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The Politics of Pension Reform in Ogun State: Between Fiscal Sustainability and Retiree Welfare

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Abstract
Pension reform in Nigeria has increasingly been shaped by the tension between fiscal sustainability and retiree welfare, particularly in subnational contexts where implementation capacity varies significantly. This study examines the politics of pension reform in Ogun State, focusing on the transition from the Defined Benefit Scheme (DBS) to the Contributory Pension Scheme (CPS) and the introduction of the Additional Pension Benefit (APB). Drawing on documentary analysis of legal frameworks, regulatory reports, and stakeholder communications, the study triangulates competing narratives between government and retirees. To complement the qualitative analysis, quantitative simulations are employed to compare benefit outcomes under DBS and CPS+APB using policy-consistent assumptions. Findings reveal that while the CPS provides a structurally sustainable framework for pension financing, its effectiveness is undermined by historical lapses in remittance compliance, delays in funding accrued rights, and weak institutional enforcement. The APB, although significant as a transitional welfare measure, does not compensate for underfunded Retirement Savings Accounts (RSAs), particularly where investment returns have been foregone. The study argues that the Ogun pension dispute reflects deeper issues of institutional trust and governance credibility rather than purely technical disagreements over benefit adequacy. Sustainable reform, therefore, depends on transparent reconciliation of obligations, enforcement of compliance, and inclusive stakeholder engagement.
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Keywords: Pension reform; Contributory Pension Scheme (CPS); Retiree welfare; Fiscal sustainability; Additional Pension Benefit (APB); Nigeria

1. Introduction

Nigeria's pre-2004 pension environment was dominated by public-sector defined benefit arrangements, financed from government budgets and vulnerable to arrears, verification bottlenecks, and political discretion. The Pension Reform Act (PRA) 2004 introduced the Contributory Pension Scheme (CPS) as a structural response: retirement funding moved toward an individualised system of Retirement Savings Accounts (RSAs) and licensed private pension operators, supervised by a national regulator (National Pension Commission, 2004). The PRA 2014 repealed the PRA 2004 and updated parameters and enforcement mechanisms, reinforcing the CPS architecture (National Pension Commission, 2014).

A key legal-institutional element from the PRA 2014 that is relevant to the current ongoing dispute in Ogun State is enforcement. Under the CPS framework, employers must remit deductions promptly (the statutory framework anchors remittance within a limited period after salary payment), and a penalty regime applies where remittances are delayed; PenCom also maintains frameworks for recovery of outstanding 2014). This matters politically because, even when pension reform is formally adopted, weak enforcement can lead to a "paper CPS" that replicates the welfare failures of the Defined Benefit Scheme (DBS) such as delayed or uncertain payments, while still shifting risks onto workers and retirees.

In the state context, adopting CPS requires more than passing a law. International and professional guidance for subnational implementation emphasises the need for a pension bureau, transitional framework, registration with PFAs, employer codes, actuarial valuation of accrued rights, and a bond/redemption fund mechanism to finance past service liabilities (PricewaterhouseCoopers, 2016). Where these milestones are not met, politics hardens: unions and retiree groups interpret reform as a welfare cut, while governments frame resistance as a threat to fiscal stability.

For Ogun State, between February and April 2026 when the government announced the introduction of additional pension benefit (APB) as a rider to the full implementation of the CPS, the legal trail in the public domain grew exponentially, reflecting both continuity and ambiguity. The Ogun State House of Assembly public documents portal lists a "Pension Reform Law 2006", indicating legislative foundations for reform. Meanwhile, PenCom's implementation status reports

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describe Ogun as having enacted a CPS law in 2008 and amended it in 2013 to extend a transition period to 2025, suggesting either (a) re-enactment/re-codification after 2006, or (b) a difference between passage and operational commencement (National Pension Commission, 2023). This study therefore examines the competing claims of government and retirees, using both policy analysis and simulation modelling to interrogate the underlying tensions.

