

Retirement Challenges and Sustainable Development in Nigeria

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Abstract

The aim of this paper is to give an overview of the challenges faced by retirees in Nigeria. The methodology employed by the research work is secondary data and observation. Some of the recommendations of the research work include planning for retirement, estimating your sources of income, developing friendship, establishing business in own area of specialization and so on.

Keywords: Retirement, Sustainable Development.

Introduction

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 running 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 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. 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). To this end, sustainable development is the ability to preserve the existing resources of the state for the collective use of the citizens while conscious efforts are made to conserve the resources for the use of future generations.

Clarification of Concept

Retirement

Buckley (1974) define retirement is an inevitable stage of ageing where the individual gradually disengages from the main stream of active work, social work and is eventually replaced with younger ones. In his words Cole (1997) refer retirement as the time an employee reaches the end of his working life. Oniye (2004), asserted that retirement comes, and it tends to emphasise separation from job with concern for the future. Retirement is indeed a period of withdrawal from active job of one’s means of livelihood. Retirement is a fluid concept because it connotes different things and is fraught with different experiences for different people. According to Aina (1992), lay-offs, retirement and dismissal are indefinite separation from the payroll due to factors such as loss of sales, shortage of materials seasonal fluctuation, production delays or due to major administrative shake-up as have been witnessed in public service in the decade of 1980. Egbuta (1991), regarded retirement as the withdrawing of individual from gainful employment in the later part of his or her life in order to enjoy a period of leisure till death. Lastly, Omoresemi (1987) in Olatunde and Onyinye (2008) stated that retirement is a real transition, transition in the sense that it is the passage from one place, stage of development to another. He was

also of the opinion that the transition could mean passage from the former business career of active services to another, a second stage of life development.

Generally, we can view retirement as an act of retiring or the state of being retired. That is to withdraw oneself from business public life or and to remove from active service. Thus, the process of retirement involves the transition of people's experience, when they move from a job role performed for pay to the role of retired person.

Sustainable Development

According to Mohammed (2013) refer the term as the type of economic growth pattern where the use of resources meets the needs of the human population while conserving the environment at the same time. Sustainable development means resources are used in such a way that both current and future human needs can be met. Guga (2014) observed that sustainable development, it's a situation where basic operating structures and processes that would ensure the continuous development of a nation have been established and are working efficiently

Forms of Retirement

Retirement can be of different forms. In Nigeria three major forms of retirement are identified in the literature they are voluntary retirement, compulsory retirement and mandatory retirement (Omoresemi, 1987; Denga, 1996; Nwajagu, 2007; Okechukwu and Ugwu, 2011). Voluntary or self retirement occurs when the individual decides to quit active service for personal reason(s) irrespective of age, experience, length of service or retirement policies. This type of retirement depends more on the employee than the employer. Compulsory or forced retirement is a situation in which the individual is forced or compelled to retire against the individual's expectation and when he is ill-prepared for it. It is usually viewed negatively in that it is unplanned. According to Okechukwu and Ugwu (2011) identified reasons for compulsory retirement to include inefficiency, old age, ill-health, indiscipline. This retirement is in the interest of the organisation. Mandatory or statutory retirement is the normal (or expected form) in the sense that the person involved has reached the statutory age of retirement as specified in the condition of service of the establishment. For instance, in Nigeria the age is specified for other civil servants while judges and lecturers retire at 65 years or when an individual has put in 35 years of service.

Challenges of Retirees in Nigeria

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.

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.

Corruption at the Pension Board

Despite several moderations of retirement benefits for workers in Nigeria, pension fund has been characterised by outright corruption and embezzlement, mismanagement and diversion of fund over the years. Corruption in the Pension Scheme has become so pervasive. The embezzlement and corruption manifests 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.

Physical disabilities and Aging

According to Semone (1973), 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 are 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:

- a. Possession of aged bodies
- b. They are relatively powerless;
- c. 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.fr

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.

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.

