceived as appropriate or legitimate (Biesenthal *et al.,* 2018). This concept is particularly useful in understanding how organizations like pension funds and retirement systems are shaped by societal expectations, government policies, and legal regulations.

Institutional Theory is critical for understanding how pension schemes are influenced by both external regulations and internal organizational practices. Pension funds are shaped by institutional pressures such as government policies, legal frameworks, and societal expectations around retirement and financial security. For example, in many countries, pension fund management practices are dictated by government-mandated regulations aimed at ensuring the financial stability of the system and protecting the interests of retirees. These regulations often define the types of investments pension funds can make, the disclosure requirements for pension fund performance, and the rules governing contributions and payouts. According to Institutional Theory, pension fund administrators must adapt their practices to comply with these regulations to maintain their legitimacy and to avoid sanctions from regulatory bodies (Badmus, 2024).

Adoption of Theory

Institutional Theory was adopted as the main theoretical framework for this study, while Deferred Wage Theory was used as a backup theory. Institutional Theory serves as the primary theoretical lens for examining the impact of the contributory pension scheme on the financial well-being of public sector retirees in North Central Nigeria due to its emphasis on how institutional structures, regulations, and societal norms shape organizational behaviors and outcomes. Institutional Theory suggests that organizations and systems, such as pension schemes, are heavily influenced by formal regulations and institutionalized practices that ensure conformity to societal expectations. This framework is particularly relevant for understanding how the regulatory environment, including pension fund management and employer-employee contributions, impacts long-term financial security and household welfare for retirees. By focusing on how pension systems are structured and regulated, Institutional Theory offers insight into the various institutional pressures that affect the financial stability of retirees.

Furthermore, the application of Institutional Theory is essential for exploring the specific objectives of this study. For example, the first objective, determining the effect of employee and employer contributions on long-term financial planning of retirees, aligns with Institutional Theory's emphasis on how institutional norms and regulations govern financial contributions to pension schemes. According to this theory, both employers and employees are influenced by broader institutional frameworks, including legal requirements and societal expectations, which dictate the amount and manner in which contributions are made. This ensures that the contributory pension system operates within a set of established rules that aim to secure long-term financial planning for retirees.

Empirical Review

Dieke et al. (2025) examined the relationship between the contributory pension scheme and the growth of participants among Nigeria Immigration and Prison workers in Enugu State, Nigeria. The study specifically focused on two objectives: (1) exploring the relationship between accrued rights and the financial future of workers, and (2) investigating the connection between accumulated monthly pension contributions and the physical expansion of workers. The study adopted a descriptive survey design, with a sample population of 302 retirees and potential retirees from Enugu metropolis, using simple random sampling. A total of 282 respondents accurately completed the questionnaire. The data were analyzed using mean scores, standard deviations, and the Sprint Likert Scale, while the hypotheses were tested using a Z-test. The findings revealed that accrued rights had a significant positive relationship with the financial future of workers, and that accumulated monthly pension contributions were significantly positively related to the physical expansion of workers. The study concluded that both accrued rights and accumulated monthly pension contributions have a positive significant relationship with the financial future and physical expansion of workers. Based on these findings, the study recommended that serious attention should be given to the non-implementation of workers' compensation, and that competent personnel should be employed to oversee employee compensation to address challenges related to prompt payment and improve effectiveness within the civil service.

Hassan and Adegoke (2024) conducted a study examining the effect of the Contributory Pension Scheme on the welfare of retirees in tertiary institutions of education in Southwestern Nigeria. Using the Taro Yamane formula and a multi-level sampling technique, a sample of 125 retirees was drawn from three institutions: Osun State College of Education, Ilesa (41), Lagos State University of Education, Lagos (36), and Adeyemi College of Education, Ondo (48). Data were analyzed using Chi-square and one-sample t-test statistics. The findings indicated that the contributory pension scheme did not significantly impact the welfare of retirees. The study recommended identifying the factors hindering the scheme's objective of improving retiree welfare in these institutions. The research gap lies in the lack of identification and analysis of the specific factors hindering the contributory pension scheme from effectively enhancing the welfare of retirees in tertiary institutions of Southwestern Nigeria.

