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Retirement Planning in Nigeria: Issues and Challenges of Law and Pension Policy Objectives

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The salary structure of employees is usually fixed based on obvious indices. The failure to routinely review a number of social and economic factors in the formulation and implementation of a salary structure through established policy instruments usually impacts negatively on employees upon retirement. This paper therefore holistically examined the issues and challenges of retirement planning in Nigeria against the backdrop of salary structure vis-à-vis the impediments of laws and pension policy objectives. Also, the examination x-rayed the laws that inhibit doing of business by employees and the capacity of employees to save a sizeable and reasonable amount while in service so as to guarantee them financial freedom upon retirement. This examination is based on doctrinal, primary and secondary research methods. The paper finds that due, largely to a paradigm shift from the old "Defined Pension Scheme of Pay As You Go" to the new Contributory Pension Scheme - wherein the Scheme is to be funded by the employers and employees, under a private management system. Also, it finds that the employees' monthly emoluments and the statutory 18% contributions between the employers and employees towards the retirement savings account for each employee cannot guarantee financial freedom upon retirement to employees. This paper, therefore recommends among other things, that the extant laws that prohibit and inhibit employees in ease of doing business should be amended to create ample and authorized space for them to engage in business at the close of work (from 2pm) instead of the usual 4pm.

Keywords: Salary Structure, Retirement, Pension, Employers, Employees.

INTRODUCTION

Evidently, a combined inertia of the employees (workers) and employers (masters) in public and private sectors in Nigeria to timely retirement planning, savings, pre-skill and post-skill acquisition, continuous healthcare and exercises, education, provision of social safety net and simple, accessible and attractive retirement investment products by insurance companies and banks, has cumulatively become monumental issues and challenges of concern.

Indeed, such inertia constitutes also the bane of a seamless and stress-free retirement to retirees in the country. No doubt, the service period and pension rights of public service employees are constitutionally and statutorily guaranteed (FRN 2004 and PRA, 2014)[1]. Of note, the service period in the public service, which is made up of the Federal, State and Local Governments in Nigeria, is pegged at 35 years of active service or 60 years of age whichever comes earlier. In other specific or specialized establishments like the tertiary institutions and the judicial officers' cadre (from the status of a judge in the judiciary arm of government) the service or retirement period is fixed at 65 or 70 years respectively (CFRN, 2004 and UMPACT, 2012)[2].

Curiously, the employees at the point of entering into the public service are usually inducted or given orientation to familiarise themselves with the Public Service Rules by their employers. However, such induction or orientation usually does not lay emphasis on retirement planning but issues like staff discipline, house culture and productivity. At the end, the majority of workers at the lower level of management usually do not seem to know or understand the service period and its consequential effects. The situation is equally not different with the middle-level management staff. This lapse or shortcoming

[1] Constitution Federal Republic of Nigeria, Cap C23 LFN 2004. S 173 (1-4) and Pension Reform Act 2014 S. I (a) and (C).

[2] Federal Judicial Officers (Administration of Pension) Act 2007 SS1 and 2 and CFRN Cap (23 LFN 2004 S.291 (1-2) and Universities (Miscellaneous Provisions) Act 2012 S.8 (1-2).

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is often due to the recurring case of paucity of fund with which to produce and distribute to the employees the relevant public service rules and condition of service document by employers. As a consequent, this piece of information is taken for granted with negative implication to early retirement planning by the newly employed workers in particular. This untoward attitudinal challenge in the public service weighs heavily against the system and the workers as it has a potential effect of impacting against the worker upon late realisation or receipt of information on service period to engage in doctoring and falsification of age and records of service.

Generally, retirement poses two major challenges to the worker. First, a worker enjoys interpersonal relationship with his fellow workers while the service period subsists. Therefore, the occurrence of retirement period becomes antithesis for such a worker to detach from his familiar environment and communion. This palpable fear of physical and emotional detachments usually drives employees into engaging in acts both legal and illegal. The legal act may include application for extension of service period through contract employment and illegal act may involve falsification of age and service records. The other challenge that usually confronts a would-be retiree is life outside public service environment.

