The Impact of Assets Size and Profitability on Funded Status of Employee Retirement Benefits by Quoted Firms in Nigeria

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Abstract: This study assesses the impact of quoted companies’ assets size and profitability on employee retirement benefits in Nigeria. In line with the objective, a hypothesis was formulated. The population of the study is 182 firms quoted on the first-tier market of the Nigerian Stock Exchange and ten (10) quoted firms selected as sample size based on judgmental sampling. The study utilized data from secondary source. Data were obtained from the annual accounts and reports of the (10) quoted firms that made up the sample of the study. The time frame for the study is ten years, covering the period of 1998 to 2007. The technique of analysis used in the study was Multiple Regression Analysis. The study established that the ability of quoted firms to fund their pension costs has direct relationship with their assets sizes and respective profitability. The study recommended an effective monitoring/supervision and enforcement of the provisions of the Pension Reform Act, 2004, in addition to effective implementation of the penalties provided by the Act on non-compliers regardless of their status or origin. The study calls the Government to create conducive and enabling environment for smooth implementation, compliance and application of the Pension Reform Act, 2004 by firms and other players in pension administration. While, regulatory authorities must encouraged research and activities geared towards developing not only accounting policies that would ensure full compliance with Statement of Accounting Standards 8 (SAS 8) but strategies that would ensure optimum investments that enhance net worth and earnings of firms.

Keywords: Contributory Pension Scheme, Assets size, Profits, Employee Retirement Benefits (Pension Cost), Quoted Firms, Nigeria, Compliance, Statement of Accounting Standards.

1. Introduction

Pension as a scheme is designed to cater for the welfare of the pensionable retired workers both in the public and private sectors. The working lives of employees move continuously towards a certain direction that is, from employment, to grow, to retirement, some are fortunate to save enough money to take them through the retirement period; while a majority leaves the service with little or no savings at all. Ideally, there, governments and organizations need to identify a way of accommodating and adequately rewarding employees’ past efforts through organized pension plans, so that it can achieve the goals of their existence (Rabelo, 2002). Essentially, this is often thought different retirement policies which include the Defined Benefit (pay-as-you-go) Scheme, the National Provident fund Scheme and in particular the new Contributory Pension Scheme that is expected to be fully funded. However, managing and administering pension funds have continued to pose a major challenge to government in Nigeria. Yet, pension which guarantees an employee certain comfort in his or her inactive year is critical to the sustenance of the life of the individual and the society (Nkanga, 2005). In our society today, most workers are not covered by any reasonable form of retirement benefit arrangement while the few schemes suffer from poor management. According to Komolafe (2004) the Nigerian Pension System in general is very much fragmented, lacks an adequate overall policy, a legal and regulatory framework and an empowered coordinating body to supervise it. As stated by Adegbayi (2005), Nigeria must avoid minor Pension Reforms that are repeated periodically because of political problems associated with such adjustments. Once Defined Benefits Schemes are frequently redefined, they only create uncertainty of retirement benefit. While the decision to disclose pension obligation has subjected pension accounting to some controversies and criticisms. This is because divergent views exist between accountants on how pension obligations should be reported in the financial statements. For example, while some accountants will like pension information disclosed by way of notes to accounts that is, as off balance sheet items. Some may not like to see pension liabilities appearing anywhere in the accounts.
Added to the multitudes of problems faced in Pension Accounting, is the requirement that in Nigeria firms must comply with the provision of Pension Standards, for their financial statement to get the blessing of an auditor and as well as satisfy both the Nigerian Stock Exchange and Securities and Exchange Commission requirements. One of the requirements is that firms in Nigeria should disclose in their financial statement the provision made for pension cost in the year. Given the multitudes of problems which accounting for employee retirement benefits lives with, how have quoted firms in Nigeria disseminate this information in line with the pension standards (Kantudu, 2005a). Thus, paragraph 9, Statement of Accounting Standards (SAS. 8) states that pension involves an agreement between employers and employees upon attainment of a specified retirement age. Notably, some of the existing Pension Schemes seem inadequate and/or ineffective. In Nigeria, for instance, Statement of Accounting Standards number 8 (SAS 8) was issued in 1991 to direct and guide businesses on the determination and reporting of pension and retirement benefits. Its growing tribute, however, emerges from divergent schools of thought namely, the contributory, the non-contributory and the hybrid schools of thought (Kantudu, 2005b). The first school of thought, emphasizing on contribution, is advocated by most accounting standards setting bodies as well as by writers (Compbell and Feldstein, 2001). These scholars argued that should the employees contribute a certain percentage to the plan the employee will be able to receive the entire or part of the benefits at retirement, or in case of termination of appointment or dismissal. The hallmark of the contributory theory is operational efficiency in computation and funding. The second school of thought (the non contributory) also advocated by some accounting setting bodies (McGill, 1984; and Byrne, 2003). According to the school, employers alone should fund the pension asset. The belief of this school was that the singular funding made by the sponsor encourages and attracts more qualified and dedicated employees into the organization. In between the two extremes lies another school – the hybrid, with the view that on an aggregate basis, the active working employees of the firm should always provide the funds for the firms’ pensioners. In other words, companies should pay pensioners out of the company’s cash flow (Hendriksen and Van Breda, 1992). This is because the cash flows generated are as a result of the employees’ efforts and contributions, and hence they deserved a share of it especially now that they are unproductive.

