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## **ANNUAL NATIONAL BUDGET AND THE CONCERNS OF RETIREES IN NIGERIA**

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**OMOTAYO** Olatubosun Tope,  
*Department of Adult Education,  
Tai- Solarin University of Education,  
Ijagun, Ijebu Ode, Ogun State*

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### **Abstract**

This paper examines issues relating to the increasing number of retirees and the increasing involvement of older persons and retirees in social and economic activities that have made them an important population group which cannot be ignored within the precinct of Nigerian budget. The paper brought to fore the fiscal allocation as it relates to retirees and the submission of retirees on the inadequacy of the budget in meeting their well-being and increase in retirement benefits (pension and gratuities). Plausible recommendations such as strict implementation of Pension Act Reform 2014 and increase in retirement benefit were made.

### **Introduction**

The Nigerian National Budget is a sacrosanct document that is presented once in a year by the President to the National Assembly for approval. According to JhIngan (2009), the budget contains economic policy of government. From this position, it can be deduced that the budget is a document that contains financial position of government for a particular year. It has to do with the government's fiscal projection; expected income and expenditure of government for a particular financial year. Besides, the budget gives sources of income, either through tax, financial bonds, internal and external borrowings;

exports and all other means through which the government intends to finance governance. In addition, Word Book Encyclopedia (2008) indicates that the budget gives cursory insight into the priority of government. This is because the size of fiscal allocation determines the importance of each sector. Therefore, from funds allocation, the priority of government is visibly shown owing to the fact that sectors that attract huge financial allocation are indicators of government's preferences.

Meanwhile, the budget also indicates political trust of government and the direction the government is probably tending. A government that cuts taxes and increases money for welfare purposes tends towards a welfare state. However, a government that reduces money for welfare and increase tax is tending towards capitalism and plutocracy. Hence, the budget relates to professional group such as teachers, engineers and doctors owing to the fact that through the budget, the government expresses the importance of diverse social, economic and professional sectors to the government. In fact budget defines government, budget is the document that mirrors the thinking of government and gives room for speculations on the nature and attitude of people in government.

Furthermore, it also defines, partly, the financial condition of the citizenry owing to the fact that policy of government, especially on taxes and subsidy on essential consumables such as energy and critical issues such as labour (wages), housing, education and transportation, will have effect on income and expenditure of individuals in particular and the citizenry in general. This, invariably, determines the success of the budget that is usually based on how best the budget is able to affect and ensure good standard of living and life satisfaction for majority of the citizens in a country. This is because austerity measure and issues such as taxes on cars and consumables such as food and exchange rates are factors determining standard of living and life satisfaction of citizenry. The argument is that the success or positive disposition towards the national budget is diverse and is based on the budget impact on each population group. This is because budget presents government expenditure as it relates to different population group such as youth, adult, and retirees.

From the above submission, it can be concluded that budget

affects the entire population of a country and the primary goal of the budget is to ensure life satisfaction for all population group. Therefore, this paper examines the Nigeria 2016 budget as it related to the well being of retirees and the view points of this group on annual budget and their welfare.

### Theoretical Overview

From the position of Bengtson et al {1996}, theory provides a guide for investigation and predicts what is unknown. In this study, the theory of ageing has been adopted to explain issues relating to retirees owing to the fact that retirees fall within the age bracket of older persons (individuals above sixty years of age). Therefore, the following theories: modernization theory and sub culture theory are adopted to explain the concept of budget in relation to retirees in this study.

### Modernization Theory

Cowgil {1974}, advocated the theory and the entire position of this theory is, that the status of the elderly declines when societies modernize and the older generation such as retirees disengagement from the work place and the younger generation takes over the labour force. The deduction from the above submission is that retirement makes retirees vulnerable to poverty, owing to the fact that retirement is a phase in life in which an individual has passed through the active age and labour years, hence, retirees lack the vigour to work and make much income. Consequently, retirees are less important than workers owing to the fact that they are no longer in active services. Therefore, their consideration within the budget is expected to be minimal.

