

Retirement Benefits in Civil Service: Concept, General Rules and other Related Issues

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Abstract

This paper aimed to explore the general rules regarding retirement benefits and other related issues in the educational management context with a view to identifying challenges facing educational managers regarding their retirement benefits. Having relied on different literature reviews regarding retirement benefits and other related issues, it was found that lack of understanding, health restrictions, insufficient financial resources and administrative lapses, among others, were the challenges inherent in retirement. The paper also identified certain solutions to these problems, including adequate provision of special healthcare delivery services for educational managers who might have some health complications, provision of adequate financial resources for the settlement of retired educational managers and regular training and retraining of pension scheme personnel in order to avoid unnecessary stigmatization of educational managers after long service, especially in the public service. This paper further discussed the general application, rules for processing retirement benefits, with notification and documentation which fell under three major categories, namely mandatory, compulsory and health ground.

Keywords: retirement, benefits, civil, service, general, rules

Introduction

It is obvious that the life of a civil or public servant in Nigeria becomes either better or miserable after withdrawal from the civil service. This is because the life style adopted by the affected civil servant during his life time service matters a lot. For instance, if he happened to run a simple life, his life may probably become better after his disengagement from the service, otherwise the reverse will be the case. This paper explores the general rules regarding retirement benefits and other related issues in the educational management context with a view to identifying challenges facing educational managers in respect of their retirement entitlements, so as to find solutions that can mitigate an awkward situation after quitting the civil service.

Concept of retirement

As opined by Eremie (2015), retirement can be referred to as the total or partial withdrawal from a service earlier engaged in. It is a process which relieves an employee from his official work duties (Athley, 1980). Retirement can also be the complete disengagement from a job voluntarily, compulsorily or mandatorily (Nwajagu, 2007). This also corresponds with the view of Atchley (1982) who stated that employees who retire voluntarily might have no awkward situation; those who are compelled to leave their services by way of mandatory retirement could be dissatisfied but might possibly cope up with the situation later and those who are retired on the basis of health status might possibly have themselves in the worst situation. With these, it is clearly understood that retirement comes in three forms – voluntary, compulsory and mandatory as opined by both Athley (1980) and Atchley (1982).

Therefore, retirement is said to be when an educational manager or any other certified facilitator of learning process withdraws himself from the service he is engaged in as a result of one factor or the other. The factors can be expiration of his years of service, personal motive before reaching the prescribed years of service, and illness that can make him incapable of discharging his assigned duties.

Types of retirements

Generally, when a civil or public servant retires from the service he is engaged in, his/her contributions which he/she makes into the pension scheme stops, but he can access his contributed money on the following bases:

1. **Mandatory retirement:** On the basis of mandatory retirement, a retiree is entitled to his benefits if he completes his period of service or his age attains 50 (Salim, 2004). For instance, educational managers or teachers who fulfill all the conditions for retirement and do so without any attempt to overstay in the school they manage or teach, would be entitled to all their retirement benefits. On the other hand, if they fail to tender their letter of retirement within the stipulated time, some challenges can disrupt the collection of their retirement benefits.

2. **Compulsory retirement:** This is when an educational manager withdraws from the job he is engaged in before the retirement age of 65. The retirement age was initially 50, then 60 years, until 2021 when President Mohammad Buhari extended it to 65 years. The President in his bill submitted to the Senate, revealed that the retirement age and service years of teaching staff in the country was ‘pursuant’ to the amended Nigerian Constitution (1999), Section 58 (2). The Federal Government of Nigeria began to implement the new Teachers’ Retirement Age/Year of Service five months after the approval of Federal Executive Council – FEC (Iroanusi, 2021).

3. **Retirement on the basis of health status:** This is when a civil servants’ job is hindered by serious illness. In this case, his retirement may be on the basis of medical advice. This means that, issues related to disability, either temporal or eternal, permanent ill health or temporal, diagnosed and approved by authorized medical practitioners can make any civil servant eligible to seek for retirement benefit as cited by Maikasuwa (2014) from the Pension Reform Act, 2014.

Concept of retirement benefit

Retirement benefits are periodic payments made to a public school manager or a teacher who withdraws himself from the public service he is engaged in. Retirement benefits are also entitlements that are paid to a member of a pension scheme on withdrawal from public service. The retirement benefits however are pensions, gratuities giving to an eligible member of the pension scheme or his/her next of kin after his demise or his withdrawal from any form of the public service. As opined by different scholars and reviewed by Vineeth (2022), the retirement benefits refer to pension, gratuities and other financial benefits legitimately received by government workers after leaving public services in order to have sustained ways of earning a living without financial challenges. It is obvious that retirees in Nigeria sometimes encounter difficulties whenever their retirement benefits are denied or not paid in due course as a result of corrupt practices or negligence from the side of the body responsible for handling such issues. In most cases, pensions remain the only income being saved while in service and later is received in installments by the average Nigerian civil servants, particularly the teaching staff who have exhausted their years of service or whose ages attain 65 years or whose current health condition would not allow them to exhaust their years of service and age of retirement.