In the Nigerian society, people in the rural settings often erroneously perceive public servants as being well-off and therefore constitute a threat to them in all aspects of social, economic and political life. Such people customarily lie in wait of retiring public servants with fetish inclinations. Cases abound, according to transect, that retirees who retire to their native villages no sooner than later die mysteriously. For example, when a retiree ventures into settlement of local dispute or chieftaincy matters or disputed land claims or quarries, the involvement of such retirees (who obviously possess relevant dispute resolution experience), usually provoke and challenge the established native norms. This usually results in the extermination of life of most retirees.

Therefore, this has put fear in a would-be retiree towards retirement. Also, the fear is more felt because the state has equally not prepared to receive or launch a retiree back into the society through social safety net with which to aid the resettlement and rehabilitation of the teeming retirees in the country.

Retirement is defined as "the fact of stopping work because a worker has reached a particular age" (Hornby, 2001). Also, the term or phenomenon called retirement may be defined as the "termination of one's own employment or career especially when one reaches a certain age or for health reasons" (Garner, 2009). Notably, there are three types of retirement to wit: voluntary, compulsory and mandatory retirements (Madu, 2014). From the definitions of the word retirement herein, it can be gathered that retirement is a statutorily predetermined and fixed period of service by the government. This is usually carried out in consultation with organized labour unions. Be that as it may, the inertia emanating from the major pre-retirement challenges and other conditions could be resolved with attendant alleviation of the inherent fear usually faced by both would-be retirees and actual retirees (Madu, 2014).

To this end, this paper attempts to determine the climate for retirement planning against the constitutional restrictions on the rights of public officials to engage in business vis-à-vis the paltry sum of 8% contributions from employees' monthly emoluments towards the Contributory Pension Scheme. The research question then is, can the employee's amount standing to his credit in the Retirement Savings Account (RSA) afford him a financial freedom upon retirement?

CLIMATE FOR RETIREMENT PLANNING

Retirement strives more under a well-managed, coordinated and conducive internal and external work environment. The attainment of the desired goal in retirement is enhanced through efficient and effective planning, continuous and sustained education and acquisition of post retirement skills. The critical stakeholders that drive this process include the government, employers, employees, non-governmental organizations (NGO's) private firms and other relevant international organizations.

For instance, in recent times, the Federal Government of Nigeria enacted a new pension legislation in 2004 (as amended in 2014) to repeal and replace the former pension scheme. The new Pension Reform Act (PRA), which establishes the Contributory Pension Scheme (CPS) replaces the former "Defined Pension Scheme (DPS) of the Pay As You Go (PAYG)" arrangement. The new PRA is purely a private arrangement between the worker and his Pension Fund Administration (PFA). Here, the employee makes a monthly contribution of 8% from his monthly emolument together with 10% of his employer deducted and transferred to his chosen PFA (PRA, 2014)[3].

The State provides a regulatory body called Pension Fund Commission (PenCom) to supervise, regulate and manage CPS in conjunction with the PFAs and of course another body called the Pension Funds Custodians (PFCs). Both PFA and PFC are incorporated companies and licensed by PenCom to receive and manage employees' retirement savings accounts based on the monthly contributions of both the employers puts at 10% and the employees at 8% (PRA, 2014)[4].

However, the new law allows the employee the leeway to make additional voluntary contribution towards his or her retirement savings account (RSA) (PRA, 2014)[5]. The utility of this innovation in the PRA 2004 (as amended) is that it could upscale the deposits and balances in the employees' RSA in order to guarantee adequate financial freedom to the retiree. This legislation though a federal law can only be impactful beyond its focal point, that is, federal public service the States and Local Governments are encouraged to domesticate this law to enable its policy objective to be felt across the federation and its parts thereof.

Besides, this enactment seeks to address issues and challenges that hitherto militated against the DPS of PAYG where employees usually waited unendingly and indeed, under precarious conditions for them to be paid their dual terminal benefits of gratuity and monthly pensions. In such a case, the various tiers of government took upon themselves the obligation to appropriate money for such payouts to their retired workers. In recent times, the concern of the stakeholders has gone beyond the role of social engineering played by law.

