

## **Pension Funds and the Economic Growth of Nigeria**

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### **Abstract**

*The secondary data for this study, which looked at the contributions of pension funds to economic growth in Nigeria, came from the National Pension Commission Report and the Central Bank of Nigeria (CBN) Statistical Bulletin from 2004 to 2024. A number of problems were found, such as the inability of employers in the public and private sectors to guarantee that their retiring employees receive retirement benefits on time. Both state and private pension funds made a substantial contribution to Nigeria's economic growth, according to an analysis of the data using the Ordinary Least Squares multiple regression technique. Additionally, it was found that Nigeria's economic growth was greatly aided by pension funds from both the public and private sectors. It was determined that pension funds significantly and favourably contributed to the nation's economic expansion. To alleviate some of the problems that retirees and pensioners face when receiving their benefits, it was proposed that education campaigns on the advantages of the contributory pension plan be carried out in both the public and private sectors. The governing bodies of pension funds should deal with certain issues, such as employers in both the public and private sectors forgetting to send pension contributions.*

**Keywords:** Pension funds, economic growth, Nigeria

### **1.0 Introduction**

#### **1.1 The Study's Context**

An additional source of much-needed funding for Nigeria's infrastructure projects is pension funds. They offer ways for people to save money during their working lives in order to pay for their retirement needs, either in the form of an annuity or a lump sum. They also provide money to end users, like governments or corporations, for investments. Long-term investments like infrastructure projects have the potential to match the length of pension obligations. In theory, pension funds are a great way to finance less liquid assets like infrastructure because of their long investment horizon. If properly managed, these investments should eventually generate steady and predictable cash flows. Special-purpose infrastructure bonds with ring-fenced funds designated for infrastructure projects may be issued by the Federal Government of Nigeria. This strategy can increase pension funds' exposure to infrastructure while maintaining the funds' security. The pension fund managers' ability to make direct investments in projects has grown over time. Pension funds invested in infrastructure offer long-term financing at lower interest rates, relieving

the need to borrow money from banks at high interest rates to fund such projects. As a result, there would be more infrastructure available, which would boost the economy and stabilise prices. Contributors profited from both the investment's returns and the infrastructural project.

In order to bridge the infrastructure financing gap at a minimal cost and give significant benefits to the nation's residents, it is vital that pension funds be administered effectively and efficiently. This will give Nigeria's pension fund the components it needs to drive economic growth and development while increasing its return on investment. Pension funds' influence on Nigeria's economic growth process is seen in both their contributions to Gross National Savings and their steady increase as a percentage of GDP. According to earlier estimates, the pension sector under the 2004 old scheme was predicted to provide more than N900 billion in long-term loanable funds yearly as national savings for a long-term loan (Oyerinde et al., 2025a). But according to PenCom, the nation's pension assets reached N4.6 trillion as of 2014 (Ehiogu & Kologa, 2023). According to Egolum & Ndum (2021), pension fund growth has also fluctuated, going from a USD 16.3 billion deficit in 2004 to a USD 19.3 billion surplus in 2012 and then rising to almost USD 23.2 billion in 2013.

Pension assets contributed 7% of Nigeria's Gross Domestic Product (GDP) in 2010, mostly in the form of fixed income securities such as bonds, treasury bills, corporate loans, and money market instruments (Tuckman & Serrat, 2022). Pension assets as a percentage of GDP had gradually increased from 1.43% in 2006 to 9.57% in 2013 (Olulu-Briggs, 2023). The GDP growth rate was 6.96% in 2009, but by 2020, it had fallen to an unfavourable rate (-1.79%), according to Muraina (2023). Policymakers, financial experts, and pension academics have been debating whether the financial success of PFAs contributes to the growth of a country's financial economy (Ledhem & Mekidiche, 2020). In the second quarter of 2023, ₦263.91 billion in pension contributions were sent to individual RSAs. The private sector contributed ₦117.73 billion, or 44.61%, of this total, while the public sector contributed ₦146.14 billion, or 55.38%. Micro pension made up 0.02%, or ₦41.96 million. From the beginning to the end of the second quarter of 2023, the total amount of pension contributions was N9.37 trillion (Sule & Mulyanto, 2024). Large pension funds could help Nigeria's financial sector expand. The portion of the economy composed of businesses and organisations that offer financial services to both retail and commercial clients is known as the financial sector. This sector includes a wide range of businesses, such as banks, real estate corporations, insurance organisations, and investment firms.