2. Literature Review: Pension scheme mechanics in Ogun State and Nigeria

Under PenCom guidance, the CPS is funded by a minimum total contribution of 18% of monthly emoluments, 10% by the employer and 8% by the employee, with "monthly emoluments" defined at least as basic salary, housing, and transport allowances. (National Pension Commission, 2018). Contributions are remitted to a Pension Fund Custodian (PFC) to be held on the order of the Pension Fund Administrator (PFA), credited to the individual RSA, and invested under regulatory rules (National Pension Commission, 2020). At retirement, benefits are paid through programmed withdrawal or annuity, often alongside a regulated opportunity for an RSA lump sum where adequacy conditions are satisfied. (National Pension Commission, 2022).

Nigerian states historically used schedules linking gratuity and pension percentages to years of service. Investigative reporting on state accrued-rights computation (in another state context) describes a gratuity scale starting around 100% of annual emolument (at five years) and terminating at 300% (at 35 years), with a pension scale starting around 30% of salary (at 10 years) and terminating at 80% (at 35 years) (The Guardian Nigeria, 2024). In CPS transitions, the value of DBS entitlements for pre-adoption service is commonly monetised into "accrued rights" to be funded and recognised (often through a bond/redemption mechanism), reflecting why actuarial valuation is a core compliance milestone (PricewaterhouseCoopers, 2014).

Ogun State's APB is framed publicly as a one-off payment at retirement designed to bridge perceived gaps between CPS and DBS, especially around gratuity expectations (TVC News, February 2026). In this report's simulations, APB is treated as a lump sum computed as a percentage of a retiree's Total Annual Emolument (TAE), using the rates stated in the Ogun circular (No: BSP 602/68) which tabulated years of qualifying service against APB as percentages of final Total Annual Emolument (TAE) as: retirees who spent 5–9 years to receive 116%; 10–14 years gets116%; 15–19 years collects 156%; 20–24 years gets196%; 25–29 collects 236%; while 30–35 years receives 280%. Public reporting confirms the same overall range (116%–280% of TAE) in government communications (The Guardian Nigeria, March 2026).

The political significance of APB is that it attempts to separate "lump-sum needs" from the RSA balance. In orthodox CPS operation, retirees may face a trade-off which implies that a larger RSA lump sum can reduce the monthly programmed withdrawal. A separate APB can, in principle, raise exit liquidity without forcing retirees to deplete their RSA.

3. **Conceptual Framework: Fiscal Sustainability and Welfare Trade-off in Pension Reform**

This study is anchored on the political economy of social policy and the concept of the intergenerational social contract**,** which views pension systems as institutional arrangements that balance the welfare needs of retirees with the fiscal capacity of the state. Pension reform, particularly the transition from Defined Benefit Schemes (DBS) to Contributory Pension Schemes (CPS), represents a shift from state-guaranteed welfare obligations to individualised, contribution-based risk-sharing systems**.**

Central to this framework is the trade-off between fiscal sustainability and benefit adequacy. The DBS model prioritises predictable income security**,** often expressed as a percentage of final salary, but exposes government to long-term unfunded liabilities. In contrast, the CPS emphasises financial sustainability, transparency, and portability**,** but shifts investment and longevity risks to individuals, making retirement outcomes sensitive to contribution history, remittance compliance, and investment performance.

Within this transition, the introduction of the Additional Pension Benefit (APB) can be conceptualised as a bridging instrument**,** designed to mitigate the immediate welfare losses associated with the shift from DBS to CPS. The APB separates lump-sum retirement needs from the Retirement Savings Account (RSA), thereby attempting to preserve long-term pension income while addressing retirees' demand for gratuity-like payments.

However, the effectiveness of this framework is mediated by institutional trust and governance quality**.** Where remittance obligations are not enforced, accrued rights are not funded, or administrative processes are weak, the CPS risks becoming a "notional system" that fails to deliver expected outcomes. In such contexts, retirees interpret reform not as sustainability-enhancing, but as a welfare reduction mechanism**,** thereby intensifying political resistance.

The conceptual model underlying this study therefore integrates three key dimensions:

Fiscal Dimension – Government's need to contain pension liabilities and ensure long-term budgetary sustainability.

Welfare Dimension – Retirees' expectations of income security, adequacy, and dignity in old age.