Domestic Violence

Domestic violence is another challenge to retirees. Here domestic violence refers to control by one partner over another in a dating, marital or live-in relationship. The means of control include physical, sexual, emotional and economic abuse, threats and isolation. Retirees face many obstacles in trying to end the abuse in their lives although most are able to psychological and economic entrapment, physical isolation and lack of social support, religious and cultural values, fear of social judgment, threats and intimidation over custody or separation etc Retirees are subjected to internal domestic violence with their family’s members.

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.

Recommendations

Retirement planning involves all activities from your first employment up to last and after your retirement geared towards ensuring the needs of your life. In drawing plan, it is critical to identify the followings:

- a. Duration for retirement. Depending on your outlook, and personal circumstances, people may choose to retire early, say before 60 years. While others will retire later, just at 60 years, or for however long their terms of employment permit. Many factors such as state of health, desire to pursue other activities and very important the level of financial resources, responsibilities, and timing of your retirement. For others, the timing of retirement is not entirely up to them. Sometimes accident, health, and employment distress may lead to a pre-marline retirement.
- b. Period of retirement. During retirement, some choose to continue in a very active work, supporting communities, participating in politics or even running of full-time businesses. Others in other hand, may choose to limit their activities, and may prefer to spend their retirement travelling, visiting children and grandchildren. While some desire to go back to the village waiting for their monthly little token. It is important to plan ahead for how you will like to spend your retirement, and prepare yourself mentally and financially or whichever row you choose to follow.
- c. Financial needs during retirement. Planning adequately and determining how much your financial need in retirement is very important. In planning towards this, one must gauge his family responsibilities, state of health, and expected life expectancy. For example, if you still have children, your financial needs will out strip those who do not. If you already live in your own house and will not rent during your retirement, then your financial needs will differ from someone who does not own a house.
- d. Expected income during retirement: For someone that planned, this could consist income from investments such as dividends, capital appreciation, vital income as well as pension and retirement benefits.
- e. Estimating your sources of income: This is important to enable you plan how to meet your living requirement in various instruments as required by the Pension Act. The funds are to be invested in economy to make reasonable returns for the employees, even though the situation with the Nigeria economy makes capital investment vulnerable to fluctuation in fortress Weber (1991).
- f. Increase your financial stability. This could include working part-time in your former place of work; it could imply finding a retirement job that is new and interesting and will also help you earn money.
- g. Developing new friendship, as observed by Carter (2012) in Okam (2013) suggest that a measurement of whether people are successful at retirement living is the strength of their social network that including family and friends. Retirees are advised to check out for groups that could help them meet new people; they could join community or religious organizations that have members who share their interests.
- h. A retiree is admonished to keep his or her spirits up always; a retiree's attitude plays a great role as to whether he/she would find joy in retirement living or not. The retiree is advised to check in with himself/herself to assess his/her mood; if he/she felt sad or hopeless, it was important to consult a doctor or a professional counsellor.
- i. Establish business in own area of Specialisation. Retirees should identify and start a post-retirement business suitable to the retiree's life style. Identifying and starting a business in one's area of specialisation or where the retiree's skill is greater could be a veritable avenue to engage after retirement. Suggestion of such occupations include: Running a consultancy services or business undertaking in your area of Specialisation; writing; editorial consulting; pursuit of hobbies into income, Gardening, farming, Keeping of poultry, goatry etc.; Couching as in sport, dancing, drama contract job (where possible) etc

Conclusion

Retirement from active civil service is a sine qua non in the life of every public officer. It is a stage that every worker must surely reach whether he prepares for it or not. Some of the basic challenges faced by the retirees in Nigeria include problems associated with planning and management, the exit stage, corruption at the pension board, discrimination by the society, domestic violence within the family, sudden death etc. Some the solutions to these problems include adequate planning during retirement, period of retirement itself, financial needs during retirement, expected income during retirement, estimating your sources of income, developing new groups of friendship etc.

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