As of March 2014, pension funds' investment portfolio in fixed income securities was 81%, while their investment portfolio in funds and equities was 1% and 15%, respectively (Oyerinde et al., 2025). The Pension Reform Act (PRA) of 2014 affected the industry's further expansion because it required businesses with three or more employees to implement the contributory pension system (CPS). In addition to its ability to boost GDP, the CPS has an impact on Nigeria's economy because the money it provides is used to fund infrastructure projects like real estate, tourism, railroads, and power, among others (Mawoli, 2021). As of the first quarter of 2018, only 13.2% of the workforce was enrolled in the pension plan, indicating a poor coverage rate (PenCom, 2019). Despite regulation, there is widespread scepticism regarding the reliability of pension fund administrators. Additionally, a significant number of workers in the unorganised sector are still not included in the system, which means that they will probably have no money to fall back on when they retire. In the public sector, there are claims of misappropriation and poor management of pension funds. Furthermore, many employees' employers have yet to send their own portion of the contributions (Fourchard, 2023).

Although both the public and private sectors have contributed significantly more to pension funds since their establishment (Egye & Ramli, 2024), it is unknown how much of these payments

have contributed to the expansion of Nigeria's financial sector. Based on the aforementioned, this study is conducted to look at how pension funds contribute to Nigeria's economic growth between 2004 and 2024, particularly to assess how public sector pension funds contribute to Nigeria's economic expansion, to look into how private sector pension funds contribute to Nigeria's economic growth, and to ascertain the combined contributions of governmental and private pension funds to Nigeria's economic expansion.

## **2.0 Review of Related Work**

This section evaluates relevant literature from three perspectives: conceptual framework, theoretical framework, and empirical review.

### **2.1 Conceptual Structure**

#### **2.1.1 What a Pension Means**

A pension is an agreement that a pensioner will receive a set amount regularly, usually after retiring from service. It differs from severance pay in that the latter is paid in a single lump sum, whilst the former is paid in regular instalments. An occupational or employer pension is a term used to describe a pension plan established by an employer for the benefit of employees. Pensions are also funded by the government, labour unions, and other institutions. For tax purposes, occupational pensions are a type of deferred remuneration that is typically advantageous to both employers and employees. Since pension plans frequently give payouts to survivors or beneficiaries with disabilities, many of them also have an extra insurance component. The term "pension" is frequently used to refer to the benefits that an individual receives upon retirement, typically in accordance with predetermined legal and/or contractual terms (Kaye, 2024).

#### **2.1.2 The Development of Pensions and Pension Funds in Nigeria Over Time**

The emergence of organised labour in both the public and commercial sectors throughout the 20th-century colonial era is when Nigerian pension plans first emerged (Burrows, 2022). Muslim & Omoleke (2024) stated that the Pension Ordinance of 1951, which went into force retroactively on January 1, 1946, was Nigeria's first pension law. The Pension Ordinance gave colonial administrators full pension rights, whereas Nigerian employees in the civil service at the time were allowed partial rights at the colonial Governor-General's discretion. This ordinance became the Pension Act of 1958 (Muslim & Omoleke, 2024). The Pension Reform Act (PRA) of 2004 highlighted Nigeria's new pension program, which is a defined contributory scheme as opposed to the previous scheme, which was mostly defined benefits. However, only public sector workers were subject to legislative compulsion under the previous Nigerian Pension System. Not every employer in the private sector offered pension plans. This occurred because they were not required by law to do so.

According to Adedeji & Muhammed-Mikaaeel (2022), those who had pay-off plans in place that involved lump sum payments just before retirement were likewise not required by law. It's interesting to note that the pension sector had three regulators before the PRA 2004. These consist of the Joint Tax Board (JTB), the National Insurance Commission (NAICOM), and the Securities and Exchange Commission (SEC). While the NAICOM is still in charge of licensing and overseeing insurance businesses in the nation, the SEC continues to be the commission that grants licenses to pension fund managers (Okiche et al., 2022). In essence, PenCom, which oversees, manages, and controls all pension-related issues in Nigeria, created the most recent law, the Pension Reform Act 2014. The PenCom oversees and controls the management of Nigeria's standard Contributory Pension Scheme for both the public and private sectors (Alao, 2023).

### 2.1.3 Nigeria's New Pension Plan's Goals

Nigeria ran a Pay as You Go defined benefit plan with numerous issues prior to the new pension plan. Ibrahim & Salisu (2024) cited underfunding, unsustainable outstanding pension liabilities, weak and ineffective pension administration, demographic changes and the scheme's ageing, the lack of incentives for private sector employees through any kind of mandatory retirement benefit arrangement, and inadequate regulation of the previously established scheme as the reasons for the defined benefit system's non-performance. Owing to the aforementioned shortcomings, appropriate and sufficient reform was required to appropriately provide for and cater to retiree benefits. The present Contributory Pension Scheme (CPS) had to be implemented due to these found flaws. According to Salisu & Ibrahim (2024), the CPS is based on the following: to guarantee that each employee gets their retirement benefits on time, to empower employees and help them save money so they can support themselves in old age and limit the increase of pension obligations. The administration of pension matters should be governed by uniform rules, regulations, and standards. Ensure adherence and encourage broader coverage.