To this end, in order to reposition and refocus the Nigeria Pension Scheme to be alive to its responsibility and to address some of the problems associated with Pension Schemes in Nigeria. The Federal Government signed into law the Pension Reform Act 2004 which introduced the New Contributory Pension Scheme and it covers employees in the public sector, the Federal Capital Territory and the private sector. The Pension Act repeals all previous legislations regulating the administration of pension benefits in Nigeria. The Pension Reform Act, 2004 appears to be a neoliberal piece of legislation which ideas are relevant in explaining the evolution and development of pension system in Nigeria (Aborisade, 2008). It is against this backdrop that this study assessed the Impact of Assets Size and Profitability on Funded Status of Employee Retirement Benefits by Quoted Firms in Nigeria This study is structured into five (5) sections. Following the Introduction is a Review of Related Literature. Section three covers the Methodology. Section four is on Data Presentation and Analysis, while section five gives findings, conclusions and recommendations.

2. Literature Review

Pension Schemes in Nigeria: An Overview

The exact origin of pension in Nigeria is debatable. However the privilege of receiving gratuity and pension appears the manifestation of the victory of labour in his fight with the employer over his exploitation. Nigeria’s first ever legislative instrument on pension matters was the pension ordinance of 1951 which had retrospective effect from 1st January, 1946. The National Provident Fund (NPF) scheme established in 1961 was the first legislation enacted to address pension matters of private organizations. It was followed 18 years later by the Pension Act No. 102 of 1979 as well as the Armed Forces Pension Act No. 103 of the same year. The police and other Government Agencies’ Pension Scheme were enacted under Pension Act No. 75 of 1987, followed by the Local Government Pension Edict which culminated into the establishment of the Local Government Staff Pension Board of 1987. While in 1993, the National Social Insurance Trust Fund (NSITF) scheme was established to replace the defunct NPF scheme with effect from 1st July, 1994 to cater for employees in the private sector of the economy against loss of employment income in old age invalidity or death. Prior to the Pension Reform Act 2004, most public organizations operated a Defined Benefit (pay-as-you-go) scheme. Final entitlements were based on length of service and terminal emoluments. The Defined Benefit (DB) scheme was funded by Federal
Government through budgetary allocation and administered by Pensions Department of the Office of Head of Service of the Federation (Balogun, 2006).

Therefore, until 1946, there was no legal obligation on employers in the public sector to provide for the welfare of the employees on retirement. The colonial pension law made the granting of pension at a pleasure of the Governor General of the country. Hence, with the institutionalization of pensionable employment, the attractiveness of any employment contract is being judged in terms of whether it is pensionable or not. Thus, the Pension Ordinance of 1961 as amended stipulated the scales of retirement pension, gratuities and death in service benefits for civil servants. The compulsory retirement age then was 55 years for both male and female employees and, was wholly, financed by the government out of its current reserve. There was also no provision for employees in the private sector as regards retirement benefits. It should be noted that before 1943, the private sector employees were unorganized and this was due to the fact that there were no registered trade unions in the country (Omankhanlen, 2007).

