

## The Post Retirement Adjustment Challenges Confronting Local Government Employees in Ethiopie East Local Government Area of Delta State

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### Abstract

The study examined the post retirement adjustment challenges confronting local government retirees in Ethiopie East Local government area of Delta State. The study adopted survey in the form of a descriptive study in which data will be collected once across a population through sampling. The research design of this study is a survey based on a structured questionnaire. The study revealed among other things that delay in the payment of retirement benefits represent the highest percentage of post-retirement challenges often faced by local government retirees in Ethiopie West local government area of Delta State. Another major post retirement challenges were the absence of a social policies for retirees. It was further discovered that aging/stereotype feeling of neglect, Physical trauma and anxiety arising from absence of income generating activities is a major challenge confronting retirees in Ethiopie West local government area of Delta State. Based on the findings of the study, the following recommendations are hereby outline: The Local government Service Commission should establish a mechanism that would be in cooperate with pre-retirement counseling services as well as general retirement issues to equip its employees with the basic knowledge when concerning retirement. Second, retirement planning should begin early in the employees life so that they could save enough before retirement. In this regards, employees should open retirement savings accounts for pension fund administrators of their choice to enable them to save towards their retirement. Third, government should also initiate a social policy for the aged in the society to help cushion the inadequacies often

suffered by retirees in the retirement benefit management in Nigeria. More so, the new pension system should also ensure transparent and efficient management of pension funds. Furthermore, employees should be encouraged to develop a savings culture. Above all, government should strengthen the regulatory and supervisory framework and empower it to successfully and effectively check earring pension fund administrators in the country. Finally, employees and retirees should be encouraged to invest in assets and financial instruments so that at retirement they can earn additional income from these assets and financial instruments to supplement their pension income at retirement.

**Key words:** Retirement; Pension; Local government; Retirees; Ethiopie east

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### INTRODUCTION

Retirement is gradually becoming a topic of research focus in contemporary society. It is an important phase of life or life event, bringing with it many challenges in terms of adjustments and changes in lifestyle, self-esteem, friendships, and vocation. It is often described as leaving the job at a specified period of time after putting in some number of years of one's productive years or after attaining a given age of 60 in the public sectors of the economy (Petters & Asuquo, 2008). Work is a fundamental value of all societies. It elects one's social and physical environment. As such, it represents physical and mental activities through which a person maintains contact and interaction with the environment, thus

facilitating a productive expression of his/her innermost aspirations and drives. According to Geston (2005), life is meaningful if attached to work, but work aside, the individual enters into a state of devaluation. Work is very significant as it affects attitudes and behaviour and provides a basis for improving of living standards of the individual worker. For a worker, work provides a sure means of achieving independence, leadership, and self-direction, and gives a sense of belonging and identity. It is a result of the significance of work in a person's life that some workers become so attached, committed, and involved in their work. Work keeps them busy and they derive maximum benefits from it by devoting long hours to work. It is assumed that anything that will remove a committed worker off the job without accomplishment of needs satisfied by work may be resisted, the worker will possess negative feelings towards such a situation, and the retirement can be noted as one of such situations. Retirement, therefore, seems to be one of those conditions bringing about disengagement of workers from their jobs. As stated by Amadi (2001), it involves leaving one's regular routine or habitual career, position, business, or active life.

Viewed as such, retirement could become a threat to many workers who may not know what to do with their time and lives after retiring from active service. To those workers so attached to their work, it is often assumed that it may pose a great challenge to them (Blunt, 2003). This is manifest in terms of stress relating to changes in routine, changes in personal habits, and changes in opportunities for social interaction and for workers who take work as a central life interest, such workers are said to suffer most when the time to retire comes. Given that the attachment and commitment to work and the close personal identification with one's job can be said to be traumatic in the face of retirement, it is only logical that people plan for it.

The local government service is also guided by Decree 102 of 1979 (cap 346) which deals with pensions and gratuity. According to this law, the statutory age of retirement of public officers is 60 years while it is 65 years for judicial officers and 75 years for academic staff of universities (as recently adjusted). The reform of the civil service decree No.43 of 1988 retirement age has been put at 60 years or 35 years in service whichever comes first. It must be stated here that irrespective of the type of retirement, the transition is associated with some stress situations like economic, social, psychological and occupational stress. In Ethiopia West local government area of Delta State, retirees have been noted to suffer from different challenges directly relating to the period after retirement. These could be in the form of lack of money, health related issues as a result of aging, frustration arising from search for meaningful activity, marital status problem, frustration arising from the inability to provide

as before, problem arising from inability to pay for a decent accommodation and feeding amongst others. Denga (2006) added that the case is worsened when the retiree is not adequately prepared to face this ultimate phase of life. It is against this backdrop that this study will examine the post retirement adjustment challenges confronting local government employees, using Ethiopia West local government area of Delta State as a case study.

### **A. Statement of the Problem**

A close observation of many retirees in the Nigerian society and the problems they are facing draw the attention of all and sundry. These problems seem to range from sudden loss of life, loss of the usual monthly salary, anxiety about a residential home, lack of occupation, dwindling status, decreased strength and deteriorated health condition, physical disabilities and aging. In Nigeria, the delay in payment of persons and gratuities coupled with the absence of a social policy has brought untold hardship and death to many retirees, thereby making retirement something that is dreaded by workers. This problem is further compounded by lack of planning and management of post-retirement epoch and conditions. Obviously, many people enter into retirement without any personal plans or pre-retirement counselling. Employers of labour on their own part have not done much to enlighten the labour force on the need for planning for retirement. Hence, many workers enter into retirement as destitute. In Ethiopia West local government area of Delta State, workers in their retirement have been noticed to encounter several challenges. These challenges range from inadequate income, delay in payment of retirement entitlements, poor health, lack of personal accommodation, inadequate investment, difficulties in getting post-retirement vocational substitute, arising majorly from failure to have planned for such during the pre-retirement planning, society's negative perception, reduced social networking, among others (Olatomide, 2010). Similarly, workers nearing retirement have been noted to exhibit behavior that display worries, uncertainties and stress, arising mostly from the assumed deleterious conditions associated with retirement as evidence from those already retired from the local government service. It is against this backdrop, that this study will examine the post retirement adjustment challenges confronting retirees in Ethiopia West local government area of Delta State.

### **B. Objectives of the Study**

The main objective of the study is to examine the post retirement adjustment challenges confronting local government employees in Ethiopia West local government area of Delta State. The specific objectives are to:

- a) Identify the various post retirement adjustment strategies of retirees in Ethiopia West local government area of Delta State.

- b) Assess what constitutes the post retirement anxiety/worries of retirees in Ethiope West local government area of Delta State.
- c) Identify the various challenges confronting retirees in Ethiope West local government area of Delta State.
- d) Identify ways of reducing the post retirement challenges confronting civil servants in Delta State.

### C. Research Hypotheses

The following research hypotheses will guide the study

#### Hypotheses I

**Ho:** There is no significant relationship between poor planning of retirement adjustment strategies and the challenges confronting retirees in Ethiope West local government area of Delta State.

**Hoi:** There is a significant relationship between poor planning of retirement adjustment strategies and the challenges confronting retirees in Ethiope West local government area of Delta State.

#### Hypotheses II

**Ho:** There is no significant relationship between delay in the payment of pension/gratuities and the challenges facing retirees in Ethiope West local government area of Delta State.

**Hi:** There is a significant relationship between delay in the payment of pension/gratuities and the challenges facing retirees in Ethiope West local government area of Delta State.