### 2.1.4 Contributory Pension Plan Components

According to Adamu & Sheela (2025), the main goals of the new program are:

1. To guarantee the timely payment of retirement benefits to all individuals who have worked in the public or private sector.
2. To help careless people by making sure they save enough money to support themselves in their old age.
3. To create a standard set of guidelines for the management and payment of retirement benefits in both the public and commercial sectors; and
4. To stop the increase in unpaid pension obligations.

Contributory and fully funded, the new pension plan is based on individual accounts privately administered by Pension Fund Administrators, with Pension Fund Custodians holding the pension fund assets (Muslim & Omoleke, 2024). Employees are required to contribute a minimum of 8% of their basic salary, housing, and transport allowances under this scheme, which was modified in 2014. Employers must contribute 10%, for a total of 18%.

### 2.1.5 Nigerian Pension Classifications

According to Obasa (2022), pensions in Nigeria fall into four major categories. These are:

1. **Retiring Pension:** This kind of pension is typically awarded to an employee who has completed a predetermined amount of good work, typically 30 to 35 years, or upon reaching the age of 60 to 65 years for Nigerian public servants and 70 years for professors and judges (Obasa, 2022).
2. **Compensatory Pension:** This kind of pension is given to an employee whose permanent position is eliminated and the government is unable to find him a suitable substitute job (Okolie & Idibra, 2022).
3. **Superannuating Pension:** According to the terms of service, this kind of pension plan is awarded to employees who retire at the specified age limit (Obasa, 2022).
4. **Compassionate Allowance:** This occurs when a public servant's dismissal from office due to misconduct, insolvency, incapacity, or inefficiency prevents them from receiving a pension (Okolie & Idibra, 2022).

### **2.1.6 Characteristics of the Previous Pension Plan (Defined Benefit Plan)**

The pension plans before the 2004 Pension Reform Act were classified as defined benefit plans and have the following fundamental characteristics: final entitlements were determined by length of service and terminal emoluments; they were funded by the Federal Government through budgetary allocations; pensions became an enormous burden on the government; the government was unable to pay workers' pensions and gratuities because no plan had been put in place; records were unavailable; administration was disorganised; there was insufficient funding; there were outright fraud irregularities; funds were diverted; there were ineligible pensioners on the pension payroll; and it was difficult to implement budgets and make adequate provisions (Oladejo, 2023).

### **2.1.7 The Current Contributory Pension Plan's Prospects**

In Nigeria, pensions are a significant source of domestic resource mobilisation (DRM). Over N4.5 trillion in pension funds and an anticipated increase to almost \$1 trillion by 2050 were found in a rigorous analysis of Nigeria's primary DRM sources (Odeh & Nwosu, 2024). It is impossible to overstate the significance of pension funds for any economy's growth and development, since global indices show that pension assets are crucial in raising savings for investments in vital industries (Liu et al., 2024). According to them (Liu et al., 2024), pension funds both directly and indirectly support the economic development of nations around the world. By directly contributing to GDP, accumulating savings, fostering the growth of the financial sector, lowering poverty among the elderly, and serving as consumers of financial services, pension funds enhance global economies (Uduma, 2024). For instance, US pension funds hold more than half of the world's assets. These totalled \$38.97 trillion by 2023. The United Kingdom (\$2.71 trillion), Australia (\$2.21 trillion), Canada (\$3.17 trillion), and the Netherlands (\$1.74 trillion) are other significant markets in absolute terms. Although there has been some volatility, pension assets in developed economies have increased by approximately 6% yearly since 2013 (and by nearly 9% in emerging economies) (Sugimoto et al., 2025). According to Yahaya (2023), the pension sector in Nigeria is anticipated to produce more than N900 billion in long-term loanable funds each year under the new program.

### **2.1.8 Nigeria's Financial Sector Growth Overview**

Nigeria encountered serious economic difficulties and policy changes in the first half of 2024 that had an effect on several economic sectors. The Naira rapidly depreciated during the start of the year, reaching an all-time low of 1\$ (one dollar) to N1650 (one thousand, six hundred and fifty Naira) (Iliyasu et al., 2024). Low foreign direct investment (FDI) flows of US \$183.97 million (one hundred and eighty-three million, nine hundred and seventy thousand dollars), which accounted for 16.9 per cent of all capital imports in the fourth quarter of 2023, contributed to the Naira's decline in value. The Central Bank of Nigeria (CBN) implemented the willing buyer, willing seller model for foreign exchange transactions, in an effort to lower the depreciation rate (Iliyasu et al., 2024). The pressure on the Naira was momentarily reduced by the adoption of the willing-buyer, willing-seller model. The closing rate of the Nigerian Autonomous Foreign Exchange Market (NAFEM) increased significantly from a peak of N1,650 (one thousand six hundred and fifty Naira) on February 26, 2024, to N1309.4 (one thousand three hundred and nine Naira, forty Kobo) on March 28, 2024 (Oyadeyi, 2023). However, as of the date, the naira devalued to N1600 (one thousand six hundred Naira) per dollar, making this metric unsustainable. Temporary intervention mechanisms by the CBN will remain restrained in the absence of enhanced capital flows and export revenues to the foreign reserves (Adekunle & Tonia, 2024).