Institutional Dimension – The role of governance, compliance, and trust in mediating outcomes between policy design and lived experience.

These dimensions interact dynamically. Weak institutional performance (e.g., non-remittance) undermines welfare outcomes even under a theoretically sound CPS, while strong institutional enforcement can enhance both fiscal sustainability and benefit adequacy. The APB operates within this space as a transitional policy tool, but its effectiveness ultimately depends on the integrity of the underlying CPS structure.

This framework guides the analysis of Ogun State's pension reform by situating observed conflicts not merely as policy disagreements, but as outcomes of deeper tensions between economic constraints, social expectations, and institutional credibility**.**

3. Methodology

This study adopts a mixed analytical approach**,** combining documentary analysis, policy review, and quantitative simulation to examine pension reform dynamics in Ogun State. Primary sources include pension legislation, regulatory frameworks issued by the National Pension Commission (PenCom), official state communications, and media reports, which are triangulated to reconstruct the reform trajectory and competing stakeholder narratives. To complement this, the study employs illustrative simulations comparing outcomes under the Defined Benefit Scheme (DBS) and the Contributory Pension Scheme (CPS) with Additional Pension Benefits (APB), using standard assumptions on contributions, investment returns, and retirement duration. The analysis is interpretive given the absence of individual-level administrative data.

Ogun State Case: implementation and political contestation

Ogun's CPS pathway can be reconstructed from regulatory status reporting and media/official communications, even though key state-law texts are not fully accessible in the open web corpus sampled for this review. PenCom's South-West implementation status (March 2021; later 2023 updates) identifies Ogun as having enacted a CPS law in 2008, amended in 2013 to extend the transition period to 2025, established separate pension bureaux for state and local government, and registered employees with PFAs (National Pension Commission, 2021). Crucially, those same reports note deductions alongside weak remittance and delayed transitional financing milestones (including actuarial valuation and funding of accrued rights), which aligns closely with the grievance structure in the retirees' press statement (National Pension Commission, 2023).

Ogun's political contestation became highly visible around 2025. Labour reporting indicates that organised unions, citing dysfunction and inconsistencies in implementation of the Ogun pension reform law, demanded that full implementation be paused until administrative and financial prerequisites were in place (Tribune Online, 2025). In parallel, government communications and committee updates in late 2025 emphasised approvals for remitting accrued rights to RSAs for tens of thousands of workers, remittance of arrears of CPS deductions for a defined "first phase", and payment/remittance of returns on investment (ROI) on outstanding deductions, indicating an attempted "catch-up" strategy to rebuild the CPS funding base (Punch Newspapers, 2025).

In early 2026, Ogun publicly announced and operationalised APB as part of the CPS transition. Coverage reported that APB would run for a fixed period (presented as a compensatory, time-bound measure), and that the state framed APB as aligned with existing legal powers to provide additional benefits (Punch Newspapers, 2026). Public ceremonies and official statements in March 2026 reiterated the APB scale (116%–280% of TAE) and asserted that a large share of retirees would receive improved exit benefits compared with prior gratuity experience (The Guardian Nigeria, 2026).

Documentary evidence and competing claims

This section summarises (i) the Ogun circular BSP 602/68 dated 6 March 2026 and (ii) the retirees' press statement, then evaluates these claims against independent regulatory and media reporting.

Ogun circular BSP 602/68 (6 March 2026): The circular is addressed across the senior administrative ecosystem and announces "Implementation of the Contributory Pension Scheme (CPS) and Introduction of Additional Pension Benefit (APB) in Ogun State." It states that CPS applies across MDAs, that the employer/employee contribution structure is implemented through RSAs managed by PFAs, and that MDAs must ensure proper pre-retirement documentation and timely processing (including data recapture and forwarding of files ahead of exit). It introduces APB as a structured one-off payment at retirement, computed using a service-bracket scale (116%–280% of TAE) and operating from 2 July 2025 for a specified period (stated as 10 years in the circular).