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## 1. LITERATURE REVIEW

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### 1.1 The Socio-Economic Conditions of Retirees in Nigeria

The inevitability of ageing has made retirement a natural normal phenomenon in the world of work. The importance of work lies in the fact that it determines the social and economic status of an individual and influences, philosophy, attitude, dressing, behaviour and belief of an individual. However, despite the magnitude of work to individuals and wellness of the society in general work is exhaustible to individuals, hence, workers must disengage from work (retire). Therefore, retirement is a stage in life that is normal for any worker (public or private) that do not die in active service. The life span of an individual is divided into three phases, in which retirement is one. The first phase: period of birth up to time of schooling or training before employment. The second phase; period of work, an individual at this stage engage in activities for financial reward. The third phase: Is the period of retirement, is the point of severance from work, which falls under the ambit of disengagement theory in social gerontology. Here, the inevitability of death makes death a normal and natural occurrence. People must disengage so that the social system will not be disrupted when an individual dies (Morgan & Kunkel, 2001). Owing to this

inevitability, individuals prepare themselves and their dependents, providing psychological and material needs in order to ensure that the dependants have the ability to support themselves when they die. Retirement is a major condition through which individuals gradually relinquish roles and position within the social milieu owing to age. But in view of the continual increase in the number of retirees, comfortable life for retirees is becoming a mirage. This is because it has become cumbersome for the public and private sector to meet financial commitment of retirement, as payment of benefit is clog with difficulty owing to increase in number of retirees; which is a direct consequence of increase in the number of older persons in general. In an attempt, to address the challenges of fiscal distress in retirement, the Federal Government of Nigeria introduced the Pension Act of 2004. The act abolished non contributory pension and introduced contributory pension. Despite the Pension Act, retirees still find it difficult assessing gratuity and monthly pension, culminating in many distressful challenges on the life and living conditions of retirees in Nigeria.

Bisiriyu (2009) assert that Nigerian railways retirees as in November 2009 await 25 months of pension arrears. Most of them were haggard, described as living dead and regretted serving the country. From 1996 to 2009 over ten thousand railways pensioners had died of frustration, hunger and starvation, however, the arrears is to be paid by 2010. Also security agencies such as the Nigerian Army and the Nigerian Custom pensioners have not been paid. According to Olumide (2009), over two thousand Custom officers lament hardship and frustration owing to unpaid retirement benefits. While the Federal Government of Nigeria started paying military pension arrears in June 2010. The estimated arrears of seven years was 23 billion naira (Ihuoma, 2010). Meanwhile, Mudiage (2008), reported that 980 teachers have died in seven years while waiting for retirement benefits. Also affected are universities for teachers. According to Bamgbose (2006), in the quest to face the challenges of retirement, the Body of Retired Professors, University of Ibadan was formed owing to information that University of Ibadan will no longer be able to pay pension because the Federal Government has not been allocating money for it. Furthermore, Fanimu (2007) reported that University College Hospital Ibadan (UCH) workers pension has not been paid for months in which 53 have died. It was not only the public sector that is defaulting in pension payment. Even financial institutions such as banks are culpable (Haruna, 2009). In addition, Local Government retirees are affected. According to Akpokona (2010), since 2009 there have been non payment of benefit to retirees in Okpe Local Government in Delta State. Also examination bodies are affected. For example, West African Examination Council (WAEC) pensioners demonstrated owing to delay in pension payment and non implementation of pension harmonization (Osagie 2010).

Finally, from the presentation of Professor Adetoun Ogunseye, the President of Africa Gerontological Society as reported by Oyedele (2010), the elderly and retirees are dying of starvation owing to lack of pension and rigorous screening and verification exercise by state and Federal Government of Nigeria. Though, some states government like Ondo and Jigawa have social services for the elderly. However, it can be argued from the foregoing that the social and economic condition of retirees in Nigeria is not desirable. This is because instead of experiencing leisure time of rest from work, retirees in Nigeria are engrossed in agitation for retirement benefits.

## **1.2 Pension Management in Nigeria and Its Effect on Post Retirement Challenges Among Civil Servants in Nigeria**

The issue of pension has received much attention in many countries over the past decades. The pension system was introduced into Nigeria by the Colonial Administration. The first legislative document on pension in Nigeria was the 1951 Pension Ordinance which has retroactive effect from January 1, 1946. The Ordinance provided public servants with both pension and gratuity (Ahmed, 2006). The National Provident Fund (NPF) scheme established in 1961 was the first legislation to address pension matters of private organizations in Nigeria. This was the first social protection scheme for the non-pensionable private sector employees in Nigeria. It was mainly a saving scheme where both employee and employer contributed the sum of N4 each on monthly basis. The scheme provided for only one-off lump sum benefit (Ibid.).

The National Provident Fund (NPF) was followed by Armed Forces Pension Acts No.103 also of 1972 and by the Pension Acts No.102 of 1979, 18 years later. The Pension Acts No.102 of 1976 which commenced on 1<sup>st</sup> April, 1974 encompassed the recommendation of Udoji Commission which included all consolidated enactments and circulars on pension as well as repealing existing 113 pension laws hitherto in force. Other Pension Acts included: Pension Rights of Judges Act No.5 of 1985, the Police and other Government Agencies Pension Scheme enacted under Pension Acts No.75 of 1987 and the Local Government Pension edict which culminated in the setting of the Local Government Staff Pension Board of 1987. In 1993, the National Social Insurance Trust Fund (NSITF) scheme was set up by Decree No.73 of 1993 to replace the defunct National Provident Fund scheme with effect from 1<sup>st</sup> July 1994 to cater for employees in private sector of the economy against laws of employment men in old age, invalidity or death (Balogun, 2006). In 1997, parastatals were allowed to have individual pension arrangements for their staff and appoint Boards of Trustees (BOT) to administer their pension plans as specified in the Standard Trust Deed and Rules prepared by the Office of Head of Service of the Federation. Each BOT was free to decide on whether

to mention an insured scheme or self-administered arrangement.

Currently, Pension Act 2004 is faced with a number of challenges. Such includes perception of people about the pension act. Aborishade (2008) described it as attack on the working class and the poor by successive Nigerian government over the years. In this study the challenges are divided into two main categories; these are internal and external challenges. The internal challenges are those challenges emanating from the management, such as pension fund administrators and employer (public and private sector). While internal challenges are those in the domain of pensioners. In the first instance, some scholars have criticised the issues of investment of the pension funds in the stock market owing to loss recorded as a result of crash in the capital market. From the position of Prof Oluwa femi Balogun, the Vice-Chancellor of University of Agriculture Abeokuta as reported by Oni (2009), it was suicidal to invest 60% of pension funds in capital market in view of the financial loss in the stock market. Another contentious issue concerning pension fund is fraud. Sonoyi (2009), reported an investigation by the Independent Corrupt Practise Commission (ICPC) in to 90 billion naira fraud as it concerns the pension of the ministry of health in September, 2008. In relation to this, employers manipulate contributions of their employees by defaulting in payment. Meanwhile other related issues include control of the funds. For example, Dr Musa Ibrahim Commissioner Inspector of Pension, in August 2010 reported that Nigerian Army endeavour to control its own pension funds while the decision is supported by the Senior Officers, the junior officers are against it (Nigerian Tribune, 2010). More so, improper record has made it difficult for the retirement board to properly determine the status of some retirees owing to poor documentation. Finally, the arch internal challenge to pension scheme is none compliance by employer of labour, this is because compliance is the first step in ensuring success of the pension scheme. The default cut across all the industries; banking, insurance, telecommunication, media and hospitality industry. For example, only 30 media houses out of 60 have complied as at September 2010 (Anumihe, 2010). On the other hand, there are other challenges that are not in the domain of the management, these are external challenges. These have been found to permeate the issues of retirement as it relates to pensioners in general. These are lack of qualification, as some people are not qualified owing to number of years spent in service; fake pensioners, individuals that have never been employed trying to claim retirement benefit. Others include multiplication of payment; some people want to receive payment more than once and impersonation; some individuals trying to impersonate dead parents, relative or friends. An issue that has remained persistent and constitutes a major impediment to the pension scheme is ignorance. According to Odiegwu (2009),

lack of enlightenment is a challenge to the scheme and in furtherance of this argument, Ayeleso (2010) reported that most, artisans are ignorant of the pension scheme. This scenario point to the dearth of education on the pension scheme which Omotayo (2006) has argued can be addressed through retirement education.

