

**AN ASSESSMENT OF THE NEW PENSION SCHEME UNDER THE
NATIONAL PENSIONS ACT 766 (2008): A CASE STUDY OF THE KUMASI
METROPOLIS**

KNUST

BY

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DECLARATION

I, Yaa Konadu Yiadom hereby declare that this submission is my own work towards the Master of Business Administration (Finance) and that, to the best of my knowledge, it contains no materials previously published by another person or material which has been accepted for the award of any other degree of the university, except where due acknowledgement has been made in the text.

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DEDICATION

I dedicate this project to my family for their support and encouragement towards the completion of this work.

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ACKNOWLEDGEMENT

My profound gratitude goes to God Almighty for his abundant grace in seeing me through this project work. I am grateful to my supervisor, Prof. J.M. Frimpong the Former Dean of the KNUST School of Business for his direction and guidance towards the completion of this project work. I am also thankful to my family for their support and prayers. To my colleagues, friends and well-wishers I say thank you for their encouragement.



ABSTRACT

In Ghana, concerns have been raised and agitations made over inadequacies in the existing pension schemes in the country due to factors such as discrepancies in the benefits enjoyed by retirees under the hitherto, two existing pension schemes, the Cap 30 and the Social Security and National Insurance Trust. It was in recognition of the need for reforms to ensure a universal pension scheme for all employees in the country that the new National Pension Act 766 was promulgated in 2008. The objectives of this study were to: analyse the awareness levels of workers; assess the benefits of the new pension scheme; determine the perception of workers; and assess the challenges facing the implementation of the new pension scheme. The study adopted descriptive research design. The population of the study were formal sector workers in Kumasi. A sample size of 300 was used. Questionnaire was employed for the data collection. Quantitative data analysis technique (such as Mean, Standard deviation, frequency, and percentages) and qualitative data analysis technique such as content analysis, and logical deduction and induction were used to analyse and discuss collected data. It was found out that: the respondents are fairly aware of the existence of the new scheme; the respondents accepted that the new scheme has brought some economic benefits to contributors and the country; respondents have a positive perception about the new pension scheme; and the major challenges that face the implementation of the new scheme are low rates of pension fund returns and lack of knowledge of the new pension scheme. It was recommended that: intensive public education should be embarked on by the NPRA and the regulations governing the new pension scheme be rigidly enforced.

TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
ABSTRACT	v
TABLE OF CONTENTS	vi
LIST OF TABLES	x
LIST OF FIGURES	xii

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study	1
1.2 Problem Statement	- 2
1.3 Research Objectives	- 4
1.4 Research Questions	- 4
1.5 Justification of the Study	4
1.6 Overview of Methodology	5
1.8 Organisation of the Study	6

CHAPTER TWO -----	8
LITERATURE REVIEW -----	8
2.0 Introduction -----	
- 8	
2.1 Pension Schemes Defined -----	
- 8	
2.2 Types of Pension Schemes -----	
- 9	
2.2.1 Defined Benefit Pension Plans -----	
9	
2.2.2 Defined Contribution Pension Plans -----	
11	
2.3 History of Pension Schemes in Ghana -----	
13	
2.4 Social Security and National Insurance Trust (SSNIT) -----	
15	
2.4.1 Functions of SSNIT -----	
17	
2.5 The New Three-tier National Pension Scheme -----	
21	
2.5.1 First Tier-----	
22	
2.5.2 Second Tier -----	
23	
2.5.5 Review of Similar Pension Schemes -----	
25	
2.6 Awareness Level of workers on Pension Schemes -----	
28	
2.7 Benefits of the New Pension Schemes -----	
31	
2.7.1 Improving Living Conditions -----	
31	

2.7.2 Enhancing Economic Growth and Nation Building -----	32
2.7.3 Creating Job Opportunities -----	34
2.8 Perception of workers on Pension Schemes-----	34
2.9 Challenges to the Implementation of New Pension Schemes -----	36
2.10 Pension Schemes and Workers Savings -----	38
2.11 Pension Schemes and Workers Retention -----	39
CHAPTER THREE -----	40
METHODOLOGY -----	40
3.0 Introduction -----	40
3.1 Research Design-----	40
3.2 Study Area/Location -----	40
3.4 Sampling -----	- 41
3.5 Sampling Technique -----	42
3.6 Sources of Data -----	- 42
3.7 Data Collection and Instrument -----	42
3.8 Data Analysis Technique -----	43
3.9 Ethical Consideration -----	45

3.10 Test of Validity and Reliability, and Pilot Testing -----
45

CHAPTER FOUR ----- 47

DATA PRESENTATION, ANALYSIS AND DISCUSSION ----- 47

4.1 Introduction -----
47

4.2 Biographic Data of Respondents -----
47

4.2.1 Gender -----
----- 47

4.2.2 Age of Respondents -----
48

4.2.4 Years of Working -----
51

4.2.5 Occupation of Respondents -----
52

4.2.6 Sector of Employment -----
53

4.2.7 SSNIT Contributors -----
54

4.2.8 Active SSNIT Contributors -----
56

4.3 Level of Awareness on the New Pension Scheme -----
----- 57

4.3.1 Pension Fund Managers Registered with -----
----- 62

4.3.2 Registration under the 3rd Tier. -----
----- 63

4.4 Benefits of the New Scheme. -----
----- 64

4.5 Perception of workers on the New Scheme -----	67
4.6 Challenges on the implementation of the New Scheme. -----	70
CHAPTER FIVE -----	72

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION ---
72

5.1 Introduction -----	72
5.2 Summary of Findings -----	72
5.2.1 Awareness Levels of Workers on the New Pension Scheme -----	72
5.2.2 Benefits of the New Pension Scheme -----	73
5.2.3 Perception of workers on the New Pension Scheme -----	73
5.2.4 Challenges of the New Pension Scheme -----	74
5.3 Recommendations -----	74
5.4 Conclusion -----	75

REFERENCES -----	77
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APPENDIX -----	81
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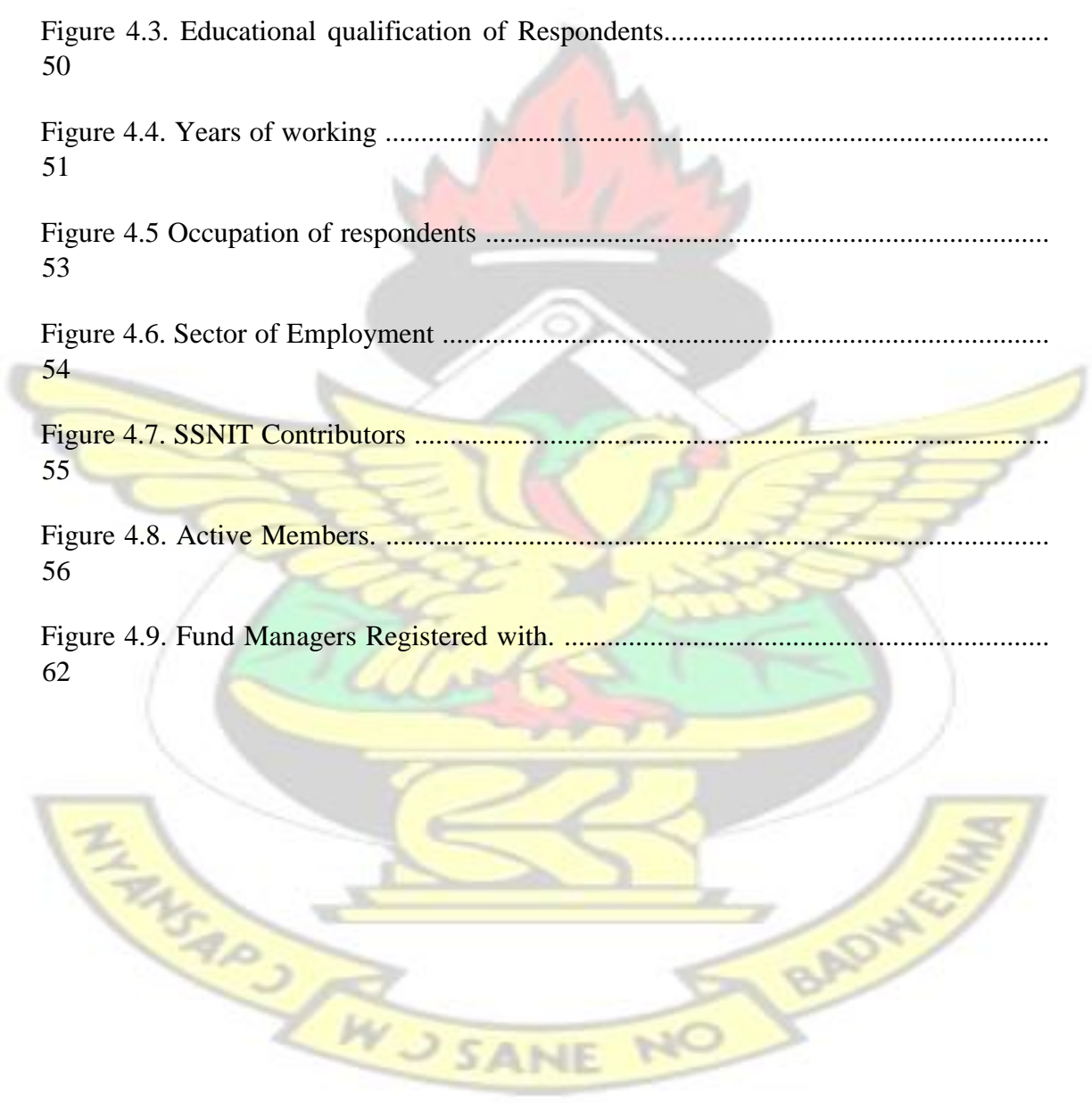
LIST OF TABLES