Retirees' press statement. The retirees' text makes eight main claims: (1) non-remittance of the 8% employee deduction and 10% employer counterpart over the CPS period; (2) non-payment of accrued rights for pre-CPS service; (3) loss of investment returns that would have accrued had remittances been timely; (4) a "17-year gap" of unremitted deductions; (5) exemptions allegedly granted to selected senior categories; (6) rejection of CPS on grounds of unfairness and distrust; (7) rejection of APB rates as inadequate versus DBS gratuity, advocating ≥300% of TAE; and (8) claims of sharp reductions in monthly pensions under CPS relative to DBS for some grades.

Triangulation against independent sources: Several elements of the dispute are supported, at least in part, by independent reporting and regulatory status documents, even if not in the precise language used by the press statement:

First, PenCom's state implementation status reports explicitly record that Ogun deducted pension contributions but "stopped remitting" employer and employee contributions to RSAs, and that key transition milestones such as actuarial valuation and commencement of funding of accrued rights were pending in the period reported (National Pension Commission, 2023). This supports the retirees' broader "non-remittance" narrative, while also indicating that the issue has been visible to regulators.

Second, late-2025 committee communications reported approvals for remitting accrued rights to RSAs for over 24,000 state and local government workers, approvals for remitting arrears of CPS deductions for a first-phase retirement window (2025–2030), and approvals for remitting ROI on outstanding deductions (Punch Newspapers, 2025). This suggests that (a) arrears exist at scale, and (b) the state's policy response has been framed as remediation via staged remittances rather than denial.Third, the state's APB claims (range 116%–280% of TAE) are consistently reflected in multiple public reports from February–March 2026, with government framing APB as a welfare-enhancing mechanism that outperforms a 100% gratuity benchmark used in some federal discussions (Punch Newspapers, 2026)

What is not independently verifiable from the sources consulted here are the retirees' specific allegations about exemptions for certain categories, and the precise numerical pension comparisons (e.g., "Grade 17 under CPS receives ₦65,000 vs ₦350,000 under DBS"). Those claims are considered in this study as *claims requiring verification.*

4. Results

4.2 Quantitative simulations of benefit outcomes

To empirically interrogate these competing claims, the study proceeds to simulate benefit outcomes under alternative pension regimes. This section provides transparent simulations comparing DBS monthly pensions with CPS+APB outcomes, using the APB rate schedule stated in the Ogun circular and grounded contribution parameters from PenCom guidance (National Pension Commission, 2018). The objective is not to "predict" exact pensions (which require individual RSA balances, age, salary history, and PFA programmed-withdrawal templates), but to demonstrate the parameter sensitivity that drives the politics of adequacy and trust.

Core formulas used

Let:

- **Monthly emolument (final)** = M (₦/month).
- **Total Annual Emolument** = $"TAE" = 12M$.
- **CPS contribution rate** = 18% of monthly emoluments (10% employer + 8% employee).

$$\textbf{APB} = "APB" = \alpha \times "TAE" ,$$

where $\alpha \in \{1.16, 1.56, 1.96, 2.36, 2.80\}$ based on years of service (publicly reported as 116%–280% of TAE). Formular description is detailed in Table 1.

DBS pension is modelled using a widely cited Nigerian state schedule: pension starts at 30% of salary at 10 years and rises to 80% at 35 years; and approximate this linearly (+2% per year after 10).

DBS gratuity is modelled using a widely cited schedule rising from 100% of annual emolument at 5 years to 300% at 35 years (linear approximation, for exposition).

For CPS RSA accumulation and monthly pension, the study used a simplified annuity approach:

- Contributions are paid monthly and accumulate at an assumed nominal return r.
- Salary grows at assumed nominal growth g.
- At retirement, the RSA is converted into a level monthly pension over a retirement horizon H years at post-retirement return r_{ret}

This is conceptually consistent with PenCom's description of programmed withdrawal/annuity payments being based on RSA balance and expected payment duration, though real PFAs use mortality tables and PenCom-issued templates (National Pension Commission, 2024).

4.2 Assumptions for the base-case table

To reflect the political dispute about missing remittances between 2008 and 2025, the study models a "post-2008 contribution window" of 17 years for workers whose careers began before CPS commencement, consistent with CPS starting around 2008 in Ogun state communications and regulatory reporting (Thisday Newspapers, 2020).