In addition to the above, it has been noted that in spite of the various provisions of the 2004 pension reform, it would be pertinent to mention some of the fundamental ambiguities of the reform and its negative consequences on the retirees. This becomes necessary in order to determine the extent to which the reform can help secure the retirees old age on the one hand and also determine whether the reform would help to bring alive the hope of the Nigerian retirees or dash it. Although, one would have said the various provisions of the scheme as highlighted above would bring succor in the later year for the retirees, however, the various challenges as would be discuss below have hampered the success of the scheme and its attempt at achieving its fundamental objectives. These ambiguities include:

(a) The reform is discriminatory in nature. The Act discriminates in favour of certain state employees including the military and the judiciary. Section 9 of the Act requires most public and private sector employees to pay seven and half per cent of their salary as pension contributions. In contrast, for the military staff, the rate is reduced to only two and half per cent. The Pension Reform Act 2004 exempts two groups of state employees from the Act [S.8(3)]. These are: • “any employee who at the commencement of this Act is entitled to retirement benefits under any pension scheme existing before the commencement of this Act but has 3 or less years to retire shall be exempted from the Scheme” [S.8(1)] and judicial officers 1. Section 291(3) of the 1999 Constitution of the Federal Republic of Nigeria provides that any of the listed judicial officers shall “be entitled to pension for life at a rate equivalent to his last annual salary and all his allowances, in addition to any other retirement benefits to which he may be entitled”, provided he has been in that position “for a period not less than fifteen years” [S. 291(3)(a)]. These discriminatory rates of contribution and benefits are in direct conflict with the Nigerian constitution and the principle of equality. The Preamble declares that the Constitution is based on the principles of freedom, equality and justice.

(b) It abolishes the right to gratuity: The Pension Reform Act, 2004 abolishes the right to a gratuity. A gratuity is a single, lump sum payment while pension is a periodic payment, normally on monthly basis, for the remainder of the pensioner’s life. For workers whose poverty wages may cut short their life span, the abolition of the gratuity may significantly reduce their chance of benefiting from their pension savings. Thus the abolition of the gratuity discriminates against poorer paid employees.

(c) Ambiguity in the definition of minimum retirement age: In the public sector, the statutory retirement age is either 60 years or 35 years of service, whichever comes first. In the private sector, retirement age varies between 55 and 60 years. The factor of 35 years of service does not apply to the private sector. After retirement, professionals with special skills may be employed on a contract basis. Section 4(1) of the Pensions Act (CAP 436 laws of the Federation of Nigeria) 1990 had clear provisions on the minimum retirement age. But the Pension Reform Act 2004 contains no specific provision on same. It only stipulates that no person shall be entitled to make any withdrawal from their retirement savings account before attaining the age of 50 years [Section 3(1)] This is the first of several examples of where the new Act makes the law less prescriptive and devolves aspects of the management of the pension scheme to regulatory bodies or individual employees. As a result, legal protection that previously existed for employees is removed. This is consistent with neoliberal aims of deregulation and a more flexible work-force. Whilst Section 3(1) provides that no person shall be entitled to make any withdrawals from his retirement savings account before attaining the age of 50 years, Section 3(2)(C) states a contradictory provision permitting withdrawal from the retirement savings account by an employee who retires before the age of 50 years. Section 3(2)(C) provides as follows: 3(2)(C) ... Any employee who retires before the age of 50 years in accordance with the terms and conditions of his employment shall be entitled to make withdrawals in accordance with Section 4 of this Act. Thus the Act accepts, that employees could retire before attaining the age of 50, in accordance with the terms and conditions of employment and that there is now no uniform retirement age (even in the public sector). Such issues have been deregulated and employers and employees are required to determine retirement age through negotiation and agreement.

(d) Delay in Payment of Retirement Benefits: One of the key problems and hardships which the Pension Reform Act 2004 sought to remove was the non-payment of retirement benefit as and when due [S.2(a)]. In contrast, in Section 4(2) the Act legalizes delays in the payment of retirement benefits. Section 4(2) provides that when an employee retires before the age of 50 years in accordance with the terms and conditions of his employment [S.3(2)(C)], the employee may, on request, withdraw a lump sum of money not more than 25% of the amount standing to the credit of the retirement savings account provided that such withdrawal shall only be made after six months of such retirement and the retired employee does not secure another employment [S.4(2)]. It does not seem to matter to the lawmakers that a retired employee or members of his/her family may die within the six month waiting period before he/she becomes entitled to receive their lump sum.

However, it should be noted that public pension rights have the potential to affect old-age mortality mainly through two mechanisms. According to Dameon (2009), the more generous the pension benefits, the higher the income in the older population. First, this provides more resources that can be invested in health enhancing products and activities. Second, a more generous pension system may, in addition, have a redistributive impact, thus reducing income differences in society, and particularly amongst the elderly. Of particular importance is the potential of well designed pension programmes to reduce poverty amongst older population (Palme, 2006). There are many findings suggesting that lower income differences are associated with better health and lower mortality (Wilkinson, 2002), although the evidence is far from conclusive (Deaton, 2003). For historical and political reasons, countries have followed different paths in the development of pension systems, and these paths have led to somewhat different profiles in terms of the level and distribution of benefits. For the analytical purpose of the present literature review, we will focus on the two different goals of these development paths: Basic security and income security and how they affect retirees conditions. Section 2(b) of the Pension Reform Act 2004 states that one of the objectives of the Pension Scheme established under the Act is to assist individuals by ensuring that “they save in order to cater for their livelihood during old age”. However, the provisions of S.4 of the Act suggest that the real goal of the Pension Scheme under the Act is to provide a pool of funds for investors, rather than the concern for livelihood and survival of employees in old age. For example, S.4(1) (a) provides that: 4(1) A holder of a retirement savings account upon retirement or attaining the age of 50 years, whichever is later, shall utilize the balance standing to the credit of his retirement savings account for the following benefits: (a) programmed monthly or quarterly withdrawals calculated on the basis of an expected life span. Certain questions arise from the provision of S.4 (1) (a) above. How is the so-called, expected life span of the individual to be determined? Do employees at top management level and lower management level who belong to different income brackets tend to have the same average life span? What will be the criteria for calculating the “expected life span” of individuals at lower and top levels of management? What happens when the actual life span is shorter than the calculated, expected life span’ – who enjoys the surplus balance? What happens if the actual life span of the retiree is longer than the estimated, expected life span’- who supplies the shortfall to maintain the retiree for the rest of his or her life? These are critical questions that the provisions of the Act do not answer. The Act is again reducing the regulation of pensions and so reducing the burden to business (to the detriment of its workers).

Section 4(1) (b) provides another, benefit to which the holder of a retirement savings account, shall utilize the

balance standing to the credit of the account – “Annuity for life purchased from a life insurance company licensed by the National Insurance Commission with monthly or quarterly payments”. While individuals should be free to buy any form or type of insurance policy at any time in his/her lifetime, it is curious that the Act should require a retired person to acquire a particular insurance policy by employing the word, shall rather than, may. The third benefit for which a retired person

shall utilize the balance standing to the credit of the retirement savings account is provided in Section 4(1)(C). – collection of a lump sum from the balance standing to the credit of his retirement savings account provided that the amount left after that lump sum withdrawal shall be sufficient to procure an annuity or fund programmed withdrawals that will produce an amount not less than 50% of his annual remuneration as at the date of his retirement.

In the situation of a lack of any government welfare to provide social services for vulnerable groups, e.g. children and the aged, in the absence of any form of social security as a right, the tendency of retired persons in Nigeria is to use the lump-sum benefit received as gratuity to invest in some form of business activity to yield them income to supplement their pensions and so maintain themselves and their families.