Inflation in the nation has also increased throughout the first half of the year. According to the most recent Consumer Price Index (CPI) report from the National Bureau of Statistics (NBS), Nigeria's inflation rate surged to 34.19 per cent in July 2024 (NBS 2025). Food and non-alcoholic beverages (17.59 per cent), housing, water, electricity, gas, and other fuel (5.68%), and clothing and footwear (2.60 per cent) were the primary causes and major contributions to inflation. Numerous factors affecting numerous food categories are linked to this notable increase in food prices (Adamgbe et al., 2024). Due to a number of causes, including decreased agricultural output, high transportation costs, rising energy prices, and instability in key food-producing regions, food inflation reached 40.0% in March. In keeping with the CBN's inflation-targeting strategy, policy interest rates increased (NBS 2025). The rate increases, however, have not kept up with the rate of inflation. From 18.75 per cent in December 2023 to 22.75 per cent in February, 24.75 per cent in March, and 26.75 per cent in July, the Monetary Policy Rate (MPR) rose (Adamgbe et al., 2024). The Nigerian 10-year Government Bond Yield increased from 14.55 per cent in May 2023 to 19.30 per cent in May 2024 as a result of the rising MPR driving favourable rates on Treasury bills and Open Market Operations (OMO), Adamgbe et al. (2024). Fiscal authorities must enact reforms to address non-monetary problems like infrastructure deficits, insecurity, and low productivity while rate hikes address monetary inflation (NBS, 2024).

The National Bureau of Statistics (NBS) reports that in the first quarter of 2024, Nigeria's GDP increased by 2.98 per cent (year over year) in real terms. This growth rate is lower than the increase of 3.46 per cent in the fourth quarter of 2023 and greater than the 2.31 per cent in the first quarter of 2023. While PWC attributes the growth in Q1 2024 to the performance of the financial, insurance, mining, and quarrying sectors, the NBS attributes the GDP performance in the first quarter of 2024 to the services sector, which recorded a growth of 4.32 per cent and contributed 58.04 per cent to the aggregate GDP. Due mostly to naira devaluation, the nation's total public debt increased by a staggering 144.1 per cent to N121.67 trillion (one hundred and twenty-one trillion, six hundred and seventy billion Naira) in the first quarter of 2024 from N49.85 trillion (forty-nine trillion, eighty billion Naira) in 2023. An increased debt load resulted from the budget deficit to GDP ratio of 6.1 per cent in 2023, which was still greater than the budget Responsibility Act (FRA) target of 3 per cent. Overall, Nigeria faced both local and international challenges during the first half of 2024, which was characterised by economic instability and policy changes. To promote sustainable growth and draw in investment, the nation will concentrate on stabilising the economy, combating inflation, and putting structural changes into place as the second half of the year approaches (NBS, 2024).

## **2.2 Theoretical Framework**

### **2.2.1 The Theory of Deferred Wages**

According to Basu & Sen (2024), the deferred wage theory serves as the foundation for this investigation. which sees the pension plan as a way to postpone paying employees until they retire. In return for current services, the employer agrees to pay a pension. Individual tax savings are frequently the outcome of pay deferral. Offering a pension plan has less evident benefits for the employer. According to the deferred wage hypothesis, companies provide pension plans due to economies of scale in portfolio management, administration, and other expenses (Bikker & Meringa, 2024).

If the present value of deferred pay surpasses the necessary funding, the employer will gain cash flow benefits. A long-term or lifetime implicit labour contract between the employer and employee is typically included in the deferred wage theory, which has a number of consequences for the employer (Etim et al., 2023).

### 2.3 Empirical Analysis

Ilo et al. (2023) investigated the impact of equity investments made by pension funds on Nigeria's financial development. The research design used in the study was ex post facto. The 14 years of Nigeria's economy from 2007 to 2020 were the study's population, and were covered by the secondary data. Both descriptive and inferential statistical analyses were performed. The results demonstrated that equity investments made by pension funds had a favourable and noteworthy long-term impact on financial development.

The relationship between pension fund investments and Nigeria's economic growth from 2004 and 2020 was investigated by Ogonda (2022). The Fixed/Random Effects Regression Model, correlation, and descriptive statistics were applied to the secondary time series data. The human development index (HDI) was found to be negatively and negligibly impacted by pension fund investments in money market instruments, but positively and negligibly impacted by pension fund investments in federal government securities. Nigeria's economic growth, proxied by HDI, was positively impacted by pension fund investments in listed ordinary shares and corporate loan securities.