Egye and Ramli (2024) conducted a study on “Contributory Pension Scheme and Employees’ Productivity in the Nigerian Public Service.” The specific objective of the paper was to understand the impact of the contributory pension scheme on workers’ productivity and highlight its importance, given that employee productivity is a key determinant of organizational efficiency and effectiveness. The study adopted an exploratory and content analysis method, drawing on various relevant literatures to review the concepts of the contributory pension scheme and employee productivity in the Nigerian public service. Findings revealed that the implementation of the contributory pension scheme is hindered by several challenges, including delays in the payment of retirees’ benefits, inadequate investment of pension funds, and low monthly pensions paid to pensioners. It was also noted that retired employees often face difficulties in accessing their retirement benefits, a situation that affects the morale and productivity of current workers in the public service. The study recommended a review of the Act establishing the contributory pension scheme to address these challenges. Specifically, it suggested empowering the National Pension Commission to effectively regulate pension operations, criminalize non-payment of benefits, enhance pension fund management, increase employee participation, promote profitable investment, and expand pension coverage to include the informal sector.

Salisu and Ibrahim (2024) conducted a study on “Assessment of Satisfaction with Contributory Pension Scheme among Retired Staff of the Abubakar Tafawa Balewa University and Federal Polytechnic Bauchi, Nigeria.” The specific objective of the study was to assess the level of satisfaction with the contributory pension scheme among retired staff of both institutions. The study was necessitated by the need to address the shortcomings of the previous Defined Pension Scheme, which had become unsustainable due to deficit funding, weak administrative structure, and frequent salary increases. A descriptive research design was adopted, and data was generated from both primary and secondary sources. Primary data were collected using questionnaires and interviews, while secondary data were obtained from reports, books, journals, gazettes, theses, and online materials. A sample of 107 respondents was selected through simple random sampling. Data analysis involved both descriptive and inferential statistics, including chi-square tests. Findings revealed that compliance with the contributory pension scheme significantly enhanced the prompt payment of lump sum benefits and improved access to pension benefits through the Retirement Savings Account (RSA) among retirees of ATBU and FPTB. The study recommended that PENCOM should ensure competitive returns on investments by implementing strong policies, enhancing fund growth, and sustaining pension payments. Additionally, PENCOM was urged to strengthen its supervisory role over Pension Fund Administrators (PFAs) to ensure transparency, efficiency, and prompt payments challenges that had marred the old pension system.

Eyitayo (2024) explores the role of Pension Fund Administrators (PFAs) in motivating Nigerian employees through pension schemes, specifically focusing on Leadway Pensure Assurance Company. Using a descriptive research design, the study collected primary data through structured questionnaires and employed a multi-stage sampling technique based on Taro Yamane's sampling formula. The data were analyzed using descriptive statistics and Pearson correlation analysis with a 5% significance level using SPSS. Finding revealed a weak positive correlation between the effective roles of PFAs and employee motivation, showing that Leadway Pensure Assurance Company contributed to employees' Retirement Savings Accounts (RSA), provided annual updates on pension fund returns, and ensured pensions were made available after retirement. However, challenges such as insufficient communication, lack of awareness of pension benefits, and limited technological engagement were also identified. The study recommends that PFAs encourage contributory pension schemes, implement more effective communication strategies, and utilize information technology to enhance training and employee engagement with pension schemes.

3.0 Methodology

This study utilized a survey research desgin to collect quantitative data through the use of structured questionnaires in examining the effect of contributory pension scheme on the financial well-being of public sector retirees in North Central Nigeria. The survey approach was adopted because it provides the opportunity to obtain first-hand information directly from retirees concerning their experiences and perceptions of the contributory pension scheme. The methodology also enabled the study to generate empirical insights into how employee and employer contributions, effective pension fund administration, and pension fund custody influence the financial well-being of retirees in terms of long-term financial planning, financial security, and household welfare.

The population of the study comprised 118,925 public sector retirees registered under the contributory pension scheme across four selected states in North Central Nigeria namely Kogi, Benue, Nasarawa, and Niger States. The population was sourced from the records of the National Pension Commission (PenCom, 2025). These retirees are spread across different ministries, departments, agencies, educational institutions, and healthcare establishments within the selected states.

In this study, a multi-stage sampling technique, specifically purposive and proportionate sampling techniques, was adopted to ensure adequate representation of retirees across the selected states. The Stat Trek (2015) parametric formula was used to determine the sample size of 383 respondents for the study.

The study made use of a 5-point Likert-scale questionnaire for data collection. The response options were assigned values as follows: Strongly Agree (5), Agree (4), Undecided (3), Disagree (2), and Strongly Disagree (1). The questionnaire items were carefully structured to capture information relating to employee and employer contributions, pension fund administration, pension fund custody, and the financial well-being of retirees.

SPSS version 25.0 was utilized for data analysis, while multiple regression analysis was employed to estimate the model and test the null hypotheses formulated for the study. Data relating to the objectives of the study were coded into SPSS version 25.0 to facilitate proper statistical analysis and interpretation of findings.