Furthermore, the Pension Scheme became a great burden on the government, as it could no longer cope with the payment of pension and gratuities to retiring workforce. This is apparently due to the fact that there was no plan put in place to forestall this problem. Therefore, managing and administering pension funds have continue to pose a major challenge to government in Nigeria (Okotoni and Akeredolu, 2005). However, the Pension System in Nigeria was largely characterized by pay-As-You-Go (PAYG) Defined Benefit in the public sector, which is a non-contribution pension scheme and was bedevilled by many problems. These problems really constituted a set back for the scheme as they include non-availability of records, uncoordinated administration, inadequate funding, out right fraud irregularities and conflicting laws, diversion of remitted or allocated fund, presence of ineligible pensioners on the pension's payroll, and incapacity to effectively implements budget and make adequate provisions. All these compounded the problems of Pension Scheme, which gave rise to huge unfounded liabilities. It became imperative to embark on reform to restore the hope of the pensioners and the entire Nigerian workers. The Federal Government of Nigeria in 2004 brought about a change in the management and administration of pension funds in Nigeria with the enactment of the Pension Reform Act 2004 by the Federal Government. The Pension Reform Act 2004 introduced the New Contributory Pension Scheme in the public and private sectors. The Act further brought about the establishment of the National Pension Commission to regulate, supervise and ensure effective administration of pension matters in Nigeria. The Commission will achieve this role by ensuring that payment and remittance of contributions are made and beneficiaries of retirement savings accounts are paid when due. Above all, the Commission will ensure the safety of the pension funds by issuing guidelines for licensing, approving, regulating and monitoring the investment activities of Pension Fund Administrators and Custodians (Pension Reform Act, 2004).

**Pension Costs Recognition and Future Pension Liabilities**

Having reviewed the problems of compliance with pension standards, it is necessary to look at other arguments made in respect of pension liability recognition. According to Hendriksen and Van Breda (1992) "since a pension plan is a form of long-term commitment, there is much merit in the capitalization of the discounted amount of the entire retirement benefit to employees". Consequently, researches were conducted in recent times to find out the rationale for the use of future salaries in normal cost calculation, and the extent to which pension liabilities should appear on corporate balance sheets (Volkan, 1982). He further argues that future salaries are executory in nature, for they are based upon factors such as promotions of existing personnel and increases in employees' skills and capabilities. They conclude that the determination of these future salaries will not likely be the responsibility of current management. In a similar fashion, Forker (2003) posits that it is questionable whether a current liability can be based upon future events that are executory in nature. He argues that the liability arises from the increase to the pension expense account relative to the credit to the cash account for contributions to the pension fund. But Rabelo (2002) conclude that the use of future salaries aimed at abetting the prediction of future cash flows conflicts with accountability usage of the financial statements because of current management’s lack of control over future salary costs, which are executory in nature. The question to ask is which type of pension liabilities should then be recognized and presented in the body of the balance sheet? A starting point, as Wolk, Tearney and Dodd (2002) state is an understanding of the concept of accounting liabilities and obligations.
Concept of Assets

One of the few areas in accounting that has generated considerable debates and controversies is the way and manner accountants approach the definition of assets. This is because a glimpse at the accounting literature will reveal that varieties of the definition of the concept exist. For instance, assets as something represented by a debit balance that is or would be properly carried forward upon a closing of books of accounts according to the rules or principles of accounting on the basis that it represents either a property right or value acquired, or an expenditure made which has created a property or is properly applicable to future. Therefore, from this definition plant, accounts receivable, inventory, and deferred charges qualify as assets for balance sheet classification. Similarly, assets have also been defined as economic resources of an enterprise that are recognized and measured in conformity with generally accounting principles (FASB, 1985). We discern from this definition that assets do not only include certain deferred charges that are not resources but that are recognized and measured in conformity with generally accepted accounting principles. In the same vein, Forker (2003) views assets as probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events. On thing that is very clear from these definitions is that it doesn't matter how an asset is viewed or defined, the most important thing is to appreciate the fact that the key characteristics of an asset are its capacity to provide future economic benefits, control of the asset by the firm, and the occurrence of the transaction given rise to control and the economic benefits.

The Concept of Profits

Profit is the difference between revenues and expenses over a period of time; it is the ultimate output of a company. The income derived from operation by an enterprise has been referred to variously as income, profits (net or gross, it could also be before or after tax), revenue and so on. Impliedly, this means that profit can be measured at different points depending on the motive of the measurer. When profit is measured as gross it means other expenses have not been taken care of. It is said to be net when all other expenses, losses, obligations and taxes have been deducted. While revenue is equated to sales and is derivable from operations, income or profit is generally conceived as the residual from matching revenue realized against costs consumed (Cheng, Agnes, and Schaefer, 1997). For the purpose of this paper therefore, we defined profits or profitability as the residual after all expenses, losses and taxes.