In this direction, there has been an urgent need to provide and promote retirement skills to prospective retirees some months to the end of service period. Equally, retirees associations have been established to protect, promote and liaise with government agencies and private bodies not only on matters of regular payment of terminal benefits to the members of these associations in Nigeria but also to solicit employment and healthcare for their deserving members.

[3] Pension Reform Act 2014 S.4 (1) (a) and 2.
[4] *Ibid* SS 56 and 57(a).
[5] *Ibid* S. 4(2).

ISSUES AND CHALLENGES OF LAWS AND PENSION POLICY OBJECTIVES IN RETIREMENT PLANNING IN NIGERIA

Issues and Challenges of Laws

(i) Restriction on rights of employees to engage in business other than farming: The constitution of the Federal Republic of Nigeria (CFRN) 1999 (as amended) provides as follows that:
Without prejudice to the generality of the foregoing paragraph, a public officer shall not:
(a) receive or be paid the emoluments of any public office at the same time as he receives or is paid the emolument of any other public office or
(b) except where he is not employed on full-time basis, engage or participate in the management or running of any private business, profession or trade but nothing in this sub paragraph shall prevent a public officer from engaging in farming (CFRN, 2004).[6]

(ii) Engaging in business after office hours: Similarly, the Public Service Rules (PSR) on the same issue and challenge stipulates thus that:
(a) An officer who is paid on other than hourly basis is prohibited from engaging in any occupation for reward unless he has previously obtained the permission of the Permanent Secretary Office of Establishment and Management Services, which will only be given if such engagement is not likely to interfere with the efficient performance of his duties.
(b) An officer on leave of absence shall not accept any paid employment without previously obtaining the express approval of the Office of Establishment and Management Services.
(c) No officer shall undertake any private agency in any matter connected with the exercise of his duties (PSR 2000)[7].

The totality of the foregoing constitutional provision and Public Service Rules (PSR) points to the irresistible conclusion that an employee in the public service is precluded from taking up any other paid employment with or without permission whatsoever. This is contrary to what is obtainable in other jurisdictions where most employees are paid on hourly basis unlike in Nigeria where minimum wage is payable uniformly across the 36 states and the Federal Capital Territory (FCT) Abuja. The critical question then is, what is the utility or philosophy behind such stipulations herein? Before the question is attempted, it is imperative to highlight and also appraise the exemptive import and impact of the cited constitutional provisions on certain public officers in Nigeria.

Generally speaking, the quoted constitutional provision above, does not, arguably, apply to lawyers and medical doctors teaching or lecturing in the tertiary institutions in the country (ROPPPPLLEO, 1992). These categories of public officers were *ab initio* exempted from the general ban in the cited constitutional provision in particular, based on the exigency of 80s and early 90s in Nigeria. Such exemption was centred on the fact that during the period under reference few lawyers and medical doctors were willing and ready to be employed to lecture in the universities without keeping their private practices. Obviously, there was a dearth of manpower as at the time that necessitated the then Military Government in Nigeria to promulgate the Regulated and Other Professions (Private Practice Prohibition (Law Lecturers Exemption) (No. 2) Order (ROPPPPLLEO, 1992)[8], prior to the enactment of CFRN 1999. While the provisions of the PSR continue to have a binding effect on public officers of other categories at least obeyed in breach, legal pundits have criticized the continued existence and application of the ROPPPPLLEO in Nigeria. This is so because the provision contained in the cited Constitution is superior to the provisions of ROPPPPLLEO (as an existing law notwithstanding) (CFRN 2004[9], Badajogbin 2007 and Ketefe, 2008).

Be that as it may, this paper is not concerned about the merit or demerit of this academic and seminal augment as to whether the ROPPPPLLEO is still valid and applicable upon the coming into force of the CFRN 2004 (as amended). Rather, this paper at this juncture seeks to appraise the import of the two provisions in the instruments earlier cited. From a community reading of the two provisions, it is obvious that the intendment of the constitution and the PSR on the subject included but not limited to the need to give practical meaning to the saying that the public service is the engine room of government.