The general rules regarding retirement benefits in civil service

The general rules regarding retirement benefits in the civil service are said to be regulations that are regarded as the applicable minimum that have been set aside with the aim of creating a uniform set of regulations, general application, stages, rules and standards in association with employment of the relevant sections of the Pension Reform Act, 2004 by managers of pension fund in the administration of retirement and terminal entitlements under the contributory pension scheme.

The following sets of rules were enacted by the National Pension Commission regarding retirement entitlements. These include:

Rules with regard to processing of mandatory retirement benefits

1. All Retirement Savings Account (RSA) holders' arrangements before the retirement of such as described in Sections 2.1, 4.1 and 5.1 of this Regulation will be implemented, and will end its retirement date six (6) months before.

2. The Pension Fund Administrator (PFA) shall, together with the notice require holders of Retirement Saving Account (RSA) to provide their employer's formal retirement notice, not later than three (3) months of the expected date of retirement. A certificate and the last salary receipt or any other evidence of total remuneration and any accrued pension rights/evidence of debt confirmation (for private sector employees). The PFA should check the original retirement notice and payment receipt or annual total salary.

3. During the 6-month preparation period, the Pension Fund Administrators (PFA) is required to provide retired employees with advice on various models to retire from their Retirement Savings Account (RSA) after retirement. The PFA will notify the committee by completing the Standard Withdrawal Notice.

Rules in respect of processing of compulsory retirement

According to the amended Pensions Reform Act, 2014 as cited by Maikasuwa (2014), the following are some of the rules governing the processing of compulsory retirements:

- i. Any public employee who retires in under the terms and conditions employed before reaching the age of 50 years old (currently 65) will have full access to their Retirement Savings Account (RSA) in accordance with the procedures set out in Section 4.0 and 5.1.
- ii. Such retirees can withdraw up to 25% of the balance at one time upon request if the retirees get another job before 65 years.

Rules regarding processing of retirement on health grounds

The Pension Reform Act, however further elaborates on the rules in relation to processing of retirement based on health related matters, thus:

- i. Any employee who retires due to mental or physical disability or total disability or permanent mental or physical disability will be deemed retired for medical reasons. However, Pension Fund Administrator (PFA) shall request employees who have retired due to medical reasons or their representatives or employers to provide original issued medical certificates.
- ii. Any employee who retires due to medical reasons can obtain health certification after years from the previous medical certification.
- iii. According to Article 2.2.6, if he obtains a health certificate from the officially established Medical Committee or an officially qualified doctor and obtains work, retirees can re-enter the plan. This re-entry will automatically terminate the withdrawal option and authorize the employee to resume Retirement Savings Account (RSA) contributions.

Rules for processing death benefits

The employer, close relative or representative of the deceased must notify Pension Funds Administrator (PFA) of the death of the employee/retiree. Close relatives must provide satisfactory identification methods, such as a valid international travel passport, national identification card or an identity confirmation letter from their bank. If he cannot provide any of the identification methods, the third party must be identified, in addition to providing any satisfactory identification method.

Rules for processing benefits of missing individual

If the Investigation Committee's decision cannot reasonably assume that the employee is missing, the Committee will make recommendations on the further course of action based on the circumstances, unless if the investigation committee, employers and/or close relatives will notify Pension Fund Administrator (PFA) of the disappearance of employees/retirees. The notification will be issued at least 12 months after the disappearance of the disappeared person. The PFA will use the information in its database to confirm the identity of the close relative. Close relatives must provide satisfactory identification such as a valid international travel passport, national identification card or identity confirmation letter from their bank.

Rules for payment of benefits

For a retiree to access his retirement benefits, the following rules have been enacted by the National Pension Commission, so as to ease the payment of all his entitled benefits. They are:

viii. Programmed disengagement

Pension Fund Administrator (PFA) will put it in notice by submitting information related to retirees and that requires the approval of retirement arrangements of the Plan. Within five (5) working days after receiving the notification, the PFA will give the approval or rejection or will transfer the Retirement Savings Account (RSA) of the retiree to the retiree database. Once approved by the Committee, PFA and retirees will jointly sign the Plan Retirement Agreement to determine the terms and conditions. In addition to these, an employee who resigns after turning 65 years of age can obtain balance in the Retirement Savings Account (RSA) according to the prescribed procedures when he reaches the contractual retirement age of the last employer.