Model Specification

The dependent variable is Financial Well-Being of Retirees (FWB), while the independent variables are Employee and Employer Contributions (EEC), Effective Pension Fund Administration (EPF) and Pension Fund Custody (PFC). To achieve all the hypotheses, multiple regression was used to estimate the model. The model is presented thus:

CPS= f(EEC, EPF, PFC)

$FWB = \beta_o + \beta_1 EEC_i + \beta_2 EPF_i + \beta_3 PFC_i + \mu_i$ -------------------------------- (1)

Where: FWB = Financial Well-Being of Retirees (Independent Variable);

β_o = a constant and $\beta_{1\text{-}3}$= coefficients of independent variables;

EEC = Employee and Employer Contributions (Predictor Variable);

EPF= Effective Pension Fund Administration (Predictor Variable);

PFC= Pension Fund Custody (Predictor Variable);

μ = Stochastic error term;

i = Cross sectional; and

f = Functional relationship.

4.0 Data Analysis and Discussion of Findings

A total of three hundred and eighty-three (383) copies of the questionnaire were administered to public sector retirees across Kogi, Benue, Nasarawa, and Niger States in North Central Nigeria. Out of the total copies distributed, three hundred and seventy-seven (377) representing 98.43% were correctly filled and returned, while six (6) representing 1.57% were not returned. The analyses and conclusions of the study were therefore based on the three hundred and seventy-seven (377) copies of the questionnaire that were properly completed and retrieved from the respondents.

Cronbach's Alpha Reliability Test

The Cronbach's Alpha test showed a satisfactory result on each of the study variables as presented below.

Reliability Statistics	
Cronbach's Alpha	N of Items
.988	20

Source: Researcher's Computation Using SPSS 25.0 Version

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.993[a]	.976	.966	.25823

The regression results reveal that employee and employer contributions, effective pension fund administration, and pension fund custody collectively account for 97.6% of the observed variation in the financial well-being of public sector retirees in North Central Nigeria ($R^2 = 0.976$). When adjusted for model complexity, the explanatory variables account for 96.6% of the variation in retirees' financial well-being (Adjusted $R^2 = 0.966$), indicating that only 3.4% of the variation is explained by other factors outside the variables included in the model.

ANOVA Output

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	270.522	3	90.174	1806.407	.000[b]
	Residual	13.678	274	.050		
	Total	284.200	277			

a. Dependent Variable: FWB

b. Predictors: (Constant), EEC, EPF, PFC

The F-Statistics value of 1806.407 and the sig. level of .000 in the table above connote that the model is good, fit and significant at 5% level. This shows that the result is good and admissible for decision making purpose.

Test of Hypotheses

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.348	.099		3.513	.005
	EEC	.882	.025	.520	34.346	.000
	EPF	.839	.029	.241	28.449	.000
	PFC	.780	.030	.692	25.860	.000

a. Dependent Variable: FWB

The coefficients was used to explain the hypotheses for this study.

Test of Hypotheses

H_{01}: Employee and employer contributions has no significant effect on the financial well-being of retirees.

The coefficient table above showed the result of t-statistic value of (34.346) and the corresponding sig. level of (0.000) which is significant at 5% level of significance revealing that employee and employer contributions has positive and significant effect on the financial well-being of retirees. Based on this, the null hypothesis one which state that employee and employer contributions does not have significant effect on the financial well-being of retirees was rejected while the alternate hypothesis which state that employee and employer contributions have significant effect on the financial well-being of retirees was accepted.

H_{02}: Effective pension fund administration has no significant effect on the financial well-being of retirees.

Also, the coefficient table above showed the result of t-statistic value of (28.449) and the corresponding sig. level of (0.000) which is significant at 5% level of significance revealing that effective pension fund administration has positive and significant effect on financial well-being of retirees. Based on this, the null hypothesis two which state that effective pension fund administration does not have significant effect on financial well-being of retirees was rejected while the alternate hypothesis which state that effective pension fund administration have significant effect on financial well-being of retirees was accepted.

H_{03}: Pension fund custody has no significant effect on the financial well-being of retirees.

The coefficient table above showed the result of t-statistic value of (25.860) and the corresponding sig. level of (0.000) which is significant at 5% level of significance showing that pension fund custody has positive and significant effect financial well-being of retirees. Based on this, the null hypothesis three which state that pension fund custody does not have significant effect on financial well-being of retirees was rejected while the alternate hypothesis which state that pension fund custody have significant effect on financial well-being of retirees was accepted.