Onyebuchi (2020) studied Nigerian output growth, financial development, and pension funds. Using an Autoregressive Distributed Lag (ARDL) modelling technique. It was discovered that investing in short-term return-producing portfolios through pension fund contributions effectively stimulates growth.

Olutimi et al. (2024) conducted a study to evaluate how the contributory pension plan affected Nigeria's economic growth between 2007 and 2010. The study employed a survey research approach with sample sizes of 30 and 70 for Legacy Pension Ltd. employees and clients. Additionally, it used ANOVA for primary data and correlation analysis for secondary data. The study found that the contributory pension plan significantly boosted GDP and that risk predominance had a beneficial impact on pension fund management.

### 3.0 Methods

Both the ex post facto and desk research designs were employed. These techniques were utilised to collect the information needed to determine how pension fund investments contributed to Nigeria's economic expansion. The pension subsector of the Nigerian financial system is the study area since the purpose of this study is to investigate the contributions of pension fund investment on economic growth in Nigeria. This study made use of secondary data. These were cross-sectional and time series data. The information gathered came from secondary sources. The information came from reports published by the Pension Commission between 2004 and 2024, the Nigerian Bureau of Statistics, and the Central Bank of Nigeria Statistical Bulletin. In Nigeria, there are a lot of pension fund custodians (PFCs) and administrators (PFAs). As of December 2024, there were eight (8) PFCs and nineteen (19) registered PFAs in Nigeria, according to PenCom, NBS, and CBN (2024). The twenty-seven (27) registered pension fund administrators (PFAs) and pension fund custodians (PFCs) that are active in Nigeria make up the study's population. The Nigerian Pension Fund Administration Data Reports, which were made accessible by the National Bureau of Statistics/National Pension Commission Report, featured the aggregate data of various PFAs and PFCs.

### 3.1 Model Details

The relationship between the variables in the study's hypothesis is analysed using ordinary least squares multiple regression models.

The following are the functional equations used to test the research hypotheses:

$$RGDP = f(CFPUS).....(1)$$

$$RGDP = f(CFPFRS).....(2)$$

$$RGDP = f(CFPUS, CFPFRS).....(3)$$

The equation is linearised in the hypotheses as:

$$RGDP = \beta_0 + \beta_1 CFPUS + u_t.....(4)$$

$$RGDP = \beta_0 + \beta_1 CFPFRS + u_t.....(5)$$

$$RGDP = \beta_0 + \beta_1 CFPUS + \beta_2 CFPFRS + u_t \dots(6)$$

Where:

RGDP = Real Gross Domestic Product, a proxy for economic growth in Nigeria.

CFPUS = Contributions of pension fund from the public sector in Nigeria

CFPFRS = Contributions of pension fund from the private sector in Nigeria,

$u_t$  is the stochastic error term.

$\beta_0$  is a regression constant or intercept

$\beta_1, \beta_2$  are the regression coefficients

The information gathered for this study was displayed in tables that showed the trend, movement and series of observations of the variables under investigation. The variables' typical trend movement was examined using graphs and percentages (%). Therefore, the data was empirically analysed using an ordinary least squares multiple regression model. The statistical significance of the independent variables on the dependent variables is ascertained using the t-statistic. The statistical dependability of the estimated result is assessed using the R-squared ( $R^2$ ) and F-value statistics. The regression equations' explanatory power is evaluated using the  $R^2$ . It evaluates how well the regression line fits the data. The relevance of the entire model is tested using the F-statistic. The null hypothesis ( $H_0$ ) is tested against the alternative hypothesis ( $H_1$ ), and if the computed p-value is higher than the significance level of 0.05,  $H_0$  is rejected.

## 4.0 Presentation of Data, Analysis, and Results Interpretation

### 4.1 Data Display

Table 4.1 displays the secondary data that was gathered for this investigation.

**Table 4.1: The study's dataset from 2004 to 2024**

Year	RGDP (N'Billion)	CPFPU (N'Billion)	CPFPR (N'Billion)
2004	36,057.74	15.6	0
2005	38,378.80	34.68	0
2006	40,703.68	37.38	23.03
2007	43,385.88	80.63	68.34
2008	46,320.01	99.28	80.81
2009	50,042.36	137.1	91.21
2010	54,612.26	162.46	103.03
2011	57,511.04	228.92	119.53
2012	59,929.89	302.24	159.52
2013	63,218.72	278.5	225.42
2014	67,152.79	237.76	343.97
2015	69,023.93	200.05	358.91
2016	67,931.24	225.86	262.33
2017	68,490.98	257.11	353.73
2018	69,799.94	266.84	340.72
2019	71,387.83	331.56	369.13
2020	70,014.37	536.97	371.12
2021	72,393.67	491.75	387.4
2022	74,639.47	533.81	504.17
2023	76,684.94	411.39	335.06
2024	78,235.21	587.86	495.62