By extrapolation, the public servants aggregatedly are charged primarily with the responsibility of giving advice to the political class or elite in policy formulation and at the same time, it is their responsibility to implement such policies ultimately. In order to achieve these dual roles, the public service needed to be non-partisan, dedicated, loyal, committed to its core mandate and be insulated from any act or activity that have distractive impact on the service. It is in realisation of these critical roles and related peculiar work environment that the provisions of the Constitution and PSR were fashioned out and implemented in the public services across the country.

In a corresponding manner, the Federal Government ensures regular payment of salaries, gratuity and monthly pensions to serving and retired public servants under the DPS of PAYG. The payment of both gratuity and pension, arguably, could have been premised on the fact that since the retired public servants had spent the greater part of their active life in service of their nation it was only normal to regard them as heroes and be rewarded during their lifetime. Indeed, the stanza in the Nigerian National Anthem that says the labour of our heroes past shall never be in vain, could be juxtaposed and/or elongated to cover such class of heroes of our time.

This reasoning, unarguably, underpinned the DPS of PAYG dating back to independence days. Besides, the financial fortunes of the government then were flourishing and the government could promote welfaric socio-economic model wherein payouts for retirees terminal entitlements were not problematic. Nevertheless, with time, the funds for the regular payment of pension liabilities became an uphill task due largely to political and financial corruptions in the political environment.

As a consequent, huge unpaid pension and gratuities of retired public officers accumulated with attendant negative impacts on the retirees, which led to many of the retirees dying avoidably. Besides, some unscrupulous public servants connived with relatives of deceased retirees to still maintain such deceased names in the vouchers and ultimately collect such benefit and share among themselves on monthly basis. The unsustainability of the entire DPS of PAYG in the face of dwindling finances to various Governments made the Federal

[6] 5th schedule pt. 1. S 2(a-b).
[7] Rules 0430704428 and 04429.
[8] Regulated and Other Professions (Private Practice Prohibition) Law Lecturers (Exemption) (No. 2) Order 1992.
[9] Cap 23 LFN CFRN 2004, S. 315.

Government of Nigeria to enact a new pension law, that is, the PRA 2004 and as amended in 2014, to replace and repeal the DPS of PAYG and to introduce the Contributory Pension Scheme (CPS). The CPS is a private arrangement between a PFA and the employee (public servant or officer) as earlier discussed.

This new CPS relieves the various governments, particularly, those states that have domesticated the PRA of financial burden to retirees. Nevertheless, the Federal and State Governments have established Pension Funds Commissions (PenComs) respectively to serve as regulatory bodies over pension administration in their jurisdictions. Curiously, the question is, can the new PRA based on CPS guarantee enough fund or deposits in the employees' RSA for financial freedom to such an employee.

Issues and Challenges of Pension Policy and Objectives in Retirement Planning in Nigeria

Pension Policy and Objective

The PRA does not define the term pension in its interpretation section (PRA 2014)[10]. It does not also define what is CPS. This Act merely refers to CPS as "Scheme", for the payment of retirement benefits of employees in both public services and private sector (PRA, 2014)[11]. In order to understand the meaning of the word, it is important that other sources of information be referred to. First, the phenomenon called pension is defined as an amount of money paid regularly by a government or company to somebody who is considered to be too old or too ill to work". (Hornby, 2001).

The word is also defined as a fixed sum paid regularly to a pension (or to the person's beneficiaries) especially by an employer as a retirement benefit (Garner, 2009). These definitions clearly show that pension is the sum of money appropriated or set aside and paid out regularly to a retiree or his or her beneficiaries where as an employee he or she dies in active service and would have qualified for such payment but for his or her death.

It goes to show, therefore, that there is a nexus between pension, retirement and planning. Indeed, the new pension policy is not also clearly definitive in this Act. However, a community reading of the entire Act makes it possible to discover the intendment of the Federal Government behind the enactment of this Act. Basically, the intendment or policy thrust of this Act arises from the unsustainability of the former "Defined Pension Scheme of Pay As You Go" and the concomitant need to enthrone international best practices in pension administration in Nigeria.