Table 2.1 – members contribution by economic sectors – SSNIT scheme as at 31st December 2004.	19
Table 3.1. Sub-Metro Sample Size:	41

Table 3.2. Mean Score Interpretation.	45
Table 4.1. Respondents Gender Results	47
Table 4.2. Age of Respondents Statistics	48
Table 4.3. Age of Respondents	49
Table 4.4. Educational qualifications of Respondents	50
Table 4.5. Years of working.....	51
Table 4.6. Occupation of Respondents	52
Table 4.7. Sector of Employment	54
Table 4.8. SSNIT Contributor	55
Table 4.9. Active Members	56
Table 4.10. Descriptive Statistics of Respondents awareness levels.....	57
Table 4.11. Fund Manager registered with	62
Table 4.12. My employers have registered me under the 3rd tier	63
Table 4.13. Descriptive Statistics of Benefits of the new scheme	64
Table 4.14. Descriptive Statistics of workers perception	67
Table 4.15. Descriptive Statistics of challenges of the new scheme	70

LIST OF FIGURES

Figure 2.1 Structure of Ghana’s New Pension Scheme	25
Figure 4.1. Respondents Gender Results.	48
Figure 4.2. Results of Respondents Age	49
Figure 4.3. Educational qualification of Respondents.....	50
Figure 4.4. Years of working	51
Figure 4.5 Occupation of respondents	53
Figure 4.6. Sector of Employment	54
Figure 4.7. SSNIT Contributors	55
Figure 4.8. Active Members.	56
Figure 4.9. Fund Managers Registered with.	62



CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Life after retirement is one of the dreaded periods of most workers. The fears of facing the future after retirement “creates an ambiance of disturb” among employees’ (Ikeji, et.al, 2011). Retirement is seen by workers as a transition that could lead to physiological and economic problem (Ogunbameru and Bamiwuye, 2004). The provoking thoughts of facing the uncertain future after retirement by workers, is responsible for most bureaucratic corruption and could also be responsible for low commitment to work by employees and service ineffectiveness of vital institutions in Nigeria (Agba, et.al, 2008). The extended family system, the lack of adequate social welfare for the aged, huge deficit, arbitrary increase in salaries/wages, and poor administration of retirement benefits informed a lot of pension acts (Aderinokun and Adoba, 2004).

In Ghana, concerns were raised and agitations made over inadequacies in the existing pension schemes in the country. Of particular concern to most worker groups, were the discrepancies in the benefits enjoyed by retirees under the two existing pension schemes, the Cap 30 and the Social Security and National Insurance Trust (Mensah, 2008). He added that in recognition of the need for reforms to ensure a universal pension scheme for all employees in the country, and to further address concerns of Ghanaian workers, His Excellency President J. A. Kuffuor in July 2004, found it necessary to appoint a nine member Presidential Commission on Pensions (PCP), chaired by Mr. T. A. Bediako (Mensah, 2008). The Commission was tasked to examine current pension schemes and recommend sustainable Pension scheme(s) that will ensure retirement income security for Ghanaian workers. The Bediako Commission submitted its final report to

Government in March 2006, following Government's acceptance of the recommendations and issuance of a white paper in July, 2006. To that effect, a Bill on a new pension scheme was passed by Parliament (Mensah, 2008).

The new National Pension Act 766 created a new contributory Three-Tier Pension System for Ghana, funded by direct contributions of employers and employees to replace existing parallel pension schemes (National Pension Act 766, 2008).

1.2 Problem Statement

Social Security and National Insurance Trust (SSNIT) membership is compulsory for all workers in Ghana. SSNIT members are supposed to contribute to the fund (both employees and employers). Workers are then assured of a secured retirement. SSNIT is therefore mandated to invest these funds to ensure members retrieve their benefits when they retire. Though most SSNIT contributors are happy their future is secured, there are questions asked as to the way SSNIT administers the fund and are naive when it comes to the administration and the calculation of benefits received (Afutu, 2011). The author has observed that, in many cases, retirees' complain about inadequate retirement package, delays in accessing pension funds, corruption, and bad investment projects, among others.

Mensah (2008) agrees and stated that, it is due to agitations on the workers front regarding the performance of SSNIT that led to the establishment of a three-tier contributory scheme. However, the establishment of the three-tier pension system, the author believes would not solve the problems of pension scheme administration in Ghana. The author wonders whether a lot of Ghanaian workers are even aware of the existence of this new scheme. The author posits that, a lot of Ghanaians are neither aware nor know the dynamics of the new pension scheme. How can one achieve optimum

benefit from a system when he does not understand the dynamics of the system? This study will find out the awareness level of selected workers in Kumasi on the new three tier pension scheme.

It is the belief of the proponents of the new pension scheme that workers will be better off under the new system than the old system. If the scheme is managed effectively workers are expected to receive lump sum when they retire under the second-tier and regular monthly pension under the first-tier in addition to any income that may accrue to retirees under the third-tier system. However, in practice, are workers really expected to receive the benefits that the scheme promises given the history of pension scheme administration in Ghana? Will the benefits under the new pension scheme surpass the benefits under the old system? These are some of the issues that this study seeks to find.

Experience has shown that workers who retired from service sometimes spend so many months and years in chasing their retirement benefits. Some even never received it. The awareness of the problems inherent in receiving the benefits from the old pension scheme tends to make contributors develop certain perceptions either negatively or positively towards pension schemes. Either way the contributors attitude or perceptions have a lot of consequences for the sustenance of the pension scheme. In line with this the study will determine how contributors in Kumasi perceive the new pension scheme.

The benefits that are expected to accrue to contributors will be realised depending on how management of the new pension scheme tackles the challenges that are encountered or to be encountered in the implementation of the new scheme. Challenges if left unresolved can hinder the success of otherwise good pension plans. However, effective solutions to the challenges of the new pension scheme can be adopted only when these challenges are adequately identified. Thus a study into the new pension scheme will not

be complete if the challenges facing its implementation are not adequately identified. This study therefore seeks to find out the possible challenges that are facing the implementation of the new pension scheme from the perspectives of contributors, management of SSNIT and trustees.

1.3 Research Objectives

Generally the research seeks to assess the new pension scheme. However, in achieving this the following specific objectives as deduced from the problem statement will be achieved:

- a. To analyse the awareness levels of workers on the new pension scheme.
- b. To assess the benefits of the new pension scheme to workers.
- c. To determine the perception of workers on the new pension scheme.
- d. To assess the challenges facing the implementation of the new pension scheme.

1.4 Research Questions

From the above research objectives, the following research questions will be asked:

- a. What are the awareness levels of workers on the new pension scheme?
- b. What are the benefits of the new pension scheme to the Ghanaian worker?
- c. What are the perceptions of workers on the new pension scheme?
- d. What are the challenges facing the implementation of the new pension scheme?

1.5 Justification of the Study

This research will be useful to pension administrators in knowing the level of awareness and the perception of workers, as well as the challenges facing the implementation of the

new scheme. It will consequently present to managers another opportunity to take a critical look at the scheme in the light of the findings this work will present.

The research will also contribute to the knowledge of the New Pension Scheme. It will create the awareness of workers on the new scheme. By administering questionnaire to prospective respondents, it will create another opportunity for these workers especially those who may not know of the existence of the new scheme to appreciate its existence.

The conduct of this research will serve as a springboard for other interested people who may want to conduct similar research. This is because it may serve as impetus for further research to fill some gaps that may be left out as a result of the limitations of this study.

1.6 Overview of Methodology

This research is descriptive study. The population of the study are formal sector workers in Kumasi. The population size is not known. However, the author estimates it to be over two thousands. Data was collected from 300 respondents. The main data collection instrument that was used is questionnaire for the workers and interview conducted for a Pension fund manager and SSNIT Area Manager. The adoption of the questionnaire makes the analysis of the data using both quantitative and qualitative techniques easy. Quantitative data analysis technique (such as Mean, Standard deviation, coefficient of variation, confidence level, frequency, and percentages) and qualitative data analysis technique such as content analysis, and logical deductions and inductions were used to analyse collected data.

