

## DETERMINANTS OF DEFINED BENEFITS PENSION FUND PERFORMANCE IN NIGERIA

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*Published 21 September 2020*

### ABSTRACT

**Purpose:** *The aim of this paper is to examine determinants of defined benefits pension fund performance in Nigeria using empirical evidence from Pension Transitional Arrangement Directorate (PTAD).*

**Design/methodology/approach:** *The study employed correlational research design to investigate determinants of defined benefits pension fund performance in Nigeria. The VCE Robust Regression Technique was used for the analysis in order to achieve the study objective.*

**Findings:** *The study found that Number of Pensioners on Payroll (NoPoP) and Amount of Pensions Paid (AoPP) had positively and significantly affected defined benefit pension fund performance while Gross Domestic Products (GDP) had negatively and significantly influenced defined benefit pension fund performance in Nigeria over the study period. The findings revealed that Defined Benefits Pension Protection Fund (DBPPF) needs to be established by the Federal Government of Nigeria so as to save funds for the rainy day for pensioners under the Old Pension (Defined Benefit) Pension Scheme in the event of any economic crunch. Additionally, the Directorate is expected to establish an alliance with commercial banks used by pensioners for their (proof of existence) virtual verification from time to time, which could alleviate their plight in the course of their movements from one location to another just to get physically verified. Also, pensioners' data should be continuously and securely encrypted in the cloud as well as the utilization of artificial intelligent (AI) to figure out pension fraudsters.*

**Research limitations:** *The study only explored three explanatory variables whereas other variables such as amount of gratuity paid, pension operating costs, inflation risk, interest rate spread, and exchange rate were not considered in this study. It is therefore recommended that future researches could include other variables not covered in this empirical study.*

**Practical implications:** *This paper contributes to the existing literature on pension funds' performance. Restructuring of defined benefits pension scheme through Pension Reform Act (PRA) 2014 has enhanced pensioners' welfare in Nigeria. Thus, pension fund performance was discovered to be crucial in settling the backlogs of defined (old) pension liabilities in Nigeria as it affects the workers that retired on or before 30th June 2007 and did not transit their pension benefits to the contributory pension scheme.*

**Social implications:** *The Defined Benefits (old) Pension fund performance will significantly enhance the life-expectancy and well-being of Nigerian retirees under the defined benefits pension plan, which in turn, will increase the survivors at old-ages (declined mortality rate) in the country.*

**Originality/value:** *To the best of the researcher's knowledge, this is the first empirical study on the restructured defined benefits pension scheme after the enactment of Pension Reform Act (PRA) 2014 in Nigeria. Therefore, the positive and statistical significance of the number of pensioners on payroll and amount of pensions paid found in this empirical research, using VCE Robust Regression Technique of analysis will further boost the pensioners' confidence in the **restructured defined benefits pension scheme** in Nigeria. This is due to the fact that right payment of pension at the right time and to the right beneficiaries improves pensioners' welfare and guarantees the defined benefit Pension Fund Administrator (PFA)'s pension fund performance.*

**Keywords:** Pension Fund, Payroll, Gross Domestic Products (GDP), Short-term Investments.

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