This Act, however, makes it optional for the existing DPS to continue to subsist in the private sector but with a proviso that any employer that opts to continue with the DPS should fund such scheme satisfactorily. Equally, an employer who does not wish to continue with the old scheme may transfer the benefits of the employees in his employ under the DPS to the CPS platform (PRA, 2014)[12]. In this wise, this Act is largely akin to the New Pension Scheme in India, which operates at the national level and which allows the 29 States of India, the freedom to domesticate the New Pension Scheme. Also, the PRA in Nigeria is akin to the Indian version in that it particularly recognizes and coexists with other fragmented pension schemes (Bank bazaar Com, 2017)[13].

Second, consideration is policy. Policy can be said to be "the general principles by which a government is guided in its management of public affairs" (Garner, 2009). Put in another way, policy is said to be "a plan of action agreed or chosen by a political party or business" (Hornby, 2001). The former definition is apt and is adopted by this paper for the purpose of its thesis statement.

Therefore, the new pension policy, that is, the CPS is meant to create and operate the RSA as opposed to the former or old DPS. The CPS model as sets out in this Act is to be funded by the contribution of both the employers and employees in the public services and the private sector. This is a radical departure from the former scheme where the various governments and private sector provide the retirees with terminal gratuity and monthly pension.

Pension Policy Objectives

Equally worthy of consideration is pension policy objectives under this Act or CPS. Of greater consideration in this paper is the objective that the CPS says it seeks "to assist improvident individuals by ensuring that they save in order to cater for their livelihood during old age" (PRA, 2014)[14]. A cursory look at the word improvident reveals "a person lacking in foresight and care in the management of property" (Garner, 2009). Also, the same word has been defined as one "not thinking about or planning for the future or spending money in a careless way" (Hornby, 2001).

Again, for the purpose of justifying or verifying the thesis statement, this paper adopts the second meaning. Therefore, in order to unveil the utilitarian value of this particular pension policy objective in the CPS or scheme, it is pertinent to explore the meaning of the term "objective". The word or term objective is defined as something "relating to or based on externally verifiable phenomena as opposed to an individual perception, feelings or intentions" (Garner, 2001). Equally, the same word means "something that is not influenced by personal feelings or opinions, considering only facts" (Hornby, 2001).

The inference from these meanings of the word objective reveals a state of evidential or factual situation or condition and not mere reasoning or sentiments about a given event or human being. This can be akin to the condition of service relating to a contract of employment, for example, between public officers (public servants) and government ministries, departments and agencies (MDAs) and/or private establishments in Nigeria. This contract of employment contains the rights and obligations as they affect the public servants and their employer and such document do not render itself to whimsical thinking or someone's personal feelings or opinions in its interpretation or implementation.

Indeed, the amalgam of the words pension, policy and objective, therefore, is to create a scheme that the employers and employees are to make a statutory minimum monthly contribution from the emoluments of the employees and a fixed contribution by the employers to the retirement savings account (RSA) for each employee (PRA, 2014)[15]. It is intended that the fund contributed towards the RSA cannot be withdrawn until the employee attains the age of 50 years, except based on the terms of employment of the employee.

[10] PRA 1 S. 120.
[11] *Ibid* SS.1 (a), (b) and (c) and 3(1-2).
[12] PRA S. 1.
[13] Basic salary in India-meaning explained with calculation https://www.bankbazaar.com/100/basi Accessed 25/6/2017.
[14] PRA S. 1(d).
[15] PRA S. II(1).

However, the employee may withdraw from the RSA after 50 years of age or upon retirement. The grounds of making an appropriate withdrawal from the RSA before retirement include serious cases of ill health, which must be certified by a qualified medical doctor or a medical board set up for the purpose (PRA, 2014)[16]. There is however basically three types of withdrawal from the RSA to wit: lump sum or programmed monthly or quarterly withdrawals (PRA, 2014)[17]. For example, the lump sum withdrawal is a one-off payment of money to a retiree subject however to the balance left being sufficient to fund programmed monthly withdrawals spread over the remaining lifespan of the employee. Therefore, the higher the agreed lump sum withdrawal upon retirement between the employee and PFA the lower his programmed monthly withdrawals vice versa.