1.7 Scope and Limitation of the Study

This study is limited to Kumasi even though the ideal thing would have been to study the subject in different geographical areas of the country. In view of this, the findings are thus limited to only Kumasi. Thematically, the rationale of this study is limited to four main premises as enumerated under research objectives. This implies that this study is limited thematically. In addition this study also faced various constraints as follows: firstly, financial constraint was an issue. In view of this the researcher could not administer more questionnaires to a lot of respondents. Apart from this, this study is for academic purpose and for that matters should be completed within certain time frame for graduation purpose. This thus, limited the ability of the researcher to cover a much wider area. Also a lot of convincing needed to be done before some respondents decided to participate in the survey.

1.8 Organisation of the Study

Chapter one of the study consist of the introduction . This comprises of the background of the study, the problem statement, research objectives, research questions, justification of the study, overview of methodology, scope and limitations of the study, and organisation of the study.

Chapter two also takes care of the literature review to evaluate the works of other researchers on the subject matter. Chapter three will highlight the methodology of this work. This will include the population study, sample size, data collection technique, and data analysis technique. Analyses of the data collected through the administration of the questionnaire is the focus of the fourth chapter of this study. The analyses goes to achieve the objectives of the research. The fifth chapter covers summary of key findings,

recommendations, and the conclusion of the study. There are also supplementary pages covering a sample of the questionnaire, interview guide and references that were used.

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CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This part of the report reviews various literatures put together by other writers, researchers, students, speakers, organizations, committees/ commissions, and academicians on the subject area. The views, findings, and facts as enumerated by these other people and organizations are presented, contrasted, and critiqued to determine their similarities, trends and points of divergence. This literature review will form the basis for setting a set of motivated questions that will help to answer the research questions and meet the research objectives. The section has been divided into nine main parts starting from 2.1 definition of pension scheme to 2.9 the economic importance of pension schemes.

2.1 Pension Schemes Defined

A pension is a contract for a fixed sum to be paid regularly to a person, typically following retirement from service (<http://www.merriam-webster.com/dictionary/pension>). Pensions should not be confused with severance pay; the former is paid in regular instalments, while the latter is paid in one lump sum. The terms retirement plan and superannuation refer to a pension granted upon retirement of the individual (Princeton WordNet, 2008). Retirement plans may be set up by employers, insurance companies, the government or other institutions such as employer associations or trade unions. Called retirement plans in the United States, they are commonly known as pension schemes in the United Kingdom and Ireland and superannuation plans (or super) in Australia and New Zealand (Wikipedia, 2013).

Retirement pensions are typically in the form of a guaranteed life annuity, thus insuring against the risk of longevity (Wikipedia, 2013).

A pension created by an employer for the benefit of an employee is commonly referred to as an occupational or employer pension. Labour unions, the government, or other organizations may also fund pensions. Occupational pensions are a form of deferred compensation, usually advantageous to employee and employer for tax reasons. Many pensions also contain an additional insurance aspect, since they often will pay benefits to survivors or disabled beneficiaries. Other vehicles (certain lottery payouts, for example, or an annuity) may provide a similar stream of payments (Wikipedia, 2013).

The common use of the term pension is to describe the payments a person receives upon retirement, usually under pre-determined legal and/or contractual terms. A recipient of a retirement pension is known as a pensioner or retiree (Wikipedia, 2013).

2.2 Types of Pension Schemes

Broadbent, et.al (2006) distinguish between two main types of pension plans namely defined benefit pension plans, and defined contribution pension plans. These are explained below:

2.2.1 Defined Benefit Pension Plans

In a traditional defined benefit (DB) pension plan, workers accrue a promise of a regular monthly payment from the date of their retirement until their death, or, in some cases, until the death of their spouse (Broadbent, et.al, 2006). The promised life annuity (deferred) is commonly based on a formula linked to an employee's wages or salary and years of tenure at the sponsoring firm. In a typical DB plan the member earns a unit of pension, usually expressed as a percentage of nominal earnings, for each year of credited service/participation. The DB pension may be indexed to inflation but in a number of

countries such as the U.S. and Canada this is uncommon in private sector pensions (Broadbent, et.al, 2006). Various measures are used for the earnings base; in Australia, the U.K., the U.S. and Canada, the most common is ‘final salary’ – generally the employee’s average earnings over a specified period of time prior to retirement or earnings during a specified period of highest earnings. In final salary plans the expected benefit is generally designed to replace a pre-determined percentage of ‘final salary’ based on a specific employment tenure that is typically ranging from about 35 to 40 years. The replacement rate varies considerably across plans; the most generous DB plans are designed with a salary replacement ratio of between 60-70 per cent of final salary (Broadbent, et.al, 2006).

Employers are generally legally obligated to make the promised payments once they have accrued and have been vested; firms are under no obligation to pay benefits that might be expected but have yet to actually accrue. Under certain conditions employers may also terminate pension plans in some countries (e.g., the U.S.) but prohibitive tax penalties typically persuade employers to transform the pension plan rather than terminating it. In other countries such as the U.K. and Canada, the DB plan text may prohibit the termination of the plan (Yermo, 2003). In practice, a full plan termination is often difficult to implement outside of corporate insolvency, particularly in highly unionized industries where a DB pension plan is usually a negotiated benefit. A full plan termination is therefore the least common of the three types of DB plan closures generally available to plan sponsors (Broadbent, et.al, 2006).

These are:

- a. A hard freeze or termination (no additional benefits will accrue to any current plan members from either additional tenure or increases in compensation)

- b. A soft freeze (generally limits increases for current plan members in accrued benefits due to increases in tenure but may allow the definition of compensation to increase)
- c. A partial freeze (plan is frozen for some but not all members).

The shift from DB to DC plans is, therefore, generally a gradual process incorporating a transition period in which the employer will offer two types of pension plans; a DB plan for existing employees and a DC plan for new hires (Weiss, undated).

Employees in DB pension plans may face insolvency risk if the sponsoring firm declares bankruptcy at a time when the plan is less than fully funded. Solvency risk has been partially mitigated in some countries through the creation of a pension benefit guaranty agency such as the U.S. Pension Benefit Guaranty Corporation (PBGC), or more recently, the U.K. Pension Protection Fund. In the event of bankruptcy these agencies will take over the responsibility for making some portion of the promised payments to retirees. In these types of arrangements the risks assumed by the guaranty fund may ultimately be passed on to tax payers (Weiss, undated)

2.2.2 Defined Contribution Pension Plans

According to Broadbent, et.al (2006) in a defined contribution (DC) pension plan, workers accrue funds in individual accounts administered by the plan sponsor. They added that the contributions of employees are typically deducted directly from their pay and frequently some portion of these contributions is matched by the employer. Since contributions to DC plans are generally a fixed percentage of earnings, DC assets build at a fairly steady rate over time (abstracting from the time-pattern of investment returns) – avoiding the back loading of accrued benefits that is a hallmark of DB plans. So in contrast to a DB plan, it is the contributions rather than the benefit that is fixed in a DC pension plan; the retirement income that will be provided is unknown in advance.

The pension benefit accumulated during the employee's working career will depend on the contributions made while working and the investment returns earned on the plan balances (Broadbent, et.al, 2006).

Similar to DB pension plans, there is considerable variation in DC plan design, legislation, regulation, and taxation; these differences influence the risks that plan members assume. Australian DC plans are somewhat unique. Participation is mandatory for all workers and their employers and minimum contributions are fixed by legislation (Weiss, undated). The most common type of DC plan in Canada and the U.K. is a traditional money purchase plan (MPP) organized as a trust¹⁷. In the U.S. MPPs are less popular than the 401(k) plan which, according to Byrne (2004) accounts for 75 per cent of DC plan members.

Nonetheless these plans have many features in common. Within specified limits, plan contributions and investment income are not subject to personal income tax although withdrawals are taxed. The plans are also governed by pension legislation and regulation (Weiss, undated). The main difference between a MPP and 401(k) plan is that the latter has features of both a traditional occupational pension plan and an individual retirement savings plan. Early withdrawals from a 401(k) are permitted but are taxable and subject to certain conditions and penalties (prior to age 59 ½). Also, lump sum distributions are permitted at retirement and when an employee changes jobs (Broadbent, et.al, 2006). In the U.K., Australia and Canada pension balances are locked-in until retirement age. Early withdrawals are not permitted and the purchase of an annuity is compulsory at age 69 in Canada and age 75 in the U.K. In Canada, investment in a 'locked-in' retirement savings account where annual withdrawal limits are pre-specified is also permitted. Employees in Australian DC plans typically have the choice of purchasing an annuity or taking the

entire balance as a lump sum withdrawal (as early as age 55); early withdrawals are only permitted in exceptional circumstances (Broadbent, et.al, 2006).