Investment of Pension Assets under the New Contributory Pension Scheme

Part IX of the Pension Reform Act 2004 provides that all contributions by members shall be invested by the Pension Fund Administrators with the objectives of safety and maintenance of fair returns on amount invested. The authorized trading markets under the Act and the investments guidelines issued by PenCom states that pension assets shall be invested in any of the following like bond, bills and other securities issued or guaranteed by the Federal Government and the Central Bank of Nigeria; bonds, debentures, redeemable preference shares and other debt instruments issued by corporate entities and listed on the Stock Exchange. Ordinary shares of public limited companies listed on the Stock Exchange with good track records, having declared and paid dividends in the past five years bank deposits and bank securities; investment certificates of closed-end investment funds or hybrid investment funds listed on a Stock Exchange with a good track record of earnings; units sold be open-end investment funds listed on the Stock Exchange and recognized by the PenCom; bonds and other debt securities issued by listed companies; real estate investment; such other instruments as the PenCom may prescribe (73).

A PFA may invest assets in units of any investment fund; provided that such an investment fund may only be invested in the categories listed above and in real estate (74). Subject to Central Bank of Nigeria exchange rules, the PenCom may recommend to the President that approval be granted for the investment of assets outside the Federal Republic of Nigeria (74). A PFA shall not invest assets in the shares or any other securities issued by the PFA and shareholder of the PFA (75). The PFA shall not sell assets to itself, any shareholder, director or affiliate of the PFA, any employee of the PFA, the spouse of any of the aforementioned or those related to the said persons, affiliates or any said persons, affiliates or any shareholder of the PFC or the PAC nor the PAC holding assets to the order of the PFA (76). The PFA shall not purchase any pension fund assets and apply assets under its management by way of loans and credits or as collateral for any loan (76). The PenCom may impose additional restrictions on investments by PFA's where such restrictions are imposed with the object of protecting the interest of the holders of RSA's (77). Every PFA shall have due regard to the risk rating of instruments that has been undertaken by a registered risk rating company (77). The Investment Strategy Committee shall formulate strategies for
complying with investment guidelines issued by the PenCom; determine an optimal investment mix with risk profile agreed by the board of the PFA; evaluate the value of the portfolios and make proposals to the board of the PFA; review the performance of the major securities of the portfolios of the PFA; carry out other functions related to investment strategy as the board of the PFA may determine (66) (Pension Reform Act, 2004; Peterside, 2006).

3. Methodology

This study is aimed at assessing the relationship between pension costs and independent variables: assets size and profitability of quoted firms in Nigeria. This made the researcher to provide answers to the research question, be able to achieve the objective of the study and to test the research hypothesis. The population of the study is the one hundred and eighty-two (182) quoted firms on the first-tier market of the Nigerian Stock Exchange (NSE). Therefore, the type of research design employed for this study is an Ex-post facto (After-the-fact). The study utilized data from the secondary source. Data were obtained from the annual reports and accounts of the ten (10) quoted firms that made up the sample for the study for the period covering 1998-2007. The samples of the study were selected based on judgmental sampling and on the fact that data required for the study were also provided (Asika, 1991 and Abdul-Maliq, 2006). They include First Bank of Nigeria Plc, Glaxo Smithkline Plc., Unilever Nigeria Plc., Dunlop Nigeria Plc, Mobil Oil Nigeria Plc, Guinness Nigeria Plc, Flour Mills Nigeria Plc, P.Z. Nigeria Plc, Evans Medical Plc and Nigerian Breweries Plc. They were also selected on the record that the firms have been complying with the application of the Contributory Pension Scheme on employee retirement benefits in their annual reports and accounts for over a decade. In view of the above, data generated through the secondary source were being subjected to empirical test and statistical analysis. Specifically, this study borrowed from the models developed by Woerheide and Fortner (hereinafter W and F) in 1991 to test the hypothesis of the study. These models have been used by Leibowitz et al, (1994); Chun, Ciocheti and Shilling (2000); Booth and Matysiak (2001); and Kantudu, (2005b).