From the brief analysis above, this paper will now evaluate the pension policy objective that empirically concludes that the Nigerian employees in public and private sectors are planless and perhaps not foresighted, hence the need to introduce the RSA pursuant to CPS under the PRA. The framers of this pension policy objective perhaps had based their seminal conclusion on the established general inertia of public servants towards the culture of saving part of their salaries for the rainy days or retirement, to afford them financial freedom during such retirement. Much as such inertia to savings is inimical to the retirees' post public service life and indeed, their financial freedom generally, the relevant or pertinent question to ask is, what is the status of the Nigerian employees' salary structure vis-à-vis sectoral policies formulation and implementation in Nigeria?

Salary Structure in Nigeria

There are different salary structures in Nigeria. These depend on the sector that a person works. The sector may be public or private. Even within the public sector, there exist also different salary structures. For example, in the public service, there are Federal Consolidated Public Service Salary Structure (CONFPSSS) for federal public servants; Consolidated Public Service Salary Structure (CONPSS) for public service in the state and local governments; Harmonized Public Service Salary Structure in Lagos State (HAPSS) for Lagos State Public Servants; Consolidated Top Federal Public Office Holders Salary Structure (CONTOPSAL) applicable to top officials at federal and state public services, Consolidated Research and Allied Institutions Salary Structure (CONRAISS) applicable to research and training institutions; Consolidated Tertiary Institutions Salary Structure (CONTISS) I & II applicable to non-academic staff in the universities of both federal and state; Consolidated University Academic Salary Structure (CONUASS) applicable to academic staff of the universities at federal and state; Consolidated Medical Salary Structure (CONMESS) applicable to all dental and medical staff in the institutions and the Consolidated Health Salary Structure (CONHESS) applicable to health workers like nurses, medical laboratories and pharmacists, etc. (Nigerian Finder, 2017). This paper does not intend to examine other salary structures than the applicable salary structures at federal, state and local governments but with a particular reference to Federal Civil Service, Lagos and Akwa Ibom States salary structures respectively.

For the purpose of this paper salary structure means "the total salary of an employee" (Toshniwal, 2017). This paper, however, will rather adopt the meaning ascribed to a related term like monthly emoluments in the PRA, which in part means "a total sum of basic salary, housing allowance and transport allowance (PRA, 2014)[18]. A look at this meaning of the word "salary structure" suggests that there is a direct nexus between salary structure and financial freedom as encapsulated in one of the thesis questions in this paper to wit: can the amount contributed by an employee towards the RSA under the new CPS guarantee such an employee a financial freedom upon retirement? To establish or answer this question, the term financial freedom needs to be defined and analysed. The term financial freedom is "a situation whereby an individual lives his desired lifestyle without worrying about money" (Cash Cow Couple, 2017).

From this meaning, to live a lifestyle without worrying about money connotes that (an employee) must have formed the habit of savings from his monthly emoluments. Also, it means that the employee's expenses must be less than a reasonable percentage of his remaining monthly emoluments. Besides, it equally connotes that perhaps such an employee might have started and operated a reliable business though contrary to the provisions of the CFRN and PSRs earlier cited. Therefore, a combination of such stream of incomes could guarantee the employee possibly a financial freedom upon the employee's retirement. With these stream of incomes, the retiree can afford to acquire accommodation, routine medical healthcare, means of transportation and so on and so forth. This condition will automatically create self-relevance for such employee with less dependence on any social safety net being provided by the government if any.

However, for decades, there have been laws made to prohibit doing of business by public servants outside public service in Nigeria. As earlier stated, the reasons advanced for such prohibition include the need to promote and sustain unalloyed loyalty and dedication to the service by employees against the backdrop that the government pays gratuity and monthly pensions to retired public servants while under the old DPS of PAYG. The relevant question then is, with the new CPS and its consequential effects are the statutory prohibitions still tenable, justifiable and reasonable?

This is when viewed against the backdrop that the pension scheme hitherto funded by the government is now being funded by the employees irrespective of their salary structures. Indeed, a glance at the understated tables of salary structures with accompanying analysis shows that it is no longer justifiable to sustain such pieces of law and rules in view of the paltry amount standing to the credit of the retired public servant in his or her RSA, upon retirement.