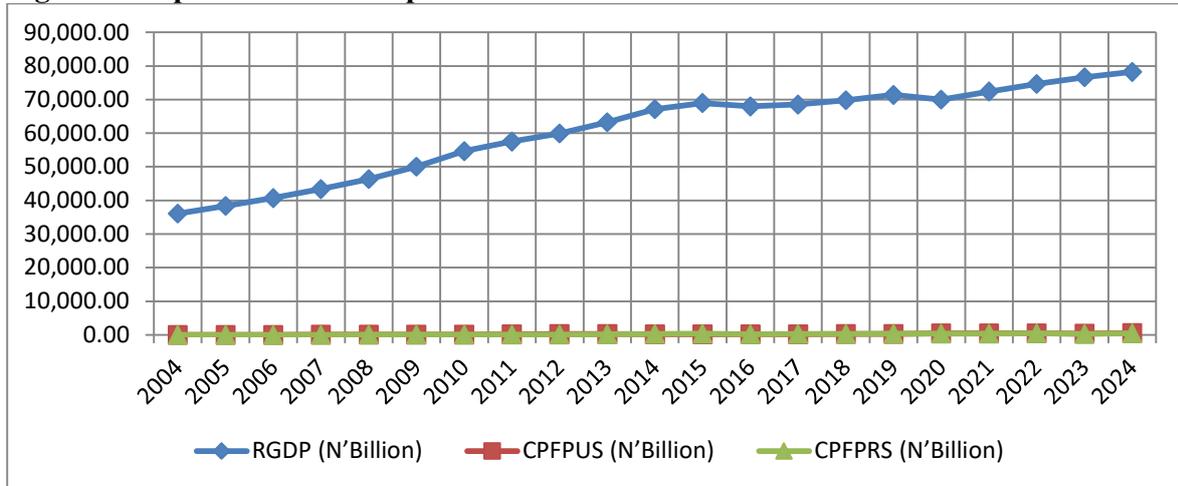
**Source:** The National Pension Annual Commission Reports (Various years), and the Central Bank of Nigeria (CBN) Statistical Bulletin data from 2004 to 2024.

## 4.2 Analysis of Data

### 4.2.1 Trend Analysis Findings

To present a statistical test of significance in the adoption of a regression analysis technique, it is essential to verify that the assumptions of a classical linear regression model - co-movement, linearity, and the stationarity of the variables—are not violated.

**Figure 1: Dependent and independent variable trends from 2004 to 2024**



**Source:** Researchers’ Representation (2025). SPSS output results of the National Pension Annual Commission Reports (Various years), and the Central Bank of Nigeria (CBN) Statistical Bulletin data from 2004 to 2024

The trend of RGDP, CPFUS, and CPFPRS is shown in Figure 1 with consistent movements. This indicates that the explanatory factors are most likely maintaining a relatively stable trend, with changes in the trend more likely to cause the RGDP to shift proportionately. Since this need is satisfied before using the data for hypothesis testing, the standard linear regression assumption is not broken in this scenario.

#### 4.2.2 Results of Descriptive Statistics Analysis

The degree of data variability away from the mean value can be ascertained with the use of this study. It is implied that a high degree of variability indicates a large degree of variance and a high potential for non-normality of the data, which ultimately results in incorrect estimation.

**Table 4.2 Descriptive Statistics**

	<b>RGDP</b>	<b>CPFUS</b>	<b>CPFPRS</b>
Mean	60757.85	259.8929	237.7643
Median	67152.79	237.7600	262.3300
Maximum	78235.21	587.8600	504.1700
Minimum	36057.74	15.60000	0.000000
Std. Dev.	13381.59	172.0478	162.3832
Skewness	-0.557128	0.437619	-0.031560
Kurtosis	1.942725	2.226347	1.681693
Jarque-Bera	2.064471	1.194009	1.524177
Probability	0.356210	0.550458	0.466691
Sum	1275915.	5457.750	4993.050
Sum Sq. Dev.	3.58E+09	592008.9	527366.1
Observatios	21	21	21

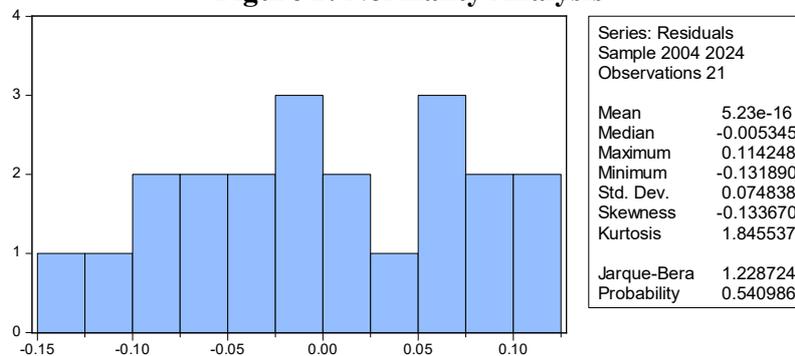
**Source:** SPSS output result of The National Pension Annual Commission Reports (Various years), and the Central Bank of Nigeria (CBN) Statistical Bulletin data from 2004 to 2024.