### Sub-culture Theory

From position of Rose (1965), and Rosow (1974), sub – culture theory explains the fact that older persons form a subculture owing to that fact that they belong to the same age cohort; witness same events; share common experiences; interest and challenges which is of less or totally not the concern of the younger generation because the younger generation are not affected by these experiences and challenges. Therefore, older persons comes together to form a sub – culture; so as to maintain positive human interaction and relationship among themselves and address challenges that is common to them

such as social exclusion. In relation to retirement in Nigeria, it can be argued that issues, such as poor payment of retirement benefits (pension and gratuity) has forced retirees to form a subculture to address their common problem.

Theoretically it can be argued that retirement from the position of modernization theory connotes redundancy because it is a period of disengagement from active service for new entrant to be employed into the labour force. While sub culture theory explains occasions that necessitated the need for retirees to congregate to address a common challenge such as poor budgetary allocation as experienced in 2016 budget.

### Global Ageing

Literature in this paper addresses issues that are germane to the paper. These are general societal and economic occurrences in relation to older persons and retirees. This is because majority of retirees are older persons, therefore, it is imperative to highlight issues in relation to older persons. The contemporary ageing population has given rise to new occurrences that are consequences of increasing number of older persons. Omotayo (2006), did conceptualize the consequence of increasing number of older persons into 4Rs of ageing. The 4Rs of ageing are projections from deduction of scholars and international organizations such as the United Nation on how ageing is to restructure the way the society operates. The argument is that the growing number of older persons is to restructure the following within the society. These are; family, economy, politics and social institutions. For example, economically, pharmaceutical industry will have to produce more of geriatrics drugs owing to increasing number of older persons that will increase demand for such drugs.

From monitored report, older persons are getting more involved in societal activities that are once presumed to be exclusive domain of young people such as crime, marriage and sports. Therefore, this segment of the paper highlights issues as they relate to occurrences concerning older persons that further entrenches the position of older persons as an important population group. Dumo (2015), reported that an older person mummified the dead mother so as to collect her 300 dollar pension. This is a criminal act that involves older persons against

another older persons .It goes to show the importance of pension to human survival. In addition, older persons are being used as couriers of hard drugs. According to Ajulu (2015), a 92- year old Nigerian was in prison for drug offence. Another 92 -years old woman was arrested while trying to traffic drug to Sau Paulo in Brazil. It was reported that her children put the drug on her .This is a clear case of abuse on an elderly person probably owing to ignorance on the part of the older person. This scenario therefore attests to vulnerability of older persons. Older persons are also reported to have been involved in domestic violence. Akenzua (2015) reported that an older person in Delta State Nigeria was arrested for slapping his daughter in-law over meal and accusation of theft. From literature, it has also been gathered that older persons are getting involved in dangerous criminal activities such as armed robbery. From the submission of Adeyi (2015), an 80- year old man was arrested in Lagos state for arms possession. Similarly, another 80- years old man with 71 other individuals were arrested for gun running in Edo state (Ojauzo 2015) .While in a related case Oloker (2015), reported discovery of fifteen thousand ghost pensioners by the Federal Government of Nigeria .

It is heartening to know that older persons are still involved in issues uncommon to the population group; these are activities that are generally in the purview of young generation. This is because they are energy demanding such as sports. For example, from the submission of Adelola (2015) an older person, Mieko Nagaoka at 100 years old completed 1,500 meters of swimming competition in Japan. In addition, Adelola (2015) asserts that Harry Nelson from United States of America is a 90- year old man who has appeared most in the Olympics Games for 18 times; the last was in 2012. While Diana Gihum at 100 years old is the oldest Olympics torch bearer. The submission above depicts the fact that older persons in contemporary time are active participants in societal endeavours.