- Accumulation return $r = 10\%$ nominal per year (illustrative).
- Salary growth $g = 5\%$ nominal per year (illustrative).
- Post-retirement return $r_{ret}" = 4\%$ (illustrative, roughly "real").
- Retirement horizon $H = 20$ years (illustrative; sensitivity shown later).

The study used three compliance scenarios:

- Timely remittance: contributions credited monthly and earn investment return.
- Arrears remitted without ROI: contributions credited at retirement as principal only (no investment growth).
- No arrears remitted: contributions not credited (monthly pension collapses toward zero), highlighting the central trust problem.

4.3 Base-case results (representative grades; assumed salaries)

The table below uses four representative grades with assumed final monthly emoluments. These are *not official wage tables*; they are scenario values for analytical illustration as the study does not have access to payroll data. From the foregoing, three analytically important points emerge:

1. APB can be large relative to annual pay (e.g., 2.80×TAE for long service), often approaching or exceeding the simplified DBS gratuity in magnitude for some profiles, particularly the middle and low income earners. This is consistent with public reporting of APB as 116%–280% of TAE (The Guardian Nigeria, March 2026).

2. Monthly pension adequacy under CPS depends heavily on remittance history. If arrears are credited without investment growth, simulated monthly pension falls sharply relative to timely remittance. This supports retirees' emphasis on lost ROI and aligns with committee reports that ROI remittance approvals are a key part of remediation (Punch Newspapers, November 2025).

3. Without funded RSAs, APB alone cannot "solve" monthly pension inadequacy. APB improves exit liquidity, but the RSA still determines programmed monthly payments. This is why governance of remittances and accrued rights financing is politically decisive as reported by PenCom (National Pension Commission, 2023).

4.4 Sensitivity ranges

Because programmed withdrawal depends on expected duration and assumed returns, the study hypothesized three ranges:

- Retirement horizon H: If benefits are spread across fewer years (e.g., 15 years rather than 20), monthly pensions rise meaningfully.

- Investment return r: Higher long-run returns increase RSA balances, but only if contributions are actually remitted and invested.

- Salary growth g: Higher growth increases later contributions; however, missing early contributions still matter because compounding is foregone.

Illustrative sensitivity (GL10; M = ₦300,000; 20 years service, but assuming a full 20-year contribution history rather than the 17-year window):

- At $H = 20$ years, simulated monthly pension ≈ ₦128,559.

- At $H = 15$ years, simulated monthly pension ≈ ₦157,142 (crossing the illustrative 50% of pay threshold).

This highlights why individual-level outcomes depend strongly on retirement age, mortality tables, and PFA programmed-withdrawal templates, hence the need for actuarial valuation and transparent computation rules in the Ogun transition (National Pension Commission, 2024).

Table 1: Models for calculating APB, CPS and DBS

Component	Formula	KEYS
Total Annual Emolument	$TAE = 12M$	$M = final\ monthly\ emolument;\ TAE = Total\ Annual\ Emolument$
APB	$APB = \alpha \times TAE$	α is the APB rate based on years of qualifying service.
CPS Monthly Contribution	$CPS\ Contribution = 18\% \times M$	
DBS Monthly Pension	$DBS\ Pension\ Rate = 30\% + 2\%(Y - 10)$	$Y = years\ in\ qualifying\ service$
DBS Gratuity	$= \mathrm{TAE} \times [1 + \frac{(\mathrm{Y} - 5)}{30} \times 2]$	$DBS\ Gratuity = DBS\ Gratuity\ Rate\ \times TAE$
RSA Accumulation	$RSA = \sum_{t=1}^{n} C_t\ (1 + r_m)^{n-t}$	C_t=monthly contribution at month t r_m=monthly investment return n=number of contribution months
CPS Monthly Pension	$CPS\ Monthly\ Pension = RSA\ \times \frac{r_{ret,m}}{1 - (1 + r_{ret,m})^{-N}}$	$r_{ret,m} = \frac{r_{ret}}{12}$ $N = 12H;\ H = expected\ retirement\ payment\ period\ in\ years$