Under pension legislation, DC plan assets belong to the worker, meaning that previous contributions are portable across employers or through employment spells. In a DC plan this generally means that the DC plan assets are controlled by the worker. A worker may be able to leave the plan assets under the administration of a previous employer, transfer the assets to a new employer's plan or transfer the assets to an individual retirement savings account. Similar to DB plans, DC plan benefits must be vested. If the plan is terminated prior to the vesting date, only employee contributions and interest are returned. By definition a DC pension plan is always fully funded and the employer typically has no financial obligation other than to make periodic payments into the plan, and, relative to a DB plan, the accounting treatment is quite simple; payments to a DC plan are treated as any other corporate expense (Yermo, 2003).

2.3 History of Pension Schemes in Ghana

The Pensions landscape in Ghana has undergone several developments since the colonial era (NBC Ghana Ltd, Undated). In 1946, the Government introduced a noncontributory pension scheme, which was the first pension program of its kind in the country, to cater for the retirement benefits of those who worked in the offices of the Colonial Administration. Later, in the early 60's the "CAP 30" and Superannuation Schemes were introduced for certified teachers, university lecturers, and all government workers (Afutu, 2011). The vast majority of ordinary Ghanaian workers could not benefit from these schemes. Therefore, the Social Security Act (No. 279) was passed in

1965 to cover all private and public sector workers who were not covered by the “CAP 30” schemes. The scheme was originally started as a Provident Fund to provide lump sum benefits for old age, invalidity and survivor’s benefits (NBC Ghana Ltd, Undated). Seven years later, the Social Security Act (279) was repealed, giving way to the establishment of the Social Security and National Insurance Trust (SSNIT) in 1972 under the NRC 127 to administer the National Social Security Scheme (Asamoah, et.al, 2009). The Scheme ran for twenty-five years until it was later converted to a Social Security Pension Scheme. During this period the funds generated from the contributions were invested in special government bonds at very low interest rates and very long maturity periods. As a result of the low interest rates and the rising inflation at the time the lump sum benefits due to retiring beneficiaries were insignificant (NBC Ghana Ltd, Undated). To resolve this situation, the Social Security Act, 1991 (PNDC Law 247) was enacted to transform the 1972 Scheme from Provident Fund to a Defined Benefit Scheme, which brought some element of adequacy into workers’ pension package. The conversion of the Provident Fund was accompanied by the shift from investments in special government bonds to investments in a broad portfolio (Asamoah, et.al, 2009).

The transition to a very broad investment portfolio required considerations that satisfied the needs of government on one hand, the need to satisfy some social needs of the contributors and the need to generate commercial rates of return to balance the lower rates from the other portfolios (Afutu, 2011). However, the disparity between the two major public pension schemes – the “CAP 30” and SSNIT Schemes – became more pronounced as the years went by (NBC Ghana Ltd, undated). Consequently, there were agitations and protests by some public sector workers on the SSNIT Scheme demanding to be placed on the “CAP 30” scheme which was considered more favourable,

particularly in terms of the lump sum benefit (Asamoah, et.al, 2009). These, among other factors, prompted the Government to give consideration to the need to restructure the existing schemes to provide improved retirement benefits for all workers (Mensah, 2008). In March 2006 report by the presidential commission set up to look into pensions in Ghana recommended a THREE-TIER PENSION STRUCTURE, comprising two mandatory schemes and a voluntary scheme (Afutu, 2011).

2.4 Social Security and National Insurance Trust (SSNIT)

The social security and National insurance Trust pension scheme is a contributing defined benefit (DB) social insurance scheme based on the principle of solidarity or risk pooling (Afutu, 2011). “The scheme is autonomous with a governing board of directors representing the government, employers and workers”. It is partially funded and employs the scaled premium method to finance benefits (Social Security Law, 1991, PNDC L 247 Sec. 18- 35).

According to Afutu (2011) the scheme provides three main benefits;

i. Superannuation/old age pension ii.

Death survivor’s lump-sum benefit.

iii. Invalidation benefit

In addition, there is a health care provision under the National health insurance Scheme (NHIS).

There are three internal classifications of SSNIT members. These are:

1. Active members – members who have paid the contribution over the last two years.
2. Inactive members – those whose social security accounts have not been credited with contributions covering the last two years. They are largely students on study leave and members who have been out of employment for more than two years.

3. Paid members – those who have received social security benefits. These include members who have received interim benefits lump-sum payment survivors’

benefit as well as those currently on pension.

Membership is mandatory for all workers in the public and private sector. Membership for the self-employed is however voluntary (Afutu, 2011). He added that the only groups expressly exempted from the scheme by various laws are:

1. Ghana Armed Forces
2. Ghana Police Service
3. Ghana National Fire Service
4. Judicial Service
5. Council for Law Reporting
6. General Legal Council
7. Ghana Prison Service
8. Bureau of National Investigation
9. Research unit of Ministry of Foreign Affairs, Foreign mission and Diplomatic Corp.
10. Senior members of Public Universities, Research and Analogous Institutions.

These groups are on the CAP 30 scheme, except the universities and the Ghana Armed Forces that have their own scheme. However, individuals employed by these establishments may opt to join the SSNIT as voluntary contributors (Kumado and Da Rocha, 2000).

The then (before it was revised) mandatory contribution rate was 17.5% of which a member’s monthly contribution is 5% and the employer 12.5%. Self-employed persons who register voluntary with the scheme pay the contribution rate of 17.5%. Where a member ceased being employed, he or she may continue to pay the monthly contribution

at the rate being paid by self-employed persons i.e. 17.5% (Afutu, 2011). The normal retirement age for members of the scheme is 60years. For workers employed in hazardous areas, the retirement age is 55years. However, members may opt for early retirement and reduced benefits between ages 55 – 59 (Afutu, 2011). A member must have contributed for 240months to earn monthly pension after retirement but otherwise be paid a lump sum.

The scheme is partially funded and employs the scaled premium to finance benefit.

Under it, a contribution rate is fixed for a period to provide fund and rate is received as when necessary, in order to sustain the total liabilities of the scheme. The short fall in funding is expected to come from investments income contribution of future contributors, referred to as inter-generational transfer of resources (Kumado and Da Rocha, 2000).

2.4.1 Functions of SSNIT

SSNIT administers the scheme on behalf of contributors and its core functions are as follows;

1. To register employers and employees
2. To collect monthly contributions
3. To build and keep records of contributors
4. To invest funds of the scheme
5. To process and pay benefits

These responsibilities are carried out through the various divisions supported by the wide network of Area Officers. Branches are in direct contact with employers and Employees (Kumado and Da Rocha, 2000). The investment division of the Trust manages in health care delivery (e.g. building of health posts and mini hospitals), education (e.g. students'

loan scheme/students hostels), real estate and employment generating business, corporate loans to help companies to restructure and expand (Asamoah, et.al, 2009).

2.4.2 Challenges Facing SSNIT

Each office of SSNIT has its own database of contributors from which monthly postings are carried out for the update of the central database at the head Office of SSNIT (Afutu, 2011). He added that a major bottleneck in process of data pick up and communication records, pension system, management and district offices is being resolved with the installation of necessary software to improve data integrity. There is however the urgent need to provide adequate logistics, like computers to enable all offices contributes more effectively. The ongoing installation of the new program which will integrate all the business processes, enhance work flow and facilitate the migration to electronic record capacity of SSNIT to respond to demands for better pension service delivery (SSNIT, 2005).

During the Presidential commission's interactions with stakeholder and the general public, some concerns were raised about SSNIT's operations and management of SSNIT funds (Afutu, 2011). Afutu listed some of the major problems associated with the scheme to include; low coverage and High Drop-Out Rate, poor investment policies and low investment returns, the cost burden of the student's loan scheme, mismanagement of funds, inadequate scope of benefit, high general and administrative expenses, government interference with the management of the scheme, difference in the Social Security Law 1991 (PNDC Law 247), and inadequate Public Education.

The 2005 progress report on SSNIT's medium-term strategic plan (2002-2006) indicated that approximately 1,068, 728 of the economically active population of 9,261,000 have registered and contributed to the scheme. The report also revealed the fact that over four million people had registered with the scheme at one point in time. However, as at the end of 2005, a little below 900,000 workers could be said to be actively contributing to the scheme from the

number of establishments from which the scheme drew its membership from 1997 to December 2004.

Table 2.1 – members contribution by economic sectors – SSNIT scheme as at 31st December 2004.

ECONOMIC ACTIVITY	NUMBER OF ESTABLISHMENT	ACTIVE CONTIBUTORS
Service	11,066	761,366
Mining	3,364	85,855
Energy	1,414	78,006
Manufacturing	3,921	43,435
Construction	315	30,285
Commerce	125	27,509
Agriculture	512	26,309
Transport	103	15,963
Total	21,090	1,068,728

(Source: Afutu, 2011).

Despite stepping up the membership recruitment drive, there are still a large number of establishments and workers who are not registered with the scheme. For example, in the construction sector, there are only 30,285 workers instead of 255,229 captured in Ghana population and housing census (Afutu, 2011). He continued that in the manufacturing sector, 43,435 out of 907,783 were contributors. Mining and quarrying, 78,006 out of 126,545 and as at 30th November, 2005, the number of establishment had risen to 22,990 while the number of active contributors had dropped to 891, 997. Afutu (2011) continued that the management of SSNIT gave three reasons for the short fall in patronage.