Besides, the issue of ageing and harsh treatment of older persons has opened new frontiers for policy and legislation by some nations of the world. Consequently, from report in China, it is illegal not to visit and meet financial needs of aged parent (Adewale 2015). On the other hand, new technologies are being designed to accommodate the growing number of older persons. Here, Akinyele (2015), reported that

a robot has been designed which can assist care giver to older persons to move them with ease and as well enables them to move their limbs according to intension; it is a wearable robot that also provides lower back support that is very essential for older population.

In relation to love and romance, older persons are active actors on issues that relate to young adults such as divorce .It was reported by Vanguard New paper (2015), that an 84- year old Italian divorced her 88 years old husband owing to erectile dysfunction and reduction in sexual intercourse to three times in a month .Such occurrences point to the fact that age is not an inhibition to sexual enjoyment .Furthermore, the issues of divorce as reported above has become intergenerational as it cuts across all generations. In addition to this, it has also been reported that regular sex reduces dementia at old age and sex stimulate anti ageing hormones (Ajal 2015)

In conclusion, this segment of the paper highlighted submission and reports of social and economic occurrences in relation to older persons, population group which retirees belong. Finally, from this submission, it can be concluded that older persons are participant in contemporary issues that cut across divorce, crime, sports and issues of budget is not an exception. These have entrenched the position of older persons as an important population group that needs attention in respect to their well-being.

### Contemporary Retirement Issues

This segment of the paper presents general overview on retirement. From the position of Agblobi (2011), Aikhoje (2013) and Omotayo (2015) it can be deduced that retirement generally refers to the period after an individual have worked and have disengaged from the labour force. Retirement is originally designed to care for people at old age when the vigour and stamina to pursue daily activities is impossible owing to age. This is because an individual must retire. From the position of Omotayo (2015), retirement is inevitable and is for older persons, though, some individuals retire early.

Owing to this assertion (inevitability of retirement), it is imperative to navigate thought around issues relating to retirements consequences and reaction of government to older persons that are mostly affected by retirement through the budget. From monitored

report, the issue of retirement and living condition of retirees is precarious. According to Otti (2015), some pensioners in Nigeria still earn two thousand naira as monthly pension. Pension arrears have not been paid and the harmonization and payment have not been done; thus mortality is high among pensioners. Aderegba (2015) reported that pensioners have resolved to picket the accountant-general's office over unpaid arrears. It can be deduced that pensioners are getting more agitated in ensuring their right. This shows their despicable situation which have resulted into picketing. Furthermore, pensioners are no longer passive participants on issues of governance. From the submission of Makinde (2015) pensioners in Osun state did petition the Central Bank of Nigeria (CBN) to stop financial bailout to Osun State, owing to the fact that the state government owed pensioners between ten and fifteen months pension arrears and the pensioners were not sure they will be paid. While many have died, some are diseased, frail and weak. On the other hand, in Delta State, the Association of Contributory Retirees is owed over six billion in arrears. A number of them have died (Akenzua 2015). The federal government owed pensioners and have refused to increase pension benefit years after signing agreement and using the issues of pension to campaign for elective office (Awoyinfa 2015).

As a matter of fact, the Federal Government has implemented the new Pension Act of 2014, though, most states have not complied. Giving credence to this, Popoola (2015), asserts that no state in the South- South of Nigeria has implemented the New pension Act. From gathered report, most states have not implemented the Pension Act which shows that the issues of implementation and compliance in relation to Pension Acts are a challenge to pension system in Nigeria. A more devastating issue is the fact that the issue of pension affects pensioners and even workers that are yet to retire are having difficulties with pension. This is because from the submission of Okunber (2015), it can be gathered that pension liabilities of 30 billion naira is affecting the activities of Federal Airport Authority of Nigeria.

The position of this paper is that the concept of pension is polypus in nature, having multiplying and multi- dimensional effects not only on pensioners, but on the entire world of work itself. The argument from the position of this paper is that the issue of pension is a national

emergency that is second to insurgency.