COMPARATIVE ANALYSIS OF SALARY STRUCTURE OF TABLES ONE, TWO AND THREE

For example, an employee of the Federal Civil Service on a salary grade level (GL) 01 step 01 (S.L) earns a monthly emolument of ₦18,900 per month. Both his employer and the employee make an 18% monthly contribution of ₦3,402 (i.e. 18 x ₦18,900/100) towards the RSA of this employee. In a year, the total contribution of this employee stands at ₦40,824. Accordingly, the same method of computation applies to other salary grade levels of employees on Table 1 below.

[16] Ibid S. 16(1) & (2)(a-c) see also rules 21.2.3 of the regulations for the administration of retirement and terminal benefits made pursuit to PRA 2004. https//www.pencom.gov.ng. Accessed 26/6/2017.

[17] *Ibid* S.7(1)(a).

[18] S. 120.

Table 1: Federal Civil Service Salary Structure

	Monthly Salary	Monthly Contribution 18%	Annual Contribution
*GL.01 S. 1	18,900.00	3,402.00	40,824.00
*GL.03 S. 1	19,410.00	3,493.80	41,925.60
*GL.04 S. 1	26,249.00	3,644.82	43,737.84
*GL.05 S. 1	21,774.83	3,919.47	47.033.63
*GL.06 S. 1	26,352.42	4,743.43	56,921.23
*GL.07 S. 1	43,163.75	7,769.48	93,233.70
*GL.08 S. 1	53,000.00	9,540.00	114,480.00
*GL.09 S. 1	65,054.58	11,709.82	140,517.89
GL.10 S. 1	76,209.25	13,717.67	164,611.98
GL.12 S. 1	87,763.33	15,797.40	189,568.79
GL.13 S. 1	97,852.75	17,613.50	211,361.94
GL.14 S. 1	107,984.83	19,437.27	233,247.23
GL.15 S. 1	148,218.00	26,679.24	320,150.88
GL.16 S. 1	183,139.75	32,965.16	395,581.86
*GL.17 S. 1	348,633.00	62,753.94	753,047.28

Federal Civil Service Commission
Salary Structure HOS FCSC pays their workers.

Table 2: Lagos State Harmonesia Public Service Salary Structure (HAPSS) – 1st March 2007

	1	2	3	4	5	6	Monthly Contribution 18%	Annual Contribution
GL. 01	62,100	63,528	64,957	66,385	67,813	69,242	11,178.00	134,136.00
GL. 02	63,164	65,031	66,899	68,767	70,634	72,502	11,369.52	136,386.24
GL. 03	64,072	66,368	68,663	70,958	73,254	75,649	11,532.96	138,395.52
GL. 04	67,276	70,034	72,792	75,549	78,307	81,065	12,109.68	145,316.16
GL. 05	76,681	79,885	83,089	86,293	89,496	92,700	13,802.58	165,630.96
GL. 06	94,238	98,143	162,049	105,954	109,860	113,765	16,962.84	203,554.08
GL. 07	126,386	131,200	136,014	140,828	145,642	150,456	22,749.48	272,993.76
GL. 08	164,434	170,163	175,893	181,622	187,351	193,080	29,598.12	355,177.44
GL. 09	193,819	200,641	207,462	214,284	221,106	227,928	34,887.42	418,649.04
GL. 17	444,611	468,765	492,920				80,029.98	960,359.76

Salary Structure and Allowances – Lagos State Government.

Table 3: Government of Akwa Ibom State Nigeria Consolidated Public Service Salary Structure (CONPSS) – 1st April, 2011

GL. 01	18,026.39	3,244.75	38,937.00
GL. 02	18,254.82	3,285.87	39,430.41
GL. 03	18,450.29	3,321.05	39,852.63
GL. 04	19,138.36	3,444.90	41,333.86
GL. 05	21,160.19	3,808.83	45,706.01
GL. 06	24,933.57	4,488.04	53,856.51
GL. 07	33,106.71	5,959.21	71,510.49
GL. 08	41,090.53	7,396.30	88,755.54
GL. 17	100,327.89	18,059.02	216,708.24

Establishment Circular No. 2/2011 Implementation of the ₦18,000.00 Minimum Wage to Workers in the Public Service of Akwa Ibom State.[19]

[19] HCS/ES/S/32/S.I/50 of 26th August 2011.