Defined Contribution Pension Model

Determination of pension benefit obligation under the Defined Contributory Model can be achieved, according to W and F (1991) by providing for an individual account for each participant and for benefits based solely upon the amount contributed to the participant's account, and any income, expenses, gains, losses, and any forfeiture of accounts of other participants which may be allocated to a participant's account. Mathematically, this can be expressed as:

\[ PB_{\text{DC}} = \frac{\sum k \cdot S \cdot (1 + g)^{t} \cdot \# (1 + r_{m})}{AF_{t}} \]

Where: \( PB_{\text{DC}} \) = the annual pension benefit under a DC Programme
\( k \) = the percentage of annual salary contributed to the pension account
\( r_{m} \) = the rate of return achieved by the pension fund in year \( n-x \) (where \( r_{0} = 0 \))
\( AF \) = the annuity factor used to convert the value of the pension account into a lifetime annuity upon retirement.

The annuity factor will be defined as:

\[ AF = \frac{(1+f)^{\sum L_{0} \cdot r_{t}}}{(1+r)^{t} \cdot r_{t}} \]

Where:
\( f \) = loading factor charged for an annuity
\( r_{t} \) = age at which an employee retires
\( r \) = geometric mean annual return earned on the portfolio which finances the annuity
\( L_{t} \) = number of people in radix group alive at time \( t \) (that is, the radix group is usually defined in terms of \( L_{0} = 1,000 \)).

4. Data Presentation and Analysis

This section presents the general assessment of the effects of assets size and profitability on pension funding disclosure of the sample firms. An attempt was made to contrast the total amount charged operations as pension payment for the period under study in a relation to assets size and profitability of
the sample firms for the same period. Thus Appendix II presents the observable results. This depicts aggregate data of the dependent variable (pension costs) and the independent variables (assets size and profits); and obtained from the annual reports and accounts of the ten (10) sampled quoted firms covering the period from 1998 – 2007.

Aggregate Regression Analysis for Hypothesis

The Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|---|----------|-------------------|---------------------------|
| 1     | .932<sup>a</sup> | .868     | .831              | 290750858.2              |

a. Predictors: (Constant), Profits, Assets Size

Analysis of Variance (ANOVA*)

| Model     | Sum of Squares | Df | Mean Square | F     | Sig.  |
|-----------|----------------|----|-------------|-------|-------|
| Regression | 4E+081         | 2  | 1.952E+018  | 23.086| .001<sup>a</sup> |
| Residual   | 6E+071         | 7  | 8.454E+016  |       |       |
| Total      | 4E+018         | 9  |             |       |       |

a. Predictors: (Constant), Profits, Assets Size

b. Dependent Variable: Pension Cost

The Coefficients

| Model | Coefficients | Std. Error | Standardized Coefficients | Beta | t     | Sig. |
|-------|-------------|------------|---------------------------|------|-------|------|
| (Constant) | -1352096132 | 3E+008     |                           |      | -4.750 | .002 |
| Assets Size | 38.792      | 8.275      | 1.658                     |      | 4.688 | .002 |
| Profits   | -59.598     | 24.686     | -8.54                     |      | -2.414 | .046 |