From the foregoing, we have shown earlier that the Pension Reform Act has effectively eliminated the right to gratuity. Section 4(1)(C) of the Act is now reiterating that a retired person can only collect a lump sum from the retirement savings account if the sum left after the payment of the lump sum will be sufficient to buy an insurance policy – an annuity – or fund periodic pension payments which are at least half the remuneration the person was receiving when in employment. When the combined effects of the provisions of S.4(1)(a), (b) and (c) are considered, it is easy to conclude that the Pension Reform Act 2004 appears less concerned with the care of retired persons than with the creation of a pool of cheap funds for the investors rather than on the welfare of the retirees.

### 1.3 Absence of Social Policy and Post Retirement Challenges

In Nigeria today, social security policies for old age are yet to be formulated. But there is an increasing need in the wake of the apparent decline in the adequacy of material family support that has occurred in recent times and the rising deprivation and poverty to which growing numbers of older people are exposed (Aboderin, 2006). The lack of a social security system for older people accelerates this process. The notion that investments in ones children serves as social security in old age is now disputed as adult children find it difficult securing employment and receiving an income sufficient to meet their immediate needs. The Contributory Pension Scheme (insurance) that was recently reformed does not cover many older persons. This pension scheme is mainly designed for those who

worked in the formal sector. The scheme bedeviled with a lot of problems is yet to make appreciable impact on the lives of older people. Old Age brings with it reduced capacity for work, as well as difficulties in accessing health care and other essential services, increasing the likelihood of older persons becoming and remaining poor. The lack of social pensions has serious consequences on the well being of the older persons. The majority of older people who cannot earn an income and are not covered by the contributory pension scheme are left at the mercy of the vagaries of life.

According to Oishi (2009), post retirement challenges and stress have a strong relationship with the absence of a functional social policy. In retirement, retirees are faced with a lot of challenges that often impact on their physical and psychological state. The existence of a social policy will help cushion the vagaries often experience in retirement. The link between retirement challenges and poor social policy was explored in a number of studies which equated retirement stress with a marked deterioration in social policy or a near absence of an effective social policy programme (Novak, 2012; Moen, 2001). Other studies also established that poor social policy packages have a negative impact on retirees. Studies have stated that poor social policy has an initial negative impact on lives of pensioners by increasing anxiety but increases in country where there is absence of any form of social policy (Ogunbameru, 2000; Amaike, 2009; Moody, 2010; Novak, 2012). A study of 244 in Britain established that the extremes of complete contentment and bitter dissatisfaction with retirement were easily discerned in local areas where there is no effective social policy. Clearly, retirees living conditions in retirement are often worsened under a situation where the government make no adequate efforts at providing for the aged whether in or out of service.

#### **1.4 Challenges Facing Retirees in Nigeria**

One of the greatest challenges that face typical employees throughout their working life is life after retirement. Retirement concerns emotional, psychological, as well as financial challenges that workers have to prepare well ahead of time. In most developing countries and Nigeria in particular, government restrict working age of public civil servants to prevent an ageing labour force by allowing entrants of young- able- bodied labour for increasing efficiency and productivity. This has become so necessary because as a worker become older his Marginal Physical Productivity of Labour (MPPL) will decline. Thus retaining such a worker in employment at this point will amount to run the organisation at a loss. That is why in Nigeria, statutory working age in the public service is fixed at sixty (60) years or thirty five (35) years of unbroken active working service before retirement. However, the Retirement Age Harmonization Act of 2012 puts the retirement age of judicial officers and academic

staff of tertiary institutions at 70 and 65 years respectively because of the belief that the “older, the wiser” in those sectors.

A close observation of many retirees in the Nigerian society and the problems they are facing draw the attention of all and sundry. These problems seem to range from sudden loss of life, loss of the usual monthly salary, anxiety about a residential home, lack of occupation, dwindling status, decreased strength and deteriorated health condition, physical disabilities and aging. In Nigeria, the delay in payment of persons and gratuities has brought untold hardship and death to many retirees, thereby making retirement something that is dreaded by workers. This problem is further compounded by lack of planning and management of postretirement epoch and conditions. Obviously, many people enter into retirement without any personal plans or pre-retirement counselling. Employers of labour on their own part have not done much to enlighten the labour force on the need for planning for retirement. Hence, many workers enter into retirement as destitute. Retirees in Nigeria today are more like beggars especially those who retire without planning. The efforts at improving the environment and its natural resources for the purpose of improving the quality of human life in such a way that the needs of the future generation are not jeopardized (Adebayo, 2010).

Adebayo (2010) also identified the following as possible challenges confronting retirees in Nigeria:

##### **(a) Planning and management stage**

As a result of their unpreparedness many have faced lots of psychosomatic problems and some exhibit psychophobic reactions. Today, civil servants in both public and private sectors in Nigeria perceive retirement as most intractable problems. According to IBTC pension manager (2008), retirement planning as an exercise the world over is fraught with many challenges. For Nigerian civil servants who are especially challenged by low level of income and savings as well as huge family and social responsibilities, retirement planning can be more complicated. Some of the social issues that affect effective retirement planning in Nigeria include the size of the family, polygamy, and the additional responsibilities of the extended family, and inadequate access to medical facilities.

##### **(b) The exit stage**

The exit stage was quite challenging where payment procedure was often very tedious, sometimes the retirees had to wait for days and years, to collect their entitlements. Similarly, the reimbursement process for the split of pension and gratuity payments between Federal and State services and other agencies was very clumsy, untidy and sometimes fraught with bribery and corruption. There were undocumented cases where the reimbursing agency holds the recipient to ransom.

##### **(c) Corruption at the pension board**

Despite several moderation of retirement benefits for

workers in Nigeria, pension fund has been characterized by outright corruption and embezzlement, mismanagement and diversion of funding over the years. Corruption in the Pension Scheme has become so pervasive. The embezzlement and corruption manifest in different shades and colours. Fapohunda (2013) revealed recently the multi-million pension fund scandals pervading many strata of the Nigerian society like the Pension unit of the Office of the Head of Civil Service of the Federation, PENCOM and the Nigerian Police Pensions. A recent National Assembly public hearing on pension revealed that six civil servants stole N24 billion from the Police Pension Funds. The same persons were alleged accomplices in the illegal diversion of another N24 billion from the Police Pension Funds. Similarly, N151 billion and another N32.8 billion and another 6 million pounds were recovered after the conduct of Biometric Data Capture exercise on pensioners since 2010.

(d) Physical disabilities and aging

According to Semone (2003), recounts that the worst thing about getting retired and or becoming old is not getting sick but receiving the dehumanizing looks of others. These looks (and actions) by the non old imply that the old and the retired are generally unattractive, worthless, worn-out, and out, and out of the way. These expressions of disdain are the consequences of commonly held stereotypes about the elderly including the retired. This class of individuals is believed to be unfortunates – poor, isolated, neglected, sickly, senile and depressed. These notions are based only partly on fact. For the most part, however, these stereotypes are generalizations that do not fit the majority of the elderly and the retired. Coile and Phillip (2009) in Okam (2013), revealed that in many developing countries, including Nigeria, old people and retired persons currently constitute minority groups within socio-cultural systems which are beginning to be characterized by a good deal of “youth worshiping”. These elderly persons usually display highly visible traits that make them different from the majority; these traits include the following: i) Possession of aged bodies; ii) They are relatively powerless; Their behaviour and traits are stereotyped and regularly depreciated and devalued by the dominant group; and most importantly, because of their age, the retired and the elderly are often singled out for differential and unfair treatment.

(e) Anxiety about residential home

Another challenge faced by retirees is the anxiety about residential home. A lot of retirees in Nigeria reach the age of retirement without personal residential home. This problem persisted due to the fact that Nigerian workers are paid low, which make investment to have residential home very low.