Table 2: Base-case Illustrative comparison of Retirees Benefits under DBS and CPS+APB

Representative grade (assumed final monthly emol.)	Service years	TAE	APB rate (per circular)	APB lump sum	DBS monthly pension (approx)	DBS gratuity (approx)	CPS monthly pension: timely remittance (17y window)	CPS monthly pension: arrears only, no ROI	CPS monthly pension: no arrears remitted
GL17 (₦600,000/mo)	30	₦7,200,000	280%	₦20,160,000	₦420,000	₦26,400,000	₦201,815	₦90,357	≈₦0
GL14 (₦450,000/mo)	25	₦5,400,000	236%	₦12,744,000	₦270,000	₦16,200,000	₦151,361	₦67,767	≈₦0
GL10 (₦300,000/mo)	20	₦3,600,000	196%	₦7,056,000	₦150,000	₦10,200,000	₦100,908	₦45,178	≈₦0
GL07 (₦200,000/mo)	15	₦2,400,000	156%	₦3,744,000	₦80,000	₦6,000,000	₦56,336	₦27,729	≈₦0

5. Discussion: Fiscal sustainability, governance, and accountability

5.1 Fiscal sustainability: what the state faces under alternative scenarios

At its core, the Ogun pension dispute is less a technical disagreement and more a crisis of institutional trust. The political bargain underlying CPS adoption is straightforward: government commits to predictable contributions and transition financing, in exchange for reducing long-run exposure to unfunded, open-ended DBS liabilities. But if the transition is underfunded, the state effectively carries “double costs”: continued DBS arrears pressures plus the need to capitalise missing CPS contributions/accrued rights (PricewaterhouseCoopers, 2016). Let us consider the two case scenarios underpinning the political circumstance:

- **Scenario A: No arrears remitted (status quo underfunding).**
  If historical deductions are not remitted, RSAs remain depleted and retiree welfare deteriorates, increasing the likelihood of strikes, protests, litigation, and ad hoc bailouts. Organised labour disputes in 2025 reflect precisely this political risk and framed CPS as “dysfunctional” when prerequisites are unmet (Tribune Online, July 2025).

- **Scenario B: Full remittance (principal + ROI/penalties) + structured APB financing.**
  Committee communications in 2025 indicate a policy move toward staged remittance of accrued rights and arrears, alongside remittance of ROI on outstanding deductions (Punch Newspapers, 2025). If executed credibly, this places the CPS on a funded footing and can stabilise future pension budgeting, but demands short-term financing capacity (cash, debt instruments, or structured amortisation).

To illustrate the magnitude of this circumstance, the committees reported that approvals covered accrued rights remittance for 24,267 workers, and CPS arrears remittance for 3,910 state workers plus 3,666 local government/SUBEB staff in the first phase (2025–2030). Even without official average salary data, a back-of-the-envelope arrears estimate can be shown transparently as:

If average pensionable monthly emolument were ₦150,000 – ₦300,000 and 18% contributions were missing over 17 years, principal-only arrears per worker would be roughly ₦5.5m – ₦11.0m (before any penalty/ROI). Across 24,267 workers, that implies roughly ₦134bn – ₦267bn principal exposure, before compounding/penalties.

This is an analytical estimate, not an official figure, and it demonstrates why the politics of arrears settlement is also the politics of state fiscal capacity. The state’s public narrative emphasising phased remittances and ROI approvals can be interpreted as an attempt to manage this transition burden without destabilising budgets.

5.2 APB at 280% versus retirees’ 300% demand

Publicly, Ogun presents APB as ranging from 116% to 280% of TAE. Retirees’ groups demand that APB should be “300% and above,” aligning with DBS gratuity expectations in some state practices (up to 300% for 35 years).

The incremental fiscal cost of moving from 280% to 300% is mechanically:

$$\Delta \text{APB} = (3.00 - 2.80) \times \text{TAE} = 0.20 \times \text{TAE}$$

Thus, for a retiree with TAE of ₦3.6m, the increment is ₦720,000; for TAE ₦7.2m, it is ₦1.44m. In aggregate, the cost depends on how many retirees fall into the 30 – 35 bracket and their TAE distribution. This provides a concrete basis for negotiation: government can estimate costs transparently; retirees can assess whether a uniform 300% demand is feasible or whether targeted top-ups for lower cadres would be more equity-enhancing per naira spent.