1. The absence of a National Identification System that would facilitate the identification and tracking of potential employers, contributors and inactive members.
2. The rate level of growth of the formal economy and its impact on the growth of membership from the formal sector.
3. The continued exemption of certain group of workers from the SSNIT scheme.

The commission is also of the opinion that the reduction in membership may also be attributed to the ineffectiveness of the membership drive leading to a very slow response from potential contributors (Ministry of Finance, 2006).

In his dissertation, review of the state pension scheme in Ghana, Tubuahson (2003) noted that comments from the media and individuals in Ghana give a clear indication that the majority of the citizens lack an understanding of what the SSNIT pension scheme is actually meant for. This could be attributed to the fact that except for the last few years SSNIT has failed to actually educate the public on the arrangements and provisions underlying the pension scheme. As at now, there are no leaflets or publications easily available to the public, which systematically explain what the pension scheme is actually meant for, the right of members and their entitlements.

According to Afutu (2011) the failure to adequately inform the public has invariably created some basic social problems for SSNIT as follows;

First, many contributors consider their contributions to the scheme as a savings portfolio instead of contributions towards a social insurance program. As a result, their expectations of the scheme far exceed what the scheme can actually provide.

Also, low levels of earnings coupled with the extended family support system means that many workers retire without any substantial savings to acquire valuable assets. On retirement, many such members expect the pension scheme to offer them lump sum payments (25% of pensionable income) large enough to afford such properties as houses and commercial vehicles.

Secondly, most contributors see themselves as part owners of social and commercial properties of SSNIT and so do not understand why they should pay economic rates for the use of such properties (Tubuahson, 2000).

2.5 The New Three-tier National Pension Scheme

Several factors, such as shifting socio-economic and demographic characteristics, have given the impetus to pension reforms around the globe in the last two decades.

Countries such as Chile, Singapore, Venezuela and other economies in South America, Latin America, Europe and Asia-Pacific have undertaken reforms on their Social Security systems over the past 20 years to make the systems more sustainable, equitable and growth-enhancing (NBC Ghana Ltd, undated).

The journey towards the new pension reforms in Ghana began in July 2004, when the Government found it expedient to review and re-structure existing pension arrangements, to ensure retirement income security for all Ghanaian workers. First, a Presidential Commission was constituted and charged with the mandate to examine the existing pension schemes to make appropriate recommendations for a more sustainable pension system. Government White Paper on the report of the Presidential Commission on Pensions was issued in July 2006. The primary recommendation of the commission was for the creation of a new contributory Three-Tier Pension System to replace the “CAP 30” and the old SSNIT Pension Schemes (Mensah, 2008).

Following this, a Pension Reform Implementation Committee was set up to implement the approved recommendations of the Commission. The Committee was, among other things, to facilitate the drafting of a new Pension Reform Bill and provide guidance on transitional matters, in both the public and private sectors that need to be resolved to ensure the smooth take-off of the new pension scheme (Afutu, 2011). In 2008, the National Pensions Act (766) was passed to provide for the establishment of a new contributory Three-Tier Pension Scheme; this was officially launched in November 2009 (NBC Ghana Ltd, undated).

The Three-Tier Pension Scheme consists of two mandatory schemes and a voluntary scheme (National Pension Act 766, 2008). Established by the Act is a contributory three-tier pension scheme consisting of a: mandatory basic national social security scheme; mandatory fully funded and privately managed occupational pension scheme; and voluntary fully funded and privately managed provident fund and personal pension scheme. According to the act, the object of the scheme is to: provide pension benefits to ensure retirement income security for workers; ensure that every worker receives retirement and related benefits when is due; and establish a uniform set of rules, regulations and standards for the administration and payment of retirement and related benefits for workers in the public and the private sector. Act 766 added that an employer of an establishment shall deduct from the salary of every worker in the establishment at the end of the month, a worker's contribution of an amount equal to five and half per centum of the worker's salary (5.5%) for the period, irrespective of whether or not the salary is actually paid to the worker. An employer of an establishment shall pay for each month in respect of each worker, an employer's contribution of an amount equal to thirteen per centum (13%) of the worker's salary during the month.

2.5.1 First Tier

According to Afutu (2011) the first tier is a mandatory basic social security scheme to be administered by restructured SSNIT, which will pay only periodic monthly and other pension benefits(such as survivors and individual benefits). It will be a defined benefit scheme, benefiting from a portion of contributions paid to SSNIT by both the employee and the employer. According to Act 766, the employer within 14days from the end of each month shall transfer 13.5% of the total 18.5% deductions to the first tier basic mandatory social security scheme. Under the new scheme, SSNIT will no longer pay the

25% gratuity lump-sum (Afutu, 2011). The first tier is administered by SSNIT, which will collect the regular month pay roll deductions of 13.5%, out of which 2.5% will be paid to National Health Insurance Scheme (NHIS) levy. The remaining 11% will be retained by SSNIT to be managed and invested towards the payment of monthly pensions and other benefits (Afutu, 2011). Mensah (2008) added that the New Tax Incentives on Pension Contributions is as follows:

- a. Contributions up to 35% is tax exempt ○ 1st tier (mandatory) - 13.5% ○ 2nd tier (mandatory) - 5.0% ○ 3rd tier (voluntary) - 16.5%
- b. Investment income is tax exempt ; and
- c. Retirement (Pension) benefit is tax exempt

2.5.2 Second Tier

The second tier is a mandatory privately-managed occupational pension scheme (ACT 766). It will be a defined contribution pension scheme, paying mainly lump-sum benefits with a flexibility that allows the contributor to purchase additional annuities to enhance monthly pension benefits (Afutu, 2011). The legislated contribution should be 5% out of the total 18.5% which must also be remitted to the second tier scheme in the same manner as the first tier (Act 766). The second tier is to be privately managed and controlled by board of trustees. The board among other things is expected to appoint fund managers and custodians, who have been approved and certified by the proposed regulatory body. The 5% payroll deduction to be used to fund the second tier occupational pension scheme will be managed and invested towards the payment of benefits (Mensah, 2008). He added that designed primarily to give contributors higher lump sum benefits than presently available under the SSNIT or Cap 30 pension schemes.

2.5.3 Third Tier

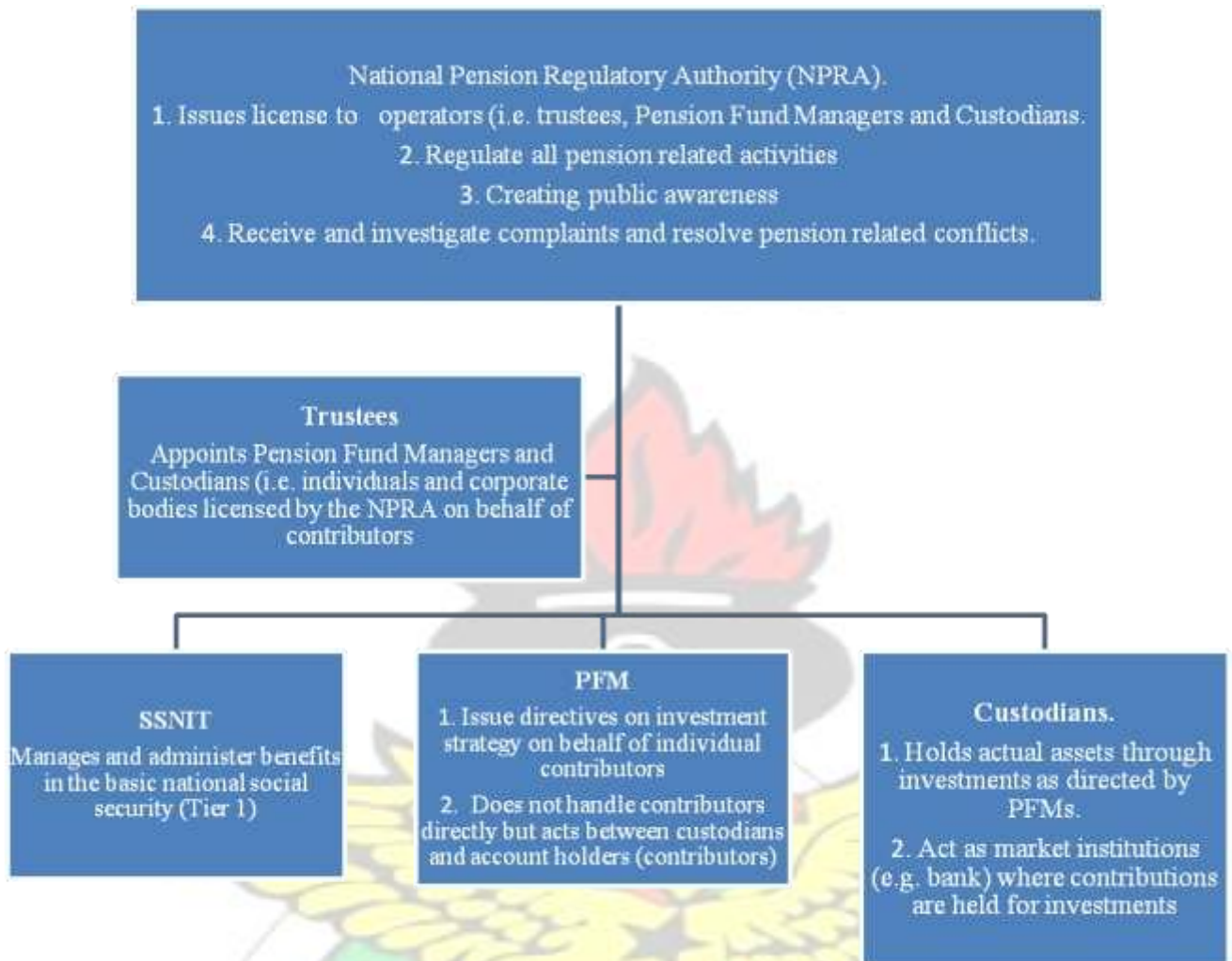
Act 766 stipulated that the third tier is a voluntary fully funded and privately managed provident fund and personal pension scheme. Afutu (2011) asserted that the voluntary private pension scheme is to be operated in line with the provisions of the Long Term Savings Act (LTSA) 2004 (Act 679), which inter alia offers attractive tax incentives. Existing provident fund and similar scheme which may want to take advantage of the third-tier would have to modify their rules to comply with provisions of the LTSA (Afutu, 2011). This tier is to enhance the total pension members will enjoy after retirement.