(f) Discrimination by the society

Retired persons are usually subjected to discriminatory designs intrinsic in “ageism”. Ageism refers to the

systematic stereotyping or discrimination against people because they are old. This is becoming a real phenomenon in the Nigerian society. As observed by Udo (2012), reflects that people who manage to old age generally recognize the awareness that the present socio-cultural and socio-political circumstances in Nigeria are destroying them. These individuals, according to him, experience discrimination, intolerance and isolation based on the sole fact they are old or retired; thus their oppression stems from an irreversible biological condition.

(g) Sudden death

Another issue that comes to mind regarding challenges to retirement is sudden death in service or as well as death during retirement. Here Retirement Act provides that where a contributor dies during employment, the balance on his RSA will be transferred to his known beneficiary named in the will, which is his or her spouse, children, next of kin or the administrator of his estate as determined by the pension. The same provision also applies to retirees who have started receiving retirement benefits through programmed withdrawal. A provision of the Act makes it uniquely different from the administration of retirement benefits under the old Public Service Scheme Pension. Payments cease and are not made to retirees’ beneficiaries at their deaths.

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## 2. THEORETICAL FRAMEWORK

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The study adopts the social security theory. Social security may also refer to the action programs of government intended to promote the welfare of the population through assistance measures guaranteeing access to sufficient resources for food and shelter and to promote health and well-being for the population at large and potentially vulnerable segments such as children, the elderly, the sick and the unemployed. Services providing social security are often called social services. The social security theory is predicated upon the assumption that social justice or the interpretation one puts such concepts as equality, liberty and fraternity is that social goods should be collectively provided. Thus, the theory holds that human problems which arose in societies are to be tackled collectively through the provision of certain social service, usually through voluntary and statutory organizations. The theory dwells on the fact that it is the duty of the society (state) to protect those unable to care for their own interest and needs as manifested in old age, disability etc. The theory is also associated with Modigliani and Brumberg cited in Idowu (2006). It states that creating a social welfare package is to ensure a life time wealth at one’s disposal. This wealth (financial, real assets and expected value of future income) is not affected by changes in the pattern of income that comes to one over time and hence the pattern of consumption is not also affected. However, the theory makes one exception to the above postulation, holding that there is one ground in which consumption can be



affected. It is that social security program can change the wealth of a retiree. The life cycle basis of the social security theory believes or argues that social security can affect saving rate of a retiree's plan by affecting the average wealth of the person. This is because a sustainable social welfare plan can grow huge financial resources for further investment earnings which can cause significant redistribution of income, leading to increased wealth to retirees. This can encourage increased or sustainable saving propensity.

While the theory implicates the power of huge income creation and redistribution to participants or contributors, leading to increased wealth, its proviso is that the social policy plan be institutionalized and sustainable. Hence the social security has the power to change or affect the life cycle. The social security theory also provides the productivity basis for ensuring that the welfare of retirees are continually taken care of. The productivity side of the social security theory holds that welfare scheme is established as incentives and motivation to encourage workers to increase their productivity or output or performance. The demand side of the theory posits that employers make payments to employees' pension funds because workers are keen or prefer pension savings to cash payments to their emoluments. This is because of the attaching benefits. These include reduction in income tax of the employee, the retirement benefits, such as social security from the employer's contributions, interest earnings and dividend earnings on pension fund investment or assets that are not taxed. Others include the prospect of future enhanced and acceptable pension benefits, from awards or (increases as may be offered by the government from time to time. Yet another benefit is an insurance cover of sorts against risks that life produces after retirement. The demand side of the theory also states that employees, especially the high income earners, prefer pension to cash payments because of a possible annuity (fixed amount of money paid at regular intervals) for as long as the pensioner lives. There is the shifting of risk of poor asset or investment performance to the employer in defined benefit pension scheme (DBPS), which is not exactly so in the contributory pension scheme where there is a pension fund administrator. In the contributory pension scheme, it is the asset earnings that are distributed to contributors or pensioners. Thus, risk shifting is easier to operate in a defined benefit pension scheme (DBPS) where there is a promised or defined benefit than in contributory pension scheme (CPS) where the value of the benefit is a function of the value of the asset or pension fund performance. In all, social security theory provides the basis for understanding the conditions of retirees. In one hand, the theory gives an insight into the imperatives of creating a social welfare packages for retirees. In other words, the theory state

that the purpose of social security policy especially for retirees is to regular and stable income after retirement from active service or in the period in which they cannot physically provide for their needs. It is thus an arrangement an employer or group of employers under statutory provisions uses to provide benefits for their employee when they leave or retire from active service.

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### 3. METHOD OF STUDY

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The study is a survey in the form of a descriptive study in which data will be collected once across a population through sampling. The target population for this study comprises of registered retirees in the Ethiopia West local government Council, Oghara. The estimated numbers of retirees in Ethiopia West local government area were put at 981 according to the Local Government Service Commission (LGSC, 2013). A sample 150 of respondents will be used for the study. This figure represented approximately ten percent (10%) of the registered number of retirees on the records of the Local Government Service Commission (LGSC, 2013). In selecting the sample size, the researcher will adopt the simple random sampling method. This method will be used in order to get a representative opinion of retirees in Ethiopia West local government area. For the purpose of this study, the Chi-square statistical instruments would be used to test the data and hypotheses. The chi-square ( $\chi^2$ ) is a statistical tool that enables the researcher to establish if there is any relationship between two variables in the total population. It does this by testing whether the row clarification of the dependent variables are related to or affected by the different level of column clarifications of the independent variables. The variables in question must have the structural characteristics of nominal and ordinal measures.

The computation of the chi-square is based on the formula:

$$\chi^2 = \sum \frac{(O - e)^2}{e}$$

Where:  $\sum$  = Summation  
 $O$  = Obtained frequency  
 $e$  = Expected frequency

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### 4. PRESENTATION OF DATA

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This chapter analysed the data collected in the field work for the study. Out of the one hundred and fifty (150) questionnaires administered, one hundred and forty six (146) were duly completed and returned. This represented approximately 97.3% of the total questionnaires administered by the researcher. The following tables shows the responses to the questions asked in section A of the questionnaire.

**Table 1**  
**Responses Based on Sex**

Sex	Number	Percentages
Male	79	54.1
Female	67	45.9
Total	146	100

Sources: Field Work 2018.

From the results of the data collected, it reveals that out of the 146 persons sampled, seventy nine (79) constituting approximately 54.1% of the respondents were male, while sixty seven (67) persons constituting 45.9% were female.

**Table 2**  
**Summary of Responses Based on Age**

Age	Number	Percentages
60-64 years	11	7.5%
65-69 years	39	26.7%
70-74 years	64	43.8%
75-above	32	21.9%
Total	146	100

Source: Field work 2018.

From the table above, it was discovered that 11 persons, constituting approximately 7.5% of the sampled

#### 4.1 Summary of Response

Major post retirement challenges confronting employees in Ethiopia West includes:

**Table 4**  
**Major Post Retirement Challenges Confronting Employees in Ethiopia West**

Major post retirement challenges	Numbers	Percentage
Deteriorating health problem	21	14.4%
Delay in payment of retirement benefits	38	26.0%
Physical disabilities	4	2.7%
Aging/stereotype	2	1.4%
Accommodation problem	4	2.7%
Feelings of Neglect	10	6.8%
Psychological trauma	3	2.0%
Lack of attention	14	9.6%
Absence of social policy for retirees	24	16.4%
Anxiety arising from absence of income generating activities	26	17.8%
Total	146	100%

Source: Field Work: 2018.