Table 2 demonstrates that all of the variables' standard deviation values are lower than their mean values, indicating low variation and a high likelihood of minimal or less error in the dataset. Furthermore, as the Kurtosis values are fewer than 5, the variables are significantly peaked. These statistical findings suggest that between 2004 and 2024, Nigeria's economic development and the pension fund's naira value were at low levels.

#### 4.2.3 Results of the Normalcy Test

This test was carried out to assess the model's dependability and the appropriateness of the parameters used in the model, as well as to examine the normality of regression residuals.

**Figure 2: Normality Analysis**



**Source:** SPSS output result of The National Pension Annual Commission Reports (Various years), and the Central Bank of Nigeria (CBN) Statistical Bulletin data from 2004 to 2024

The residual is normally distributed, as shown by Figure 2's Jarque-Bera (JB) value of 1.228 and matching p-value of 0.540, which is more than 0.05 and not significant.

### 4.3.1 Testing of Hypothesis One

HA1: The public sector's pension funds significantly contribute to Nigeria's economic expansion.

**Table 4.3: Model I Ordinary Least Squares Regression Analysis**

Dependent Variable: LOG(RGDP)				
Method: Least Squares				
Date: 07/26/25 Time: 04:54				
Sample: 2004 2024				
Included observations: 21				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	9.75060	0.096625	100.9114	0.0000
LOG(CPPUS)	0.23635	0.018154	13.01941	0.0000
R-squared	0.89920	Mean dependent var		10.9883
Adjusted R-squared	0.89390	S.D. dependent var		0.24286
S.E. of regression	0.07910	Akaike info criterion		2.14561
Sum squared resid	0.11890	Schwarz criterion		2.04613
Log likelihood	24.5289	Hannan-Quinn criterion.		2.12402
F-statistic	169.505	Durbin-Watson stat		0.76799
Prob(F-statistic)	0.00000			

**Source:** EViews output results of The National Pension Annual Commission Reports (Various years), and the Central Bank of Nigeria (CBN) Statistical Bulletin data from 2004 to 2024

When the computed p-value is less than the 5% (0.05) level of significance, the null hypothesis ( $H_0$ ) is rejected in the test against the alternative hypothesis ( $H_{A1}$ ). The alternative hypothesis that there is a considerable contribution of public sector pension funds to economic growth in Nigeria was accepted based on the empirical evidence from Table 4.3, where the computed p-value of 0.000 was less than the 5% (0.05) level of significance.

#### 4.3.2 Testing of Hypothesis Two

$H_{A2}$ : Pension funds from the private sector significantly contribute to Nigeria's economic expansion.

**Table 4.4: Model II Ordinary Least Squares Regression Analysis**

Dependent Variable: LOG(RGDP)				
Method: Least Squares				
Date: 07/26/25 Time: 04:55				
Sample: 2004 2024				
Included observations: 21				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	10.39856	0.069622	149.3563	0.0000
LOG(CPFPRS)	0.122394	0.013586	9.008753	0.0000
R-squared	0.810299	Mean dependent var		10.98837
Adjusted R-squared	0.800315	S.D. dependent var		0.242866
S.E. of regression	0.108527	Akaike info criterion		1.513235
Sum squared resid	0.223786	Schwarz criterion		1.413757
Log likelihood	17.88897	Hannan-Quinn criterion.		1.491646

F-statistic	81.1576	Durbin-Watson stat	0.61378
	4		7
Prob(F-statistic)	0.00000		
	0		

**Source:** EViews output results of The National Pension Annual Commission Reports (Various years), and the Central Bank of Nigeria (CBN) Statistical Bulletin data from 2004 to 2024

When the computed p-value is less than the 5% (0.05) level of significance, the null hypothesis ( $H_0$ ) is rejected in the test against the alternative hypothesis ( $H_{A2}$ ). Based on the empirical findings from Table 4.3, the alternative hypothesis - that pension funds from the private sector significantly contribute to Nigeria's economic growth - was accepted since the computed p-value of 0.000 was less than the 5% (0.05) level of significance.

### 4.3.3 Testing of Hypothesis Three

$H_{A3}$ : Pension funds from the public and private sectors significantly contribute to Nigeria's economic growth.