Discussion of Findings

Findings revealed that employee and employer contributions have a significant effect on financial well-being of retirees. The finding implies that strengthening contribution compliance, enhancing employer commitment, and improving fund administration will directly improve retirees' financial security. It also implies the need for sustained policy reforms and institutional accountability to support retirement readiness across the Nigerian workforce. This finding is consistent with contemporary pension literature, which shows that sustained contributions form the backbone of retirement preparedness by ensuring stable asset accumulation over time. For instance, Eyitayo (2024) reported that regular contributions, supported by effective pension fund administration, motivate workers and strengthen their future financial security. Similarly, Ahmed et al. (2023) found that both mandatory and voluntary contributions significantly increase pension assets and enhance long-term retirement outcomes among Nigerian employees. These studies corroborate the present finding by confirming that contributions function as a reliable mechanism for financial build-up toward retirement. The finding also aligns with the behavioural finance perspective. Agnew (2023) notes that consistent contributions create structured saving habits, reduce uncertainty, and improve the adequacy of future retirement income. Institutional Theory, adopted as the study's primary framework, helps explain why contributions significantly influence long-term financial planning. According to Biesenthal et al. (2018), institutional structures, such as pension regulations, compliance mechanisms, and administrative frameworks, shape individuals' behaviour by establishing norms and expectations. Within pension systems, regulatory enforcement requiring employee and employer contributions institutionalizes regular saving and ensures predictable future benefits.

Findings also revealed that effective pension fund administration has a significant effect on the financial well-being of retirees. This indicates that when pension managers maintain accurate records, process benefits promptly, and uphold transparent investment practices, retirees are more likely to experience stable income and reduced financial vulnerability. It further implies that strengthening administrative procedures, such as timely remittances, consistent communication with contributors, and efficient handling of retirement claims, will directly improve post-retirement financial well-being. Beyond administrative processes, the finding underscores the broader need for regulatory vigilance and institutional discipline to ensure that pension assets are fully protected and accessible when needed. This finding aligns with wider evidence that highlights the centrality of pension governance in shaping retirement outcomes. Ahaoma et al. (2023) found that the management quality of pension institutions plays a critical role in determining how retirement funds accumulate and sustain retirees over time. Institutional Theory offers a useful explanation for this finding. As Biesenthal et al. (2018) argue, institutions function through established norms, rules, and governance structures that shape behaviour and outcomes.

Furthermore, findings revealed that pension fund custody has a significant positive effect on financial well-being of retirees. This indicates that when custodians securely hold pension assets, ensure proper documentation, and protect retirement savings from misappropriation, households are more likely to enjoy stable living conditions during and after retirement. Secure custody guarantees that retirees can access their accrued benefits without disruption, enabling families to meet essential needs such as healthcare, food, shelter, and dependent support. The finding also suggests that strengthening custodial systems, enforcing compliance among operators, and improving regulatory monitoring will meaningfully enhance the welfare of households dependent on pension income. This finding aligns with that of previous ones, which emphasizes the importance of safeguarding pension assets as a prerequisite for social and economic welfare. Ahmed et al. (2023) reported that the way pension assets are secured and managed directly shapes the financial outcomes of retirees, noting that proper protection of funds contributes to predictable income flows and reduces household financial vulnerability. The finding is further supported by evidence indicating that reliable fund custody reduces uncertainty for families planning for long-term expenses. Agnew (2023) explains that when individuals trust the security of their retirement savings, they make more deliberate and stable financial decisions, which enhances overall household well-being.

5.0 Conclusion and Recommendations

The study concludes that the contributory pension scheme has a profound effect on the financial well-being of public sector retirees. By mandating regular contributions from both employees and employers, the scheme creates a predictable and sustained income stream that safeguards retirees against post-employment financial uncertainty. This structured funding mechanism enables retirees to plan for essential needs such as healthcare, housing, and daily living expenses, thereby promoting economic independence and reducing vulnerability to financial shocks. The contributory pension scheme therefore serves as a critical pillar for ensuring dignified, stable, and secure retirement outcomes, highlighting the importance of consistent participation and compliance by all stakeholders.

Recommendation

i. Employers and employees must recognize the long-term benefits of regular pension funding. Employers should establish clear internal compliance frameworks to ensure timely remittance, while employees should be encouraged to maintain active contribution status. Government agencies and pension operators should also intensify public awareness campaigns on the importance of pension contributions in securing post-retirement financial stability.

ii. To promote retirees' financial security and confidence in the system, pension administrators should adopt automated platforms for real-time pension processing, tracking, and reporting. Additionally, routine staff training in pension management best practices should be implemented to ensure accurate and timely disbursement of benefits.

iii. Custodial institutions should adopt advanced risk management technologies, conduct frequent compliance audits, and maintain transparent reporting standards to protect retirees' funds. Secure and well-regulated fund custody will ensure timely access to entitlements and positively impact household welfare among retirees.

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