From the above table, it was revealed that 21 respondents constituting 14.4% of the sampled population assert that deteriorating health problem is a major post retirement challenges confronting employees in Ethiopia West local government area of Delta State. However, another 38 respondents constituting 26.0% of the sampled population affirms that delay in the payment of retirees benefit is the major challenges. On the other hand, 4 respondents constituting 2.7% assert that physical disabilities is the major challenges retirees faces in Ethiopia West, while another 2 respondents constituting 1.4% of the population opine that aging/stereotype is a major challenge retirees faces. Yet,

population falls within the age bracket of 60-64 years; 39 persons constituting 26.7% falls within the age bracket of 65-69 years. And 64 persons constituting approximately 43.8% fall within the age bracket of 70-74 years and 32 persons constituting 21.9% fall within the age bracket of 75 years and above.

**Table 3**  
**Summary of Response Based on Years of Retirement**

Years of retirement	Number	Percentages
1-5 years	9	6.2%
6-10 years	39	26.7%
11-15 years	89	60.9%
16 years and above	9	6.2%
Total	146	100%

Source: Field work 2018.

The table above reveals that 9 respondents constituting 6.2% of the sampled population has retired for a period between 1-5 years; 39 respondents constituting approximately 26.7% of the sampled population has retired for a period between 6-10years; while 89 persons constituting 60.9% of the sampled population has retired for a period between 11-15 years and 9 persons constituting approximately 6.2% of the sample population claimed to have retired for a period of between 16 years and above.

another 4 respondents assert that accommodation problem is the major challenges confronting retirees, while 10 respondents constituting 6.8% says it is a feeling of neglect. Physical trauma was identified by 3 respondents as constituting a challenge to retirees in Ethiopia West, another 14 respondents constituting 9.6% aver that lack of attention is a key challenge faced by retirees in Ethiopia West. Meanwhile, 14 respondents constituting 16.4% assert that lack of social policies for retirees is a major challenge being faced by retirees in Ethiopia West. Finally, 26 respondents constituting 17.8% are of the opinion that anxiety arising from absence of income generating activities is a major challenge

confronting retirees in Ethiopia West local government area of Delta State.

**4.2 Analysis of Data**

The statement of hypotheses takes two forms: null (Ho) and research (Hi). While the null hypotheses indicates no relationship between the variable under study, the research/alternate hypotheses indicates a relationship between the variables of study. Thus, by implication, if the research hypotheses is confirmed, it invariably means

that the null hypotheses is rejected whether stated or not (Ogbeide, 1997, p.256).

**Hypothesis I**

**Ho:** There is no significant relationship between poor planning and the challenges confronting retirees in Ethiopia West local government area of Delta State. To test this hypotheses, responses in Table 7 in the questionnaire are presented below and analysed with chi-square ( $\chi^2$ ) statistical technique and interpreted.

**Table 5**  
**Sampled Opinion**

Respondent	Retirees 1-5 years	Retirees 6-10 years	Retirees 11-16 years	Retirees 16 years/A	Row total
Strongly agreed	19 (a)	13(b)	12(c)	16(d)	60
Agreed	14 (e)	12 (f)	12(g)	11 (h)	49
Undecided	2 (i)	3 (j)	1 (k)	2 (l)	7
Strongly disagreed	2 (m)	2(n)	6(o)	6(p)	16
Disagreed	3 (q)	1 (r)	6 (s)	4 (t)	14
Total	40	31	37	38	146

Source: Field work. 2018.

**Step 1: Calculation of Expected Frequencies (Fe)**

$$(\chi^2) = \sum \frac{(Fo - Fe)^2}{Fe}$$

$$e = \frac{\text{Row total} \times \text{Column total}}{\text{Grand total}}$$

$$\text{Cell a} = \frac{60 \times 40}{146} = 9.12$$

$$\text{Cell b} = \frac{60 \times 31}{146} = 8.6$$

$$\text{Cell c} = \frac{60 \times 37}{146} = 9.4$$

$$\text{Cell d} = \frac{60 \times 38}{146} = 9.9$$

$$\text{Cell e} = \frac{49 \times 40}{146} = 11.8$$

$$\text{Cell f} = \frac{49 \times 31}{146} = 11.2$$

$$\text{Cell g} = \frac{49 \times 37}{146} = 12.2$$

$$\text{Cell h} = \frac{49 \times 38}{146} = 12.8$$

$$\text{Cell I} = \frac{7 \times 40}{146} = 4.9$$

$$\text{Cell j} = \frac{7 \times 31}{146} = 4.6$$

$$\text{Cell k} = \frac{7 \times 37}{146} = 5.1$$

$$\text{Cell l} = \frac{7 \times 38}{146} = 5.3$$

$$\text{Cell m} = \frac{16 \times 40}{146} = 5.4$$

$$\text{Cell n} = \frac{16 \times 31}{146} = 4.7$$

$$\text{Cell O} = \frac{16 \times 37}{146} = 5.1$$

$$\text{Cell P} = \frac{16 \times 38}{146} = 5.3$$

$$\text{Cell q} = \frac{14 \times 40}{146} = 4.7$$

$$\text{Cell r} = \frac{14 \times 31}{146} = 4.4$$

$$\text{Cell s} = \frac{14 \times 37}{146} = 4.8$$

$$\text{Cell t} = \frac{14 \times 38}{146} = 5.1$$

**Table 6**  
**Step 2: Computation of Chi-Square for Hypotheses I**

Cells	Fo	Fe	(Fo - Fe)	(Fo - Fe) <sup>2</sup>	(Fo - Fe) <sup>2</sup> /Fe
A	19	9.12	0.88	8.8	1.8
B	13	8.6	0.4	0.6	0.1
C	12	9.4	-0.4	0.6	0.1
D	16	9.9	-0.9	0.8	6.8
E	14	11.8	2.2	4.8	0.4
F	12	11.2	0.8	0.6	5.5
G	12	12.2	-0.2	0.4	3.3

To be continued

Continued

Cells	<i>F<sub>o</sub></i>	<i>F<sub>e</sub></i>	<i>(F<sub>o</sub> - F<sub>e</sub>)</i>	<i>(F<sub>o</sub> - F<sub>e</sub>)<sup>2</sup></i>	<i>(F<sub>o</sub> - F<sub>e</sub>)<sup>2</sup>/F<sub>e</sub></i>
H	11	12.8	-2.8	7.8	0.6
I	2	4.9	02.9	0.8	0.1
J	3	4.6	2.4	5.8	1.3
K	1	5.1	-1.1	1.2	2.2
L	2	5.3	1.7	2.9	0.5
M	2	5.4	1.6	2.6	1.4
N	2	4.7	-1.7	2.9	1.6
O	6	5.1	0.9	0.8	0.1
P	6	5.3	0.7	0.5	1.9
Q	3	4.7	-1.7	-2.9	0.6
R	1	4.4	-1.4	2.0	0.4
S	6	4.8	1.2	1.4	0.3
T	4	5.1	1.9	3.6	0.7
Total	146	146			29.7

Sources, Field Work: 2018

Degree of Freedom (*Df*) = (*r*-1) (*c*-1) = (No of Rows - 1) × (No of columns - 1) = (5-1)(4-1) = (4) (3) *Df* = 4 × 3 = 12

**Step 3: Research Decision at 0.05% Level of Significance**

Calculated *x*<sup>2</sup> value = 29.7

Critical *x*<sup>2</sup> value = 21.1

*Df* = 12

Alpha = 0.05

**Step 4: Research Result/Interpretation and Discussion**

The calculated *x*<sup>2</sup> of 29.7 is greater than that of the critical *x*<sup>2</sup> value of 21.026 at Alpha or significant level of 0.05%. The research result is therefore that, there

is a significant relationship between post retirement adjustment strategies and the challenges confronting retirees in Ethiopia West local government area of Delta State.

**Hypothesis 2:**

**H<sub>0</sub>:** There is no significant relationship between delay in the payment of pension/gratuities and the challenges facing retirees in Ethiopia West local government area of Delta State. To test this hypotheses, responses in Table 7 in the presentation are presented below and analyzed with chi-square (*x*<sup>2</sup>) statistical technique and interpreted.