Also, an employee of the Lagos State Government Public Service on HAPSS GL. 01 S. 1 earns a monthly emolument of ₦62,100. Both his employer and the employee herein make an 18% monthly contribution of ₦11,178 (i.e. 18 x ₦62,100/100) or ₦134,136 per annum towards the RSA of this employee. The same method of computation applies to other salary grade levels on this Table 2 above.

Equally, an employee in the Public Service of the Akwa Ibom State Government on CONTISS GL.01 S. 1 earns a monthly emolument of ₦18,026.39. Both the employee and his employer make an 18% monthly contribution of ₦3,244.75 or ₦38,937 per annum towards the RSA of this employee. The same method of computation shall apply to other salary grade levels in Table 3 above.

The result of this analysis, in summary, reveals that an employee in the public service of Lagos State Government makes more contribution towards the RSA than his counterparts in both federal civil service and Akwa Ibom State public service respectively. The result further shows that the monthly emoluments of employees in the Lagos State Public Service are relatively higher than their federal civil service and Akwa Ibom State public service counterparts respectively.

From these tables, it means that a higher monthly emolument leads to a higher monthly and annual contribution towards RSA of any employee. Indeed, employees in Lagos and the federal civil service respectively can cumulatively save a sizeable amount over their service period which can afford them financial freedom unlike their counterparts in Akwa Ibom State public service.

Nonetheless, salary structure cannot work in isolation. The government needs to provide social safety net or ensures that its social, economic, environmental, automotive and energy policies are right and implemented. The systemic failure of such policies therefore creates so much poverty with a negative impact on the ability to save towards retirement. This precarious condition is evident in the public service where workers' salaries, promotions and other entitlements are not paid regularly.

This has become the recipe for corrupt practices in the public service in Nigeria. Be that as it may, certain professionals in the academic institutions who have been exempted from the general prohibition from engaging in other business than farming are obviously doing well in their private practices. As a result, this category of public officials, whatever is their monthly emoluments can comfortably afford to make the statutory 8% contribution and the voluntary additional contribution towards the RSA.

CONCLUSION

The Nigerian version of RSA is funded from the monthly emoluments of the employees and fixed monthly contribution of the employers. The Indian version, that is, the Employees' Provident Fund (EPF) is funded from the basic salary of both the employees and contribution of the employer based on rates of 12% and 13.61% respectively (Bank bazaar.com, 2017). A look at the two retirement plans reveals that the EPF that is based on the basic salary of an employee is far higher than the Nigerian counterpart, which is based on monthly emoluments made up of basic salary and other allowances.

Therefore, with the minimum basic salary of RS15,000 (i.e. equivalent of ₦73,000 or so) in Indian, the amount standing to the credit of employee in the provident fund, can guarantee financial freedom to retired public servants in India. It is also noted that in India, the government pays Dearness Allowance (DA), Housing and Rent Allowances, besides the basic salary to employees which are not the same in Nigeria. The DA, in particular, is used to cushion the effect of cost of living and it is a percentage of the employees basic salary payable according to the location of the employees (Bank bazaar.com, 2017)38. Equally, this is absent in Nigeria.

A combination of the dearness allowance and other sundry allowances in India is far higher than the monthly emoluments in Nigeria. Nevertheless, while the economic circumstances in Nigeria are not supportive of jumbo salary increase partly because of challenges of corruption and bad resource governance, it is timely to effect routine review of basic salary in Nigeria in order that government can earn more money from tax. Also, the increase of monthly emoluments will in turn increase monthly and annual contributions of employees towards the RSA.

RECOMMENDATIONS

- The government should increase workers salary to hedge the rising cost of living in Nigeria.
- The government should ensure that the PRA provision that employers should maintain group life insurance for their employees is implemented.
- The government should amend the extant laws that prohibit workers from doing business outside farming.
- The employers should assist their employees to acquire pre-retirement skills suitable to their capacity upon retirement.
- The banks and insurance companies should provide attractive and special interest investment products for retiring public servants.
- The current 8 hours of work in the public service should be reviewed downward to 6 hours from 8am to 2pm.
- The government should provide more social safety net schemes for aged, sick, poor, widows and children.

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