5.3 Key accountability elements relevant to Ogun

The emerging issues here include:

- **Remittance discipline and penalties:** PenCom’s recovery framework reiterates that defaulting employers are liable to penalties not less than a specified percentage for each month the default continues, in addition to making the outstanding remittance. In political terms, the presence (or absence) of penalties is not trivial: penalties are meant to compensate contributors for lost investment time and deter future default.

- **Roles of PFAs and custodians:** PenCom’s FAQs emphasise that contributions are held by custodians and managed by PFAs, with the regulator supervising administration for the benefit of contributors and retirees. Where remittances are not made, PFAs can record non-receipt but cannot themselves enforce payment against a state; regulatory action and political accountability become the decisive levers.

- **State-level institutions and transition financing:** PenCom's state implementation framework consistently identifies the need for pension bureaux, actuarial valuation of accrued rights, and a redemption/bond funding structure for past service liabilities. In Ogun, the reported delays in actuarial valuation/accrued-rights funding help explain the political conflict: workers may perceive reform as a unilateral welfare downgrade, while government frames it as structural necessity.

- **Local administrative capacity and pre-retirement processing:** The Ogun circular institutionalises pre-retirement documentation and processing deadlines. This is consistent with wider public-service guidance that timely forwarding of records is central to prompt benefit payment. Without administrative capacity at MDA level, even a funded system can produce delays, thereby feeding distrust.

5.4 Political economy: stakeholders, incentives, and trust

The Ogun case illustrates classic political economy features of pension reform as follows:

- **Multiple principals and time inconsistency:** Governments face incentives to underfund pensions (a long-term obligation) to finance short-term priorities; retirees and workers face incentives to demand immediate and certain payments. Under CPS, this tension is "supposed" to be resolved by rule-based remittances, yet if remittances are interrupted, the same time inconsistency returns in a new form.

- **Distributional politics and cadre equity:** Retirees' claims about exemptions for senior categories (though claim unverified here) signal how quickly reform becomes a politics of unequal treatment. Even absent formal exemptions, differences in outcomes can arise because high earners accumulate larger RSAs and have greater ability to blend APB, RSA balances, and additional savings, while lower cadres are more exposed to adequacy risk. Adequacy research on CPS in Nigeria underscores the risk that defined-contribution structures can produce insufficient replacement for some groups, depending on contribution histories and returns (Omotayo et al., 2023).

- **Communication and legitimacy:** Government messaging in 2025–2026 emphasised that APB is "innovative," "first of its kind," and intended to address stakeholder concerns and strengthen confidence, an explicit recognition that legitimacy, though actively pursued, remains fragile. Conversely, retiree's mobilisation frames CPS as illegitimate due to past non-compliance. The contest is therefore not only about rates; it is about credibility and reparative justice. This reflects classic time-inconsistency problems in public finance, where governments defer long-term obligations under short-term fiscal pressure.

6. Policy recommendations and further research agenda

The study made policy recommendations in three phases:

1. Short-term: Ogun State government employ dialogue, initiate audit, convey reconciliation and institute interim welfare explicitly to:

- Establish a time-bound stakeholder compact involving the state, labour, retiree representatives, PFAs, and relevant technical experts, with published minutes and agreed data-sharing protocols to rebuild trust.

- Commission an independent "pension accounts reconciliation audit" to quantify (i) unremitted deductions, (ii) employer counterpart contributions, (iii) accrued rights liabilities, and (iv) applicable penalties/ROI. This should align with PenCom frameworks for recovery and sanctions and should be publishable in summary form.

- Implement an interim welfare package for vulnerable retirees (especially lower cadres) while reconciliation proceeds, for example, temporary top-ups or hardship grants, explicitly framed as a bridge measure rather than a substitute for rights. This mitigates the welfare externalities that escalate political conflict.