Some identified challenges inherent in retirement

Retirees face a number of challenges both before and during retirement in their lives. Various scholars have identified some of the salient challenges retirees face in their daily lives including incidents which some people believe will be life-threatening. Oniye (2001) pointed out that retirement is a complicated life event that requires careful planning. He also identified some areas of challenges.

They are as follows:

1. Lack of understanding
2. Financial issues
3. Social stigma and
4. Health restrictions.

Similarly, some scholars, including Okechukwu and Ugwu (2011) share similar views with Oniye that retirees often encounter challenges in the following life events:

1. Insufficient financial resources
2. Access to accommodation
3. New challenges of low social status
4. Health difficulties and
5. Problems of deteriorating health

However, Okechukwu and Ugwu (2011) added that, in Nigeria, in some cases, late payments of pension and bonuses often lead to hardship and death, making retirement a terrible risk. In addition, Elezua (1998) spoke about the tribulations of retirees. He walks through the retirees' door with life challenges and expectations, which generate an excessive stress. In compelling narrative, Aniето (2013) vividly pointed out that 4,444 pensioners were behind in getting their pensions for several months, with little or no hope of immediate payment.

Some solutions to the identified challenges

Lasting solutions to such kind of challenges may be somehow awkward, but they can be mitigated through the following suggestions:

1. Mutual relationships between retirees and their employers should be established to ensure good understanding.

2. Adequate financial resources should be set aside for the settlement of retirees in due course. Employers should be discouraged, through formulation of laws that will sanction them, from accessing funds meant for retirees.

3. It is obvious that a hungry man is always an angry man; therefore to evade such temptations, employers should be enlightened on the effect of stigmatization of employees, and be cautioned on the implications of denying or delaying the payment of the retirement benefits.

4. Being in service for years is not an easy task. Some employees end up having health complications. Therefore, to please such kind of retirees and their families as well, the concerned authority should make a special provision for healthcare delivery services for the benefit of those that may have health problems after their retirement.

Outsourcing and related issues

Outsourcing, as opined by Ofoegbu (2015), is the process through which goods and services are procured from outside organisation instead of producing them within the organization. However, in outsourcing, globally, different nations have made not only the public sector more effective, rather the private sector becomes an active participant in making goods and services available. Adegogoye (2006) views that the motive behind the public sector outsourcing in Nigeria is to minimize cost and evade leakages in public sector governance by providing certain key areas of services currently performed by public establishments to private service providers that could be hired competitively and later be held accountable for discharging the assigned functions in accordance with the signed terms and conditions.

The term ‘outsourcing’ appeared in 1981 as claimed by an economist, Bucki (2020). There are no Nigerian rules or laws governing outsourcing, with the exception of Oil and Gas Sector (Idabor, 2011). Also, there are no additional legal criteria for outsourcing transaction that may be executed by the general public or any level of governments, as cited by Arab (2007) from the Procurement Act, 2007. The legal structure of outsourcing in Nigeria is the one which directly binds two parties, i.e. customers and suppliers, consumer and producers, or employees and employers. There is also no specific term for an outsourcing contract. Both of the parties have freedom to draft their terms of contract.

In this respect therefore, outsourcing can be termed as an agreement in which one party or one organisation, be it private or public, solicits for the service of another with the intention to lessen unnecessary expenditures. Meanwhile, in the course of soliciting for the services of others, the quality of producing goods and services will not be compromised.

In addition to outsourcing related issues, Pension is considered under outsourcing because Nigeria runs a Compulsory Contributory Pension Scheme which is managed by the National Pension Commission, which is a body in charge of managing the affairs of pensioners and pension in Nigeria, involving different PFAs and Pension Custodians, such as Access Pension Fund Custodian Limited; First Pension Custodian Nigeria Limited; UBA Pension Custodian Limited; Zenith Pension Custodian Limited. They are to be selected by employees who give certain percentage as required by the Pension Reform Act, 2004.

Conclusion

It is clearly understood that the act of total withdrawal from public or civil service functions on health ground, voluntarily or compulsorily is the retirement contextual meaning. The three keywords - health ground, voluntary, compulsory are considered as the types of retirements. The general rules regarding to the retirement benefits encompasses the general application, rules for processing of retirement benefits, with notification and documentation which should be under medical grounds, mandatory or compulsory retirement. The procedures for processing death benefits and missing persons have been stated in the paper. The inherent challenges regarding the retirement benefits and their prospectus have also been stated. Then, it is followed by the outsourcing issues which have been treated as the last part of the paper.

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