2.5.4 Structure of the New Pension Scheme

The change in the pension scheme was also accompanied by a change in the number of players managing pension systems in Ghana. These include the introduction of the National Pensions Regulatory Authority (NPRO) to regulate all the operations of the tiers as well as the authority to license, regulate and monitor Trustees, Pension Fund Managers and Custodians, who are also players in the new pension system. Trustees are responsible for appointing licensed pension fund managers and custodians who are also responsible for the investment strategy and for the management of investments of retirement assets (Kpessa 2011).

Figure 2.1 gives a brief overview of the structure of pensions under the new system. It outlines the roles of each of the players in the administration and management of the new pension scheme.

Figure 2.1 Structure of Ghana's New Pension Scheme



(Source: Kpessa, 2011)

2.5.5 Review of Similar Pension Schemes

Since the 1990s, there has been widespread reform of pension systems throughout the world. This has mainly been prompted by two factors: first, the rapid ageing of populations due to rising life expectancies and declining fertility rates, and secondly the high costs and financial sustainability of public pension systems (Schwarz and Demircug-Kunt, 1999).

Pensions in the United Kingdom fall into three major divisions and 7 sub-divisions, including both defined-benefit and defined-contribution:

- State Pensions ○ Basic State Pension ○ State Second Pension (S2P)
- Occupational Pensions ○ Defined Benefit Pension ○ Defined Contribution Pension
- Individual/Personal Pensions ○ Stakeholder Pensions ○ Group Personal Pensions ○ Self-Invested Personal Pension

The state provides basic pension provision intended to prevent poverty in old age. Until 2010 men over the age of 65 and women over the age of 60 were entitled to claim state pension; from April 2010 the age for women is gradually being harmonized to match that for men. Longer-term, the retirement age for both men and women will rise to 68 by no later than 2046 and possibly much earlier.

The basic state pension, then known as the "Old Age Pension" was introduced in the United Kingdom (which included all of Ireland at that time) in January 1909. A pension of 5 shillings per week (25p, equivalent, using the Consumer Price Index, to £24 in present-day terms),^[4] or 7s.6d per week (equivalent to £35 today) for a married couple, was payable to a person with an income below £21 per annum (equivalent to £2000 today), following the passage of the Old Age Pensions Act 1908. The qualifying age was 70, and the pensions were subject to a means test.

Pensions in Germany are based on a “three pillar system”.

- 1st pillar: mandatory State Pension Insurance (*gesetzliche Rentenversicherung*). This part of the basic social security

system. All employees and employers pay a percentage of salaries into this system.

- 2nd pillar: Voluntary Occupational Pension Insurance
- 3rd pillar: private insurance

In Germany, the pensionable age is sixty five (65). One can retire at age sixty three (63) with thirty five years of contribution. Germany has a single tier pension.

A year's contribution at average earnings earns one point. Contributions are levied on monthly earnings between €325 and €4500 (2002 values). The floor and ceiling are equivalent to 12% and 163% of average earnings, respectively. The ceiling also applies to the number of points earned. Average covered earnings were €28,626 in 2002 equivalent to 86% of the earnings of the average production worker. For social assistance the benefit values is determined regionally. The government pays the health and long term care contributions of older social assistance recipients

In Morocco, there are three separate schemes to cover civil servants, the military and other public sector workers. The pensionable age is sixty (60) years for both sexes. People who want to retire early can do so at age fifty five (55) but the employer must pay their pension between ages 55 and 60. Miners have a pension-eligibility age that is lower than sixty (60) years. To qualify for a pension, one must have contributed for 3,240 days.

Morocco's pension system currently includes a number of funds. There is a fund for public workers in civil and military fields (Moroccan pension fund, or CMR); a fund for private sector workers (CNSS) complemented by a scheme managed by the CIMR (Moroccan inter professional pension fund); and an organisation for those on State contracts (RCAR). Added to this are the various internal funds owned by certain public enterprises such as ODEP, ONCF, OCP and others.

The Swiss pension system rests on three pillars: the Federal Old-age, Survivors' and Invalidity Insurance (1st pillar), the occupational pension scheme (2nd pillar) and private pension schemes (3rd pillar). The first pillar is a PAYGO system, the second and the third are funded pension plans.

2.6 Awareness Level of workers on Pension Schemes

Dahlia, et.al (2012) stated that awareness level of issues about pension schemes and retirement savings is very low among workers. A study they conducted in Malaysia for example shows that employees lack knowledge about retirement related issues. Dahlia, et.al (2012) defined awareness as “the ability to perceive, to feel and to be conscious about something”. They continued that awareness on pension schemes is about understanding the importance of retirement savings. They added that in Malaysia for example, Malaysian employees are taking this issue for granted. Omoni (2013) seems to agree with Dahlia, et.al (2012) and stated in a study she conducted in Nigeria that there was no significant difference in the level of awareness between primary and secondary school teachers in relation to the New Pension Scheme. She added that the respondents had little or no knowledge about what the New Pension Scheme entails. Omoni (2013) in her study added that there was no significant difference between primary and secondary school teachers in their knowledge about how their savings are managed. For instance, the respondents had no knowledge of who saves their contribution, nor any knowledge about how much they have in their account. They could not differentiate between the pension fund custodian and the Pension fund Administrator. Ogidan (2006) added most employees in Nigeria do not know whether the new pension scheme would lead to positive life styles nor do they know that workers have substantial and assured amount to look forward to as retirees and that workers can plan their future on the basis

of future income after retirement and can think ahead of how to spend and utilize their pension benefits.

A study conducted by Babatunde (2012) on awareness levels of employees gave varying responses. When respondents were asked if they are aware of any pension scheme, 162 out of 187 said they are aware whilst 23 said they are not. In addition, 104 said they are involved in pension schemes with 78 respondents indicating that they are not involved in any pension scheme. Also, 90 employees indicated that they are aware of the percentage of their income that goes into their pension schemes with 89 employees indicating they are not aware. On the question on employees knowledge of their employers contribution to their pension schemes, 53 respondents indicated that they are aware with 124 respondents indicating that they are not aware. On whether pension fund administrators in Nigeria give enough feedback on their accounts with them, 65 said yes while 114 said no. The findings clearly show that there is varying awareness level of employees in Nigeria on various aspects of pension schemes. A study by Chartered Institute of Personnel and Development (CIPD, 2011) in United Kingdom seems to be consistent with Babatunde's research. According to CIPD (2011) Public sector workers in U.K. are around two-and-a-half times more likely to belong to a workplace pension scheme than private sector workers. Among those private sector workers who are members of a company pension scheme, the most common type is a defined contribution plan with an employer contribution. Within the public sector the most common type is a defined benefit scheme. They added that compared with the private sector, there is a low level of awareness among public sector employees who belong to the pension plan concerning either how much they, or their employer, are contributing to it. They continued that Women are less sure than men when it comes to knowing what type of pension scheme they are members of and what they or their employer is contributing to the scheme. They

stated that of those employees who do know what they and their employer contribute to the pension scheme the most frequent rates are: between 5% and 6% (employee) and between 5% and 6% (employer) in the private sector; and between 5% and 6% (employee) and 11% and over (employer) in the public sector.