#### Budget for Older Persons and Retirees

The year 2016 Budget Speech was termed "The Budget of Change" and was delivered by the President, his Excellency, Muhammadu Buhari, President, Federal Republic of Nigeria to the joint session of the National Assembly. The Budget proposal sought to stimulate the economy, making it more competitive by focusing on infrastructural development; delivering inclusive growth; and prioritize the welfare of Nigerians. The belief was the budget, while helping industries, commerce and investment to pick up, would as a matter of urgency, addressed the immediate problems of youth unemployment and the terrible living conditions of the extremely poor and vulnerable Nigerians. Here, older persons and retirees as a population groups were not mentioned despite the fact that pension fund that relates to the group was over five trillion. While less than 310.16 billion was voted, out of over 6 trillion, for retirees whose majority are older persons, the estimation is that 200.17 billion was for pension and gratuities of government agencies. The military pension was about 74.52 billion naira and civilian pension was about 34.82 billion naira. Meanwhile, 110 billion naira was for arrears that dated back to 2004. It can be deduced that about five percent of the entire 2016 budget was related to pension and gratuities which strongly affect older persons.

The deduction from the above submission is that one of the implications of increasing number of older persons is increase in budgetary allocation to retirement benefits (gratuity pension), owing to the fact that most retirees are older persons. This is one of the consequences of longevity, as more retirees live longer, there is higher demand for finance and thus there is pressure on the economy in general. The budget for pension is larger than the budget of about two states combined together while the contributory pension funds is above 5 trillion which is close to the entire budget itself. Though, 2016 budget seem to have given enough provision to retirees; however, from interview with retirees, the monetary allocation has no positive impact on their standard of living.

The aggregate of retirees' submission from gathered information through interview is that the budgetary allocation has not addressed



their needs owing to inflation that has reduced their purchasing power. This is because pension has not been increased commensurately to inflation. Generally, the consensus among retirees is dissatisfaction with the budget in relation to pension. The interviewee commented:

Government did not give us the required attention in general.....

My pension is not enough to care for me and my family  
.....

Despite that I retired as a senior personnel my pension is low to my needs .....I engage in transportation using motorcycle (okada) to increase my money...

..... (FGD August 2017)

Another retirees commented

The budget is poor. We retirees need increment in our pension . Am paid 20, naira as pension what can that do in this Nigeria of today? (FGD August 2017)

### Conclusion

The paper has presented issues in relation to retirees and budget. From the paper, it can be concluded that the increase in the number of older persons has increased their participation in societal activities such as economy, marriage, crime and sports. It can be deduced that pensioners are getting more agitated in ensuring their right and this shows their despicable situation which have resulted into picketing. Furthermore, pensioners are no longer passive participants on issues of governance.

The position of this paper is that the concept of pension is polypus in nature, having multiplying and multi- dimensional effects, not only on pensioners, but on workers also. Besides, the plight of pensioners in Nigeria is highlighted and it can be deduced that pensioners are complaining of inadequacy of pension and this has made life insalubrious for them. The situation is that retirees are suffering as a result of issues such as poor budgetary allocation that hinders increase

in pension and improper implementation of Pension Act 2014 by majority of state governments. Therefore, there is the need to address these issues owing to the fact that poor pension is having negative social and economic effects on pensioners.

Hence, the issues must be addressed so as to ameliorate the debilitating social consequences among older persons as population group in general and retirees in particular owing to the fact that older persons are the population group which retirees belong. Meanwhile, the 2016 budget focused on how best to address issues relating to pension challenges. This is because about five percent of the budget 310.16 billion naira was meant to address payment and to offset arrears of pension and gratuities. This is a step in the right direction but there is need for improvement arising from the fact that retirees asserted the need for increase in pension which the budgetary allocation has not addressed.

#### Recommendations

1. The government needs to ensure the full implementation of Pension Act 2014 owing to the fact that most state governments have not complied on full implementation of the budget, especially in relation to payment of pension and gratuities. Government should avoid issues of arrears in the payment of retirement benefit (pension and gratuities). This should be paid promptly. Furthermore, there is need for the establishment of Ministry of Older Persons and Retirees so that their rights can adequately be protected.

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