- Clarify eligibility rules and any exemptions publicly (if any exist), including the legal basis, to address cadre-equity perceptions.

2. In the Medium-term the government should:

- Automate remittance through payroll integration and require real-time remittance evidence (with PFA/PFC confirmation) to eliminate the “deduct but do not remit” failure mode.
- Complete actuarial valuation and create a transparent accrued-rights funding plan (e.g., bond/redemption fund structure), consistent with state-level implementation guidance.
- Institutionalise periodic compliance reporting aligned with PenCom milestones and sanctions frameworks; publish summary dashboards (percentage of MDAs remitting; arrears stock; APB disbursement rates).
- Build administrative capacity (pension desk officers, documentation pipelines, pre-retirement support), so the processing rules set out in state circulars do not remain aspirational.

3. On the Long-term the State should:

- Consider a *hybrid adequacy layer* for low-income retirees: e.g., a minimum pension guarantee/top-up financed through a dedicated state social protection line or pooled mechanism. This responds directly to the cadre-equity critique and the DC adequacy risk.
- Adopt fiscal rules requiring explicit annual appropriation for accrued rights amortisation and APB obligations to reduce time-inconsistency and protect future retirees.
- Regularly evaluate APB’s distributional outcomes (by grade, gender, sector, and retirement cohort) to test whether it actually reduces old-age poverty risk and improves dignity at retirement, rather than only increasing headline lump sums.

7. Limitations and research gaps

The study attempted to do a rigorous analysis but key constraints remain:

1. **State-law text authentication gap:** Open web sources confirm that a “Pension Reform Law 2006” exists in legislative listings, while PenCom status reports reference enactment in 2008 and amendment in 2013. The study was unable to obtain primary gazetted texts for 2006/2008/2013 to resolve this discrepancy.
2. **Micro-level data limitations:** Exact worker salaries (TAE distributions), retirement ages, RSA balances, actuarial assumptions, and PFA programmed-withdrawal computations are not available here. The simulations are therefore illustrative and caution must be applied for interpretive scenarios.
3. **Exemption claims require verification:** The retirees’ allegation of cadre exemptions is politically important, but it requires documentary proof (circulars, executive directives, or policy instruments) to be analysed rigorously which this study was unable to do.
4. **Adequacy requires welfare outcomes:** The next research focus should connect benefit outcomes to ageing and welfare measures (health costs, household dependency ratios, poverty thresholds) to evaluate whether reform improves lived wellbeing.

8. Conclusion

This study has demonstrated that the politics of pension reform in Ogun State is fundamentally shaped by the tension between fiscal sustainability and retiree welfare. While the Contributory Pension Scheme (CPS) offers a structurally sound pathway toward transparency, predictability, and long-term financial stability, its legitimacy in practice is undermined by historical lapses in remittance compliance, delays in funding accrued rights, and gaps in administrative execution. The introduction of the Additional Pension Benefit (APB) represents an important policy innovation aimed at addressing immediate welfare concerns, particularly the liquidity needs of retirees at exit. However, the evidence from the simulations indicates that APB alone cannot compensate for underfunded Retirement Savings Accounts (RSAs), especially where contributions were not timely remitted or where investment returns were foregone.

The findings reinforce a critical policy insight: pension reform is not merely a technical exercise but a deeply political process that hinges on trust, credibility, and equitable implementation. Sustainable reform in Ogun State will therefore depend on the government’s ability to enforce compliance, transparently reconcile outstanding obligations, and institutionalise mechanisms that protect both current and future retirees. At the same time, stakeholder engagement remains essential, as resistance to reform is often rooted not only in perceived losses but in accumulated distrust from past governance failures.

Ultimately, the transition from Defined Benefit Scheme (DBS) to CPS in Ogun State is neither inherently detrimental nor automatically beneficial; its success depends on the integrity of its implementation. A credible, well-funded, and transparently managed CPS, complemented by targeted social protection measures which offers the most viable pathway for balancing fiscal responsibility with the dignity and welfare of retirees. Without credible enforcement and full reconciliation of past obligations, the CPS risks evolving into a deferred pension crisis rather than a sustainable solution.

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