**Table 7  
 Sampled Opinion**

Respondent	Retirees 1-5 years	Retirees 6-10 years	Retirees 11-16 years	Retirees 16 years-above	Row total
Strongly agreed	16 (a)	14(b)	14(c)	12 (d)	68
Agreed	14 (e)	11 (f)	9 (g)	10 (h)	59
Undecided	-(i)	-(j)	-(k)	-(l)	-
Strongly disagreed	6 (m)	3(n)	6(o)	3(p)	10
Disagreed	7 (q)	3 (r)	6 (s)	1(t)	8
Total	44	33	39	30	146

Sources: Field work.2018

**Step 1: Calculation of Expected Frequencies (*F<sub>e</sub>*)**

$$(x^2) = \frac{\sum (F_o - F_e)^2}{F_e}$$

$$e = \frac{\text{Row total} \times \text{Column total}}{\text{Grand total}}$$

$$\text{Cell a} = \frac{56 \times 44}{146} = 9.12$$

$$\text{Cell b} = \frac{56 \times 33}{146} = 8.6$$

$$\text{Cell c} = \frac{56 \times 39}{146} = 9.4$$

$$\text{Cell d} = \frac{56 \times 30}{146} = 9.9$$

$$\text{Cell e} = \frac{44 \times 44}{146} = 11.8$$

$$\text{Cell f} = \frac{44 \times 33}{146} = 11.2$$

$$\text{Cell g} = \frac{44 \times 39}{146} = 12.2$$

$$\text{Cell h} = \frac{44 \times 30}{146} = 12.8$$

$$\text{Cell I} = \frac{11 \times 44}{146} = 4.9$$

$$\text{Cell j} = \frac{11 \times 33}{146} = 4.6$$

$$\text{Cell k} = \frac{11 \times 39}{146} = 5.1$$

$$\text{Cell l} = \frac{11 \times 30}{146} = 5.3$$

$$\text{Cell m} = \frac{18 \times 44}{146} = 5.4$$

$$\text{Cell n} = \frac{18 \times 33}{146} = 4.7$$

$$\text{Cell O} = \frac{18 \times 39}{146} = 5.1$$

$$\text{Cell P} = \frac{18 \times 30}{146} = 5.3$$

$$\text{Cell q} = \frac{17 \times 44}{146} = 4.7$$

$$\text{Cell r} = \frac{17 \times 33}{146} = 4.4$$

$$\text{Cell s} = \frac{17 \times 39}{146} = 4.8$$

$$\text{Cell t} = \frac{17 \times 30}{146} = 5.1$$

**Table 8**  
**Step 2: Computation of Chi-Square for Hypotheses II**

Cells	<i>F<sub>o</sub></i>	<i>F<sub>e</sub></i>	<i>(F<sub>o</sub> - F<sub>e</sub>)</i>	<i>(F<sub>o</sub> - F<sub>e</sub>)<sup>2</sup></i>	<i>(F<sub>o</sub> - F<sub>e</sub>)<sup>2</sup>/F<sub>e</sub></i>
A	16	9.12	0.88	0.8	0.7
B	14	8.6	0.4	3.2	1.1
C	14	9.4	-0.4	0.1	0.1
D	12	9.9	-2.9	1.8	1.8
E	14	11.8	2.2	4.8	2.4
F	11	11.2	0.8	0.6	3.5
G	9	12.2	-0.2	0.4	1.3
H	10	12.8	-2.8	7.8	1.6
I	1	4.9	02.9	0.8	2.7
J	2	4.6	2.4	5.8	1.3
K	4	5.1	-1.1	1.2	1.2
L	4	5.3	1.7	2.9	3.5
M	6	5.4	1.6	2.7	1.4
N	3	4.7	-1.7	7.9	1.6
O	6	5.1	0.9	5.8	2.1
P	3	5.3	0.7	9.5	1.9
Q	7	4.7	-1.7	-2.9	1.6
R	3	4.4	-1.4	1.9	0.4
S	6	4.8	1.2	1.5	0.3
T	1	5.1	1.9	3.6	1.1
Total	146	146			30.8

Sources, Field Work: 2018.

Degree of Freedom (*Df*) = (*r*-1) (*c*-1) = (No of Rows - 1) × (No of columns - 1) = (5-1)(4-1) = (4) (3) *Df* = 4 × 3 = 12

**Step 3: Research Decision at 0.05% Level of Significance**

Calculated  $\chi^2$  value 30.8

Critical  $\chi^2$  value = 21.026

*Df* = 12

Alpha = 0.05

**Step 4: Research Result/Interpretation and Discussion**

The calculated  $\chi^2$  of 30.8 is greater than that of the

critical  $\chi^2$  value of 21.026 at alpha or significant level of 0.05%. The research result is therefore that, there is a significant relationship between delay in the payment of pension/gratuities and the challenges facing retirees in Ethiopie West local government area of Delta State.

**Hypothesis III**

**Ho:** There is no significant relationship between the absence of social policy and the challenges facing retirees in Ethiopie West local government area of Delta State. To test this hypotheses, responses to question 6 in the questionnaire are presented below and analysed with chi-square ( $\chi^2$ ) statistical technique and interpreted.

**Table 9**  
**Sampled Opinion**

Respondent	Retirees 1-5 years	Retirees 6-10 years	Retirees 11-16 years	Retirees 16 years-above	Row total
Strongly agree	15 (a)	13(b)	19(c)	11 (d)	58
Agreed	14 (e)	12 (f)	12 (g)	8 (h)	46
Undecided	2 (i)	1 (j)	2 (k)	2 (l)	7
Strongly disagree	3 (m)	4(n)	6(o)	6(p)	19
Disagree	3 (q)	3 (r)	6 (s)	4 (t)	16
Total	37	33	45	31	146

Sources: Field work. 2018.

**Step 1: Calculation of Expected Frequencies (Fe)**

$$(x^2) = \sum \frac{(Fo - Fe)^2}{Fe}$$

$$e = \frac{\text{Row total} \times \text{column total}}{\text{Grand Total}}$$

$$\text{Cell a} = \frac{58 \times 37}{146} = 14.7$$

$$\text{Cell b} = \frac{58 \times 33}{146} = 13.1$$

$$\text{Cell c} = \frac{58 \times 45}{146} = 17.9$$

$$\text{Cell d} = \frac{58 \times 31}{146} = 12.3$$

$$\text{Cell e} = \frac{46 \times 37}{146} = 11.7$$

$$\text{Cell f} = \frac{46 \times 33}{146} = 10.4$$

$$\text{Cell g} = \frac{46 \times 45}{146} = 14.2$$

$$\text{Cell h} = \frac{46 \times 31}{146} = 9.8$$

$$\text{Cell I} = \frac{7 \times 37}{146} = 1.8$$

$$\text{Cell j} = \frac{7 \times 33}{146} = 1.6$$

$$\text{Cell k} = \frac{7 \times 45}{146} = 2.2$$

$$\text{Cell l} = \frac{7 \times 31}{146} = 1.5$$

$$\text{Cell m} = \frac{19 \times 37}{146} = 4.8$$

$$\text{Cell n} = \frac{19 \times 33}{146} = 4.3$$

$$\text{Cell O} = \frac{19 \times 45}{146} = 5.6$$

$$\text{Cell P} = \frac{19 \times 31}{146} = 4.0$$

$$\text{Cell q} = \frac{16 \times 37}{146} = 4.1$$

$$\text{Cell r} = \frac{16 \times 33}{146} = 3.6$$

$$\text{Cell s} = \frac{16 \times 45}{146} = 4.9$$

$$\text{Cell t} = \frac{16 \times 31}{146} = 3.4$$

**Step 2: Computation of Chi-Square for Hypotheses III**

**Table 10**  
**Computed Chi-Square Analysis**

Cells	Fo	Fe	(Fo - Fe)	(Fo - Fe) <sup>2</sup>	(Fo - Fe) <sup>2</sup> /Fe
A	15	14.7	0.3	0.09	000.6
B	13	13.1	-0.1	0.01	000.7
C	19	17.9	1.1	1.2	0.1
D	11	12.3	-1.3	1.7	0.1
E	14	11.7	2.3	5.3	0.5
F	12	10.4	1.6	2.6	0.3
G	12	14.2	-2.2	4.8	0.3
H	8	9.8	-1.8	3.2	0.3
I	2	1.8	0.2	0.04	0.02
J	1	1.6	-0.6	0.4	0.3
K	2	2.2	-0.2	0.04	0.02
L	2	1.5	0.5	0.3	0.2
M	3	4.8	-1.8	3.2	0.6
N	4	4.3	-0.3	0.1	0.02
O	6	5.6	0.4	0.2	0.04
P	6	4.0	2	4	1
Q	3	4.1	-1.1	1.2	0.3
R	3	3.6	-0.6	0.4	0.1
S	6	4.9	1.1	1.2	0.2
T	4	3.4	0.6	0.4	0.1
Total	146	146			25.8