A study by Nunoo (2013) in Accra, Ghana confirmed the assertion by Dahlia, et.al (2012) that awareness of employees on pension schemes is very low. In fact, out of the 100 respondents the author interviewed, 66 respondents representing 66% said that they are not aware of the existence of the new pension scheme structure with 34 respondents representing 34% indicating that they are aware of the new pension structure. The author continued that most of the 34% said they have only heard about pensions but knew very little of what it was and its benefits for them.

Hall and Floyd (2009) stated that in U.K for example, not only are employees not aware of pension schemes, but also there is lack of awareness of retirement saving options available to them. “Almost all employees felt they knew very little about the different options available for saving for retirement. This is perhaps unsurprising given that very few had thought about what retirement would be like or how they would cope, financially, when they retired. Some employees reported that they had little inclination to think seriously about retirement and, hence, they had little or no interest in finding out about the options for saving available to them” (Hall and Floyd, 2009).

2.7 Benefits of the New Pension Schemes

Needless to say, Government’s involvement in the enterprise of pension reforms has uncovered an untapped well of opportunities for our exploration. It provides a means by which ordinary Ghanaians can invest towards their retirement and a brighter future. The Pensions Industry would stimulate a large pool of funds from which the Government can

borrow to finance the country's development agenda. Insurance companies, banks and other financial institutions are expected to reap bountiful gains from this new development as their services will be significantly needed to ensure efficient management of contributors' assets (NBC Ghana ltd, undated). NBC Ghana ltd explained the following as some of the opportunities or benefits that the new three tier pension scheme will bring. These are explained below:

2.7.1 Improving Living Conditions

First, the primary motive behind the reforms must be clearly understood: it is to get as many Ghanaians as possible to own a share of the nation's potential wealth and to invest in their old age, to provide workers with improved benefits and income security before and after their retirement. For the ordinary Ghanaian, the new Scheme provides a sustainable route out of poverty and economic dependency. This would ensure that even those within the informal sector could look forward to their old age with the assurance and security. They will have better control over their pension benefits, especially under the Second Tier and Third Tier schemes, which is to be privately managed. Under this new system, contributors may have access to some funds for specific needs, such as housing, prior to retirement. This means that workers can obtain their own houses before retirement by using their pension benefits as collateral.

Pension reform in Singapore has been quite successful in providing basic needs and social security for citizens in the country. About 82% of the resident population of Singapore lives in owner occupied flats and about 27% pensioners take the benefits of their accounts to pay for housing.

2.7.2 Enhancing Economic Growth and Nation Building

At the national level, the reformed pension system will expand the pool of long-term savings and the creation of vibrant capital markets necessary to stimulate wealth creation and economic growth. Globally, pension funds generate lots of money for investments. Morgan Stanley, a financial institution in the United States of America (USA), estimated in January 2008 that pension funds worldwide hold over US\$20 trillion in assets. Njuguna, (2010) agrees and stated that the importance of pension fund to the economic growth and development of any economy cannot be overemphasized as global indices indicate that pension assets are playing an important role in mobilizing savings for investment in the critical sectors Pension funds contribute directly and indirectly to the economic growth of countries worldwide (Njuguna, 2010). Pension funds add value to the world economies through direct contribution to the GDP, accumulation of savings, financial market development, reducing old-age poverty and acting as consumers of financial services (Gunu and Tsado, 2010).

Chile's 20-year-old pension reform appears to have made a major contribution to that nation's high economic growth rate. The pension reforms in Chile have been reported to have contributed significantly to the economic growth of the country, although these were carried out at about the same time other economic reforms were being implemented. For example, the private pension system has been a major factor in increasing savings. Between 1984 and 1997, the country's economy grew at about 7% on average per year, investment and savings boomed and inflation was reduced from around 25% to 24% range. This was an outstanding achievement which produced a massive change in the standard of living of the population. There was however, a turn around in 1999. The Asian crisis and the decline of external capital flows to emerging economies during that period had a negative impact on the Chilean economy which led to an economic

recession. Nevertheless, by year 2000 the economy started its recovery. Between 2000 and 2001, the economy experienced an average growth of about 3% annually. By December 2001, pension fund assets had grown to about US\$35 billion or more than 50% of Chile's GDP. The country does not depend on short term capital flows because there is a large pool of internal savings to finance investments. In Australia, pension assets amount to AU\$ 1 trillion (which is about 20% of the GDP), while in Belgium pension assets amounted to 140 billion Euros in 2004 (Njuguna, 2010). In 2003, the pension assets of Canada were worth CAD 1.3 trillion (30% of the GDP), while in China pension assets amounted to RMB 714 billion (24% of GDP) for same year. The contribution of pension assets to the GDP of the United Kingdom reached 14% (GDP 1.9 trillion) in 2003, while in the United States of America, the pension assets had a value of US\$ 14.5 trillion (37.7% of all household financial assets) (Njuguna, 2010). In Namibia, with only about 15,000 workers covered under the CPS, the total pension asset amounted to N25 billion (US\$ 3.5 billion) which is 68% of their GDP in 2004 (BGL, 2010) respectively. In Nigeria, the pension industry under the new scheme is expected to generate over N900 billion long term loan-able fund annually (Balogun, 2006). The implication of CPS on Nigerian economy apart from its potentials to contribute to GDP, is that these funds provided will be made available to finance infrastructural projects such as electricity, railway, tourism etc (Balogun, 2006).

According to NBC Ghana Ltd (undated) under the erstwhile pension regime in Ghana, SSNIT – with less than a million active contributors – continued to be the largest single institutional investor on the Ghana Stock Exchange, underpinning the development and sustenance of the Capital Market in the country. The Trust held shares in 23 out of the 31 companies listed on the Ghana Stock Exchange at the end of 2006 (SSNIT Annual Report 2006). As at the end of 2007, the fund size of pension fund in Ghana was

GH¢1639.84 million which is approximately US\$1093.227 million. These aside, the Trust had invested in over 50 companies in the Financial, Manufacturing and Service Sectors of the economy. The impact will be greater under this new regime if we are able to bring a majority of the country's working population on board to contribute actively towards retirement (NBC Ghana Ltd, undated).

2.7.3 Creating Job Opportunities

Under the New Tier 2 and Tier 3 schemes, opportunity exists for insurance companies, banks, and other participants in the financial services industry to operate either as Trustees, Fund Managers or Custodians. Other professional and support services will also be required to ensure efficiency in the system. Current trends in the retirement fund industry point towards use of systems capable of delivering, among other things, data input through the use of electronic files to update member records with extensive data validation. In order to deliver value to contributors, service providers in the industry would certainly need to invest in programs aimed at developing the required skills in various disciplines. This presents a unique opportunity for young professionals and graduates who are keen to broaden their knowledge and pursue a long-term career in Pensions and Employee Benefits Management.

2.8 Perception of workers on Pension Schemes

According to Hall and Floyd (2009), employees most often have negative perception about pension schemes. They continued that employees in U.K. for example mostly have limited understanding of different types of pension schemes available to them.

Hall and Floyd (2009) added that employees in U.K rarely thought about company pension schemes let alone discussed them. However, a study by Lamla and Coppola (2014) in Germany gave different perception dimensions. In as much as Lamla and

Coppola (2014) did not reject the findings by Hall and Floyd (2009) they did not confirm their findings neither. Lamla and Coppola (2014) found that there is important heterogeneity in workers' perceptions and that this heterogeneity is directly related to worker and firm-side factors as well as outcomes of the employer-employee match. They added that distorted perceptions have important consequences for workers, policy makers, and firms. They continued that the current legislative regulation in Germany for example has not resolved the problem of workers' ignorance of their access to occupational pensions.

A study by Amininiye and Asuquo (2010) in Calabar on the topic university workers' perception of organizational retirement plans and their attitude to work confirmed the Study by Hall and Floyd (2009) that workers have negative perception on pension schemes. Amininiye and Asuquo (2010) stated that university workers in University of Calabar feel their university authority places less importance on settlement of retirees, not serious about payment of gratuity and that university worker feel being robbed to pay them back on retirement. They added workers in the university feel unsecured with the retirement plan and that they feel denied of their social rights by this university retirement plan. The study further revealed the university workers feel threatened by organizations brought in to share their contributions with them, they are not sure if this current plan will not fail as the former scheme and they are not very comfortable with these Pension Fund Administrators set up to manage their fund. Amininiye and Asuquo (2010) added that university workers fear the outcome of their retirement plan as well as that they are not relaxed about their retirement plan. However, Amininiye and Asuquo (2010) indicated that the university workers are satisfied with their retirement package. These findings shows that workers have positive perception on some aspect of pension schemes but largely workers perceptions are generally negative. Lamla and Coppola (2014)

confirmed Amininiye and Asuquo (2010) that workers distrust managers of pension schemes. Lamla and Coppola (2014) stated that “whilst none of those interviewed felt that they had any reason to distrust their current employer, they were worried that the person(s) administering their pension could be dishonest or corrupt. Only a few employees interviewed referred to recent regulations or legislations that might prevent such occurrences, others felt that more should be done to safeguard pension schemes (Lamla and Coppola, 2014). Lamla and Coppola (2014) indicated that overall, there was a distinct lack of confidence in company pension schemes, partly as a result of the pension scandals reported in the media but also because of their nontangible and unpredictable nature.