**Table 4.5: Model III Ordinary Least Squares Regression Analysis**

Dependent Variable: LOG(RGDP)				
Method: Least Squares				
Date: 07/26/25 Time: 04:51				
Sample: 2004 2024				
Included observations: 21				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	9.85452	0.137986	71.41702	0.0000
LOG(CFPUS)	0.19251	0.045426	4.238023	0.0005
LOG(CFPPRS)	1.08549	0.472414	2.297757	0.0443
R-squared	0.90504	Mean dependent var		10.9883
Adjusted R-squared	0.89449	S.D. dependent var		0.24286
S.E. of regression	0.07888	Akaike info criterion		2.11005

Sum squared resid	0.11201	Schwarz criterion	1.96083
	5		9
Log likelihood	25.1555	Hannan-Quinn	2.07767
	9	criterion.	2
F-statistic	85.7829	Durbin-Watson stat	0.61083
	6		2
Prob(F-statistic)	0.00000		
	0		

**Source:** EViews output results of The National Pension Annual Commission Reports (Various years), and the Central Bank of Nigeria (CBN) Statistical Bulletin data from 2004 to 2024

According to the data displayed in Table 4.5, pension funds from both the public and private sectors have positively contributed to the expansion of Nigeria's financial industry, as indicated by the coefficient values of 0.192516 and 1.085493. Additionally, the public sector pension fund contribution (CPFUS) has a p-value of 0.0005, which is below the significance threshold of 0.05, whereas the private sector pension fund contribution (CPFPRS) has a p-value of 0.044, which is below the significance level of 0.05. Based on this statistical evidence, it can be concluded that pension funds from the public and private sectors contribute significantly to Nigeria's economic growth. The model's combined factors accounted for around 90% of the fluctuations in Nigeria's economic growth, with unincorporated variables accounting for the remaining 10%, according to the  $R^2$  value of 0.90.

#### 4.4 Discussion of Results

E-views software was used to examine the data using the Ordinary Least Squares regression method, and the three results showed consistent outcomes. First, it was discovered that pension funds from the public sector significantly contributed to Nigeria's economic expansion. Second, pension funds from the private sector have made a substantial contribution to Nigeria's economic expansion. Last but not least, additional research revealed that pension funds from the public and commercial sectors significantly contributed to Nigeria's economic expansion. This result is in line with Yashim & Yohanna's (2025) conclusion that pension fund contributions from Nigeria's public and commercial sectors significantly rose and created a sizable investment fund in the capital and money markets. It follows that the contributory pension has the ability to increase the GDP of Nigeria's financial sector with careful portfolio and risk management by pension fund administrators and custodians.

### 5.0 Summary, Recommendations and Conclusions

#### 5.1 A synopsis of the Results

This study's main goal was to investigate how pension funds contribute to Nigeria's economic expansion. The research's specific goals were to assess the public sector's pension fund contributions to Nigeria's economic growth, look into the private sector's pension fund contributions, and ascertain the combined contributions of the public and private sectors' pension funds to Nigeria's economic growth. Three hypotheses were developed and examined. The researcher adopted an ex post facto design, using secondary data from 2004 to 2024, given the nature of the investigation.

This paper examined trend analysis, regression analysis, and descriptive statistics as econometric assumptions. The following is a summary of the study's findings:

1. The public sector's pension funds significantly contribute to Nigeria's economic expansion.
2. Pension funds from the private sector significantly contribute to Nigeria's economic expansion.
3. Pension funds from the public and commercial sectors jointly contribute significantly to Nigeria's economic expansion.

## **5.2 Conclusion**

This study looked at how pension funds contributed to Nigeria's economic expansion between 2004 to 2024. It was discovered that pension funds from the public sector significantly contribute to Nigeria's economic expansion. Another finding revealed that pension funds from the private sector significantly contribute to Nigeria's economic expansion. It was also discovered that pension funds from the public and private sectors jointly contribute significantly to Nigeria's economic expansion. It follows that reform initiatives in both the public and commercial sectors have produced notable economic prospects. In line with this, Nigeria's pension fund scheme reforms have produced new, sizable asset pools that need to be managed effectively. The economy as a whole and new asset classes now have access to funds, thanks to these reforms, which have significantly expanded investment options. The study's conclusions lead to the conclusion that pension funds significantly and favourably contribute to Nigeria's economic expansion.

## **5.3 Recommendations**

- i. A campaign to educate the public and private sectors about the benefits of the contributory pension plan is necessary to address some of the issues that retirees and pensioners encounter when collecting their pensions.
- ii. Some concerns, such as employers in both public and private sector firms failing to remit pension contributions, should be addressed by the regulatory bodies of pension funds.
- iii. To increase current compliance, the National Pension Commission should impose the applicable penalties of the Pension Reform Acts on employers who are in default.
- iv. Employers should cease deducting pension contributions at the source; instead, the Nigerian government should support the option for the banks where employees' salary accounts are located to facilitate monthly pension deductions and have them sent to the relevant pension fund administrators (PFA). It appears that the number of defaulting firms is rising; this position should be reviewed.

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