Source, Field Work: 2018.

Degree of Freedom (Df) = (r-1) (c-1) = (No of Rows - 1) × (No of columns - 1) = (5-1)(4-1) = (4) (3) Df = 4 × 3 = 12

**Step 3: Research decision at 0.05% Level of Significance**

Calculated x<sup>2</sup> value 25.8  
 Critical x<sup>2</sup> value = 21.026

Df = 12  
 Alpha = 0.05 (2-tailed)

**Step 4: Research Result/Interpretation and Discussion**

The calculated x<sup>2</sup> of 25.8 is higher than that of the critical x<sup>2</sup> value of 21.026 at alpha or significant level of

0.05%. In other words, there is a significant relationship between the absence of social policy and the challenges facing retirees in Ethiopia West local government area of Delta State.

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## 5. DISCUSSION OF FINDINGS

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The study has examined post retirement adjustment challenges among local government employees, focusing on Ethiopia West local government area of Delta State. The study revealed among other things that delay in the payment of retirement benefits represents the highest percentage of post-retirement challenges often faced by local government retirees in Ethiopia West local government area of Delta State. another major post retirement challenges were the absence of a social policies for retirees. It was further discovered that aging/stereotype, feeling of neglect, Physical trauma and anxiety arising from absence of income generating activities is a major challenge confronting retirees in Ethiopia West local government area of Delta State. The above findings is in line with studies carried out by different scholars. For instance, Aboderin (2006), noted that in Nigeria today, social security policies for old age are yet to be formulated, this has resulted in the rising deprivation and poverty to which growing numbers of older people are exposed. Oishi (2009) added his opinion when he noted that post retirement challenges and stress have a strong relationship with the absence of a functional social policy. In retirement, retirees are faced with a lot of challenges that often impact on their physical and psychological state. The existence of a social policy will help cushion the vagaries often experience in retirement. The link between retirement challenges and poor social policy was explored in a number of studies which equated retirement stress with a marked deterioration in social policy or a near absence of an effective social policy programme (Novak, 2012; Moen, 2001). Other studies also established that poor social policy packages have a negative impact on retirees. Studies have stated that poor social policy has an initial negative impact on lives of pensioners by increasing anxiety but increases in country where there is absence of any form of social policy (Ogunbameru, 2000; Amaike, 2009; Moody, 2010; Novak, 2012).

The purpose of the study has been to examine the post-retirement adjustment challenges among local government employees, using the Ethiopia West local government area as a focal point. In doing this, the study raised three major hypotheses. The first hypotheses seeks to determine if there is any significant relationship between poor planning and post retirement adjustment challenges confronting retirees in Ethiopia West local government area of Delta State. The second hypotheses was aimed at exploring if there is a significant relationship between delay in the payment of pension/gratuities and the challenges facing

retirees in Ethiopia West local government area of Delta State. The third hypotheses wanted to determine whether there is a significant relationship between the absence of social policy and the challenges facing retirees in Ethiopia West local government area of Delta State.

The results of the analysis revealed that in the case of the first hypotheses, that there is a significant relationship between poor planning and post-retirement adjustment challenges confronting employees at Ethiopia West local government area of Delta State. This is because, the calculated  $\chi^2$  of 29.7 was greater than that of the critical  $\chi^2$  value of 21.026 at Alpha or significant level of 0.05%. The research result is therefore that, there is a significant relationship between post retirement adjustment strategies and the challenges confronting retirees in Ethiopia West local government area of Delta State. On the second hypotheses, the calculated  $\chi^2$  of 30.8 was also greater than that of the critical  $\chi^2$  value of 21.026 at Alpha or significant level of 0.05%. The research result is therefore that, there is a significant relationship between delay in the payment of pension/gratuities and the challenges facing retirees in Ethiopia West local government area of Delta State. The third hypotheses also shows that the calculated chi-square value ( $\chi^2$ ) of 25.8 was higher than that of the critical  $\chi^2$  value of 21.026 at Alpha or significant level of 0.05%, in order words, there is a significant relationship between the absence of social policy and the challenges facing retirees in Ethiopia West local government area of Delta State. The implication of the above is that poor planning towards retirement, absence of social policies for retirees and delay in the payment of retirees benefits constitutes a critical post-retirement adjustment challenges confronting employees in Ethiopia West Local government area of Delta State.

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## CONCLUSION

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It is obvious that the Pension Reform Act 2004 (as amended) is a key component of the general economic reform implemented by the federal government. The present state of the pension market has reflected the extent of government political will and commitment to ensure the successful implementation of the scheme. This is perhaps the major determinant of how successful the takeoff of the pension scheme has been. However, from the findings of the study, the following conclusions were arrived at after the hypothesis was tested and analyzed. That most employees do not invest towards retirement as a result of the inadequate pay package given to them by their employers. That the challenges faced by retirees are due to poor preparation towards their retirement period. If every worker receives his retirement benefits as and when due, it will enable retirees to make investments that will supplement their income at retirement. That effective management of retirement life is a very crucial

aspect of personnel administration that requires careful attention. Moreso, judging from most of the responses from employees, retirement means joy and relaxation from full time work. This means that retirement if properly managed will enhance the living standard of the retirees. It was further infer that the retirement benefit given to employees at retirement is inadequate in the face of the present market situation. In addition, that there are implications for non-preparation towards retirement by employees and the severance remuneration paid to them. It is against this backdrop, that the following recommendations are outline.

## RECOMMENDATION

Based on the findings of the study, the following recommendations are hereby outline:

- a) The Local Government Service Commission should establish a mechanism that would be in cooperating with pre-retirement counseling services as well as general retirement issues to equip its employees with the basic knowledge when concerning retirement.
- b) Retirement planning should begin early in the employees life so that they could save enough before retirement. In this regards, employees should open retirement savings accounts with pension fund administrators of their choice to enable them save towards their retirement.
- c) Government should also initiate a social policies for the aged in the society to help cushion the inadequacies often suffered by retirees in the retirement benefit management in Nigeria.
- d) Nigeria's financial system should be restructured and strengthened to make it more stable, sustainable, simple, transparent and safe.
- e) The new pension scheme should ensure that every worker receives his or her retirement benefits as and when due.
- f) More so, the new pension system should also ensure transparent and efficient management of pension funds.
- g) Employees should be encouraged to develop a savings culture.
- h) Government should strengthen the regulatory and supervisory framework and empower it to successfully and effectively check carrying pension fund administrators in the country. Employees and retirees should be encouraged to invest in assets and financial instruments so that at retirement they can earn additional income from these assets and financial instruments to supplement their pension income at retirement.
- i) Retirees and employees should be encourage d to embark on continuous education and skills acquisition training as a way of preparing for life after retirement.

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