



## UNIVERSITY OF IBADAN, IBADAN

### FURTHER CLARIFICATION ON THE PROPER IMPLEMENTATION OF THE CONTRIBUTORY PENSION SCHEME

The matter of Contributory Pension Scheme has been a source of contention between staff unions and the Management of the University of Ibadan for some time now. It was one of the issues raised by all the four staff unions in March 2017. It was also one of the major bones of contention in the recent strike by the Joint Action Congress of the Senior Staff Association of Nigerian Universities (SSANU) and the Non-Academic Staff Union (NASU) in our University. Council at its meeting of Tuesday, 10 March 2020 deliberated extensively on the matter.

By the provisions of the Pension Reform Act of 2004 (as amended) which established a 15% Contributory Pension Fund, each individual employee is expected to contribute 7.5% of his/her total consolidated salary while another 7.5% is to be contributed by the Federal Government of Nigeria on behalf of each employee.

Government deducts at source the 7.5%, being the staff contribution to the scheme from the University's personnel emolument allocations. This is to ensure timely remittance to the National Pension Commission for onward transmission to the appropriate pension manager of each employee. **The amount so deducted at source should only appear on the Employee's monthly pay slips as a proof/receipt of his/her contribution and to show that he/she does not receive less than the government approved salary.**

The University of Ibadan does not make any further pension deduction beyond what the Federal Government had deducted at source and transmitted to the Pension Fund Administrator of each member of staff. The reflection or showing of the amount each staff has contributed monthly to the scheme in our pay slips does NOT in any way constitute double deduction as it is being erroneously interpreted by a cross section of our members of staff.

#### **Example of the Implementation of Contributory Pension Scheme**

A member of staff whose total Consolidated Salary is hypothetically N100,000.00 is to contribute 7.5% of his/her monthly consolidated salary towards his/her pension and this translates to N7,500.00. This amount is deducted at Abuja and transmitted to the designated Pension Fund Administrator of the staff. The Federal Government will also contribute the employer's 7.5%. In the final analysis a total of ₦15,000.00 would be paid to the Pension Fund Administrator of the staff while the pay slip should only indicate/reflect the fact that ₦7,500.00 had been deducted at source.

Total Consolidated salary:	₦100,000.00
Less 7.5% Employee's Pension:	₦7,500.00 (Deducted at Source)
Net Salary Payable after Deduction of 7.5% Employee's Pension	₦92,500.00

### **Council Position**

The above clarification notwithstanding, Council has set up an Ad-Hoc Committee to have another look at the matter. All the four Staff Unions will be represented on this Committee. A report is to be sent to Council for further consideration.

The Committee will soon publish its mode of operation and any member of staff who has any additional information or contrary evidence should make such available to the Committee for discussion. Meanwhile, we appeal to all members of staff to be calm and exercise restraint while the issue of pension deduction is being looked at by Council.

Please be assured that the University Management is committed to ensuring that no staff is denied any legitimate earning.

Thank you.

(Signed)

### **MANAGEMENT**

Thursday, 12<sup>th</sup> March 2020

### **References**

1. Pension Reform Act 2004
2. Okonjo-Iweala, Ngozi. Re: Request for Clarification on 7.5% Staff Contributory Pension (Coordinating Minister of the Economy and Honourable Minister of Finance (17 December 2012)
3. Akabueze, Ben . Re: Request for Clarification on the Proper Implementation of the Contributory Pension Scheme in the Nigeria Universities (Director-General, Budget Office of the Federatio: Letter Addressed to the Deputy National President, SSANU; 24 September 2018)