2.9 Challenges to the Implementation of New Pension Schemes

The implementation of new pension schemes has not been rosy. Most pension schemes have encountered a lot of problems. For instance empirical studies in Kenya by United States International University (USIU, 2012) on the topic “Critical Success Factors for a Sustainable Micro Pension Scheme in Kenya” divided the challenges facing the implementation of pension scheme into demand side challenges and supply side changes. According to USIU (2012) the main demand side challenges to the implementation of a micro-pension scheme from the perspectives of contributors are; “limitation in income, inaccessibility of retirement benefits in the short-term, lack of knowledge on operations of pension schemes, complexity of pension schemes, difficulty claiming benefits at retirement, absence of a pension scheme, lack of involvement in management, income irregularity, lack of trust in the formal systems, low rates of return, perception that pension schemes are for the formal sector, failure of employers to submit contributions, ignorance on the need to join a pension scheme, age as younger members may perceive pension plans as meant for older people and membership in the current national social

savings plan”. The same study revealed that “the challenges to implementation of the micro-pension plan from the supply side are; high administrative costs, low awareness levels by the clients, absence of a regulatory framework, absence of long-term saving habits amongst the clients, high transaction costs, relationship management, collection of contributions, payment of benefits and competition with existing products” (USIU, 2012). A critical assessment of the demand side challenges enumerated by USIU (2012) shows that absence of pension schemes may not be a major problem in Ghana as evidently Ghana has well-established pension scheme system. On the supply side too, absence of regulatory framework may not be a challenge in Ghana.

A study by Offei-Kwapong (2013) revealed the challenges facing the implementation of the three-tier pension scheme in Ghana only from the supply side. According to the study, there are four major challenges facing the implementation of the new scheme. These are poor education on the new pension scheme, delayed monthly pension payments by employers, fear of enforcing the penal charge for delayed payments due to fear of losing clients (this is a problem with pension fund managers and custodians), and inefficiency of NPRA.

Analyzing the above challenges shows that there is a gap in assessing the challenges facing the implementation of the new pension scheme in Ghana. Firstly, there is little evidence to support empirical studies focusing on both the demand side and supply side challenges facing the implementation of the new scheme.

2.10 Pension Schemes and Workers Savings

One major distinction between a Defined Benefit (DB) Pension Scheme and a Defined Contributory (DC) Scheme is that in the former, the scheme sponsor, usually the government or employer set aside funds to provide retirement benefits while in the later, retirement benefits are financed by individual and collective savings (Gunu and Tsado,

2010). According to Barrow (2008), individual and collective savings are key to individual and family development as well as national development. Contributory Pension System (CPS) ensures that a saving culture is imbibed by the workers, which leads to the accumulation of capital that is needed for societal development. In addition, the incentives provided by CPS like tax incentives for both employers and employees as well as for voluntary contributions further encourage savings among the employees (Adetola, 2006). Adetola (2006) further posited that since pension savings is long term, it is useful as a macro-economic tool for national development by enabling money to be in circulation for long term investments, which in turn promotes economic expansion.

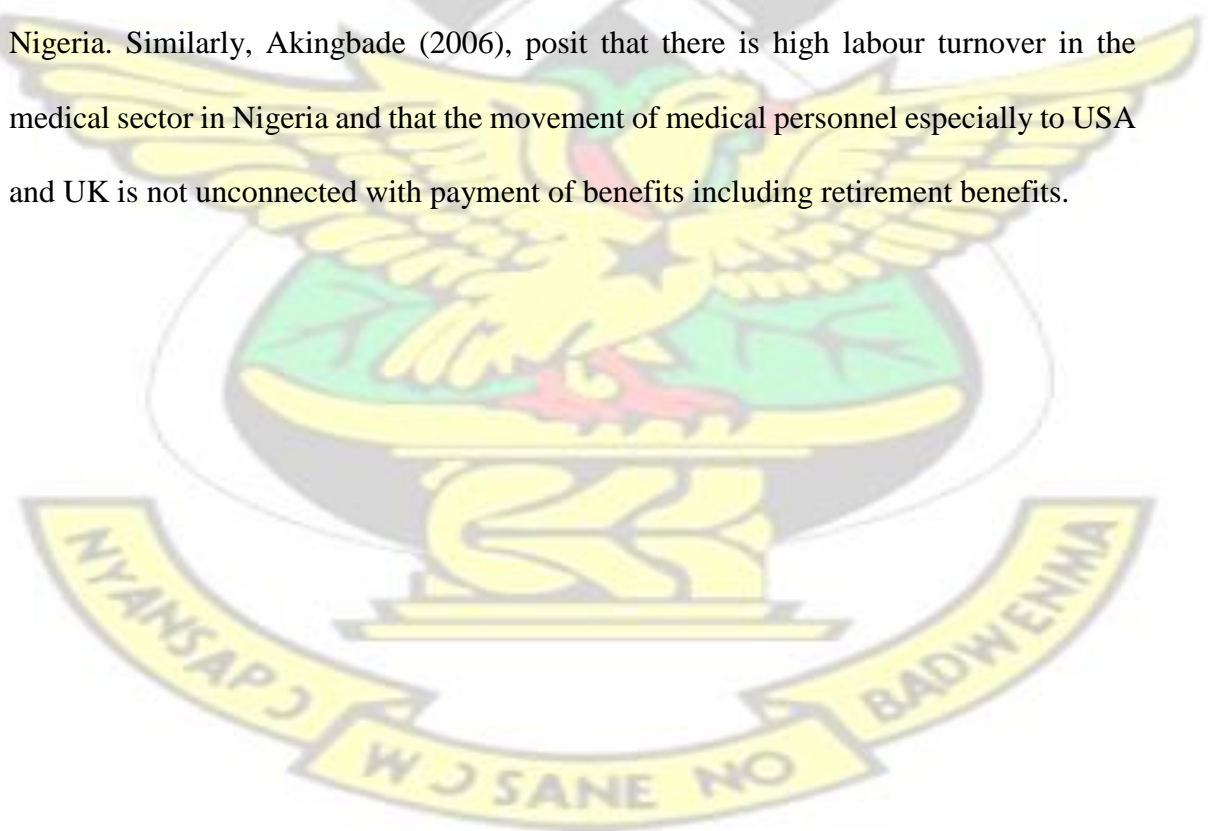
Babatunde (2011) added that savings for retirement is a complex task and the stakes for ensuring adequate income after retirement are high. He agreed with Gunu and Tsado (2010) that the move from defined benefits (DB) to defined contribution (DC) puts much responsibility into the hands of individual participants, principally in terms of how much to save and how to invest the resulting funds. Papke (2004) added that there is evidence that many people struggle to deal with this greater responsibility. A number of studies have actually asserted the impact of contributory pension scheme on workers consumption (Papke, 2004) but only few studies have been conducted on the impact of contributory pension scheme on workers savings (Babatunde, 2011).

2.11 Pension Schemes and Workers Retention

There is a significant positive relationship between pension and workers turnover/retention (Ikeji, et.al, 2011). According to Becton, et.al (2009), staff retention refers to the necessary measure put in place by management of an organization to encourage workers to remain in the establishment for a maximum period of time. Agba (2007) posit that in Nigeria rather than providing the means by which workers could be

retained, employees are continually deprived of their psychological needs. Delay in payment of salaries and fringe benefits to workers even after retirement has negative behavioural consequences among employees in Nigeria (Agba, 2007). This also is responsible for low morale among workers and workers ineffectiveness in most organizations (Ushie, et.al, 2010).

According to Onyene (2001), workers attitude to work and the goal attainment of any organization is tied to various degrees on staff motivation and retention. Agba and Ushie (2010) observed that workers in the hospitality industry in Nigeria are always moving to where good condition of service exists and where their future is protected after retirement. They observed a linear relationship between salary, payment of benefits, promotion, career development, worker-hours and labour turnovers in Cross River State, Nigeria. Similarly, Akingbade (2006), posit that there is high labour turnover in the medical sector in Nigeria and that the movement of medical personnel especially to USA and UK is not unconnected with payment of benefits including retirement benefits.



CHAPTER THREE

METHODOLOGY

3.0 Introduction

This section covered the methodology of the research. The section was divided into eleven (11) main sections starting from section 3.0 Introduction of methodology to section 3.10 test of validity, reliability, and pilot testing.

3.1 Research Design

This research was descriptive studies. It is descriptive because it sought to profile the awareness of workers on the new pension scheme, benefits of the new pension scheme to workers, the perception of workers on the new pension scheme, and the challenges facing the implementation of the new pension scheme