Source: Regression Analysis Result Using SPSSWIN

The above Aggregate Regression Analysis presents the model summary which gives coefficient of correlation (R), which represents the products of the product-movement correlation between the predicted pensions cost (dependent variable) and the weighted linear combination of the assets size and Profits (independent variables). The square of this coefficient indicates the proportion of variance in the dependent variable that is accounted for by the predictor variables. The higher the R square (i.e the closer the figure is to 1.00); the more accurate the prediction is considered to be. The table summarized what happens when we used forward selection to predict pension costs from the two independent variables (assets size and Profits). The summary statistics for the model displayed in the table, we saw that a model with two constants (Assets Size and Profits) and pension cost variable explained almost 93% of the variability in pension costs that is, the R square increased to 86%. Without looking at the analysis of variance (ANOVA) table, the increased was large enough to reject the null hypothesis which states that there is no significant relationship between pension costs and the two independents variables: Assets Size and Profits. This was because the population value for the increased R square was not zero. Testing the R square is zero when profit enters the model is the same as testing the partial regression coefficient for assets size and profits are zero. Analysis-off-variance in Table 2 was used to test the null hypothesis that: there was no significant relationship between pension cost and the independent variables (assets size and profits). From estimates of variability shown in the table, labelled mean square and their ratio in the column labelled F, the equivalent null hypothesis was rejected. This was because if the equivalent null hypothesis was true, we would have expected the ratio to be close to 1. What we have seen as observed F ratio, 23.086 was large enough to reject the equivalent null hypothesis by looking at the significance level labelled Sig. The Significance indicated that the probability of obtaining an F ratio of 23.086 or larger when the null hypothesis was true was only zero times out of 1000 times. We can therefore accept the alternate hypothesis that there was a strong relationship between pension costs and other independent variables (assets size and profits). The regression coefficients for all the two independent variables are shown in this table. The coefficients are listed in the column labelled B. The partial regression coefficients for the assets size and profits tell us how much the value of pension cost will change when the value of the independent variables change by one. However, in the model a change in total assets by 1 will result in increase in pension costs by 38.792 and a change in profit by 1 resulted to decrease in pension cost by 59.598. It could be observed that the partial coefficient for profit was negative. It implied that profits as a
variable does not perform well amidst other independent variable and do not contribute significantly to the model being used.

5. Conclusion and Recommendations

From the review of related literature, analysis and interpretation of data and the results of the hypothesis test. While our personal observations on the relationship between pension costs and independent variables (Assets size and Profits) were analyzed and discussed. The researcher concluded that the study established that a strong relationship exists between pension costs and independent variables: assets size and profitability of quoted firms in Nigeria. However, the Contributory Pension Scheme is a dawn for pension fund management in Nigeria with obvious benefits for employers, employees, government and society as a whole. Today, we have a remarkable piece of legislation, a transparent, consultative and responsive regulatory framework and regulator and a burgeoning industry that is attracting significant investments and positively affecting the society.

Essentially, this study was empirically tested to determine the Impact of assets size and profitability on the funded status of employee retirement benefits of quoted firms in Nigeria. The study in this direction utilized the Regression Analysis which was consistent with prior works on pensions; (Kantudu, 2005b; Wolk, Tearney and Dodd, 2002; Klumpes and Manson, 2000; Clerk, Mansfield and Tickel, 2002) which have mostly revealed that the strict application of Pension Scheme will have significant influence on employee retirement benefits. While the funded status of a pension plans depends to a large extent on assets size and profitability of firms in Nigeria. In otherwords the ability of firms quoted on the Nigeria Stock Exchange to fund their pension assets has direct relationship with their assets size and respective profitability. These findings emphasized the significance of statutes when it comes to the application of Statement of Accounting Standards 8 (Accounting for Employees' Retirement Benefits) in Nigeria. Going by the findings of this research, the results of the Multiple Regression indicated that there was a strong relationship between pension costs and other independent variables (assets size and Profits). In this direction, we make the following recommendations:

Government and the National Pension Commission must ensure effective monitoring, supervision and enforcement of the provisions of the Pension Reform Act, 2004 that introduced the new Contributory Pension Scheme in Nigeria. Firms and other organizations must ensure effective implementation, compliance and application of the elements of the new Contributory Pension Scheme that will enhance employee retirement benefits. The National Pension Commission must encourage compliance with the Act and ensure uniformity of application among firms in Nigeria. The Regulatory agencies must ensure effective implementation of the penalties provided by the Act on non-compliers regardless of their status and origin. Conducive and enabling environment must be created by the Government for smooth implementation, compliance and application of the scheme by firms and other players in pension administration. Relevant legal framework should be put in place by the government to ensure political economy and necessary support for the scheme by subsequent government. The National Pension Commission must ensure that genuine Pension Funds Administrators and Custodians are licensed to forestall any fraudulent collaborative tendencies and to guarantee that pension funds are in safe hands. The study calls on the appropriate authorities such as the government, professional accountancy bodies on academics to commission research and activities geared towards developing not only accounting policies that would ensure swift compliance with Statement of Accounting Standards (SAS 8), but strategies that would ensure optimum investments that enhance net worth and profitability of firms. The Commission should intensify effort at ensuring timely remittance of benefits to the Retirement Savings Accounts (RSA) by firms, employers and employees. By and large, it has downed on finance experts world-wide that the Contributory Pension Scheme option is best for any economy that hopes to be able to meet future obligations to its ageing population and ensuring their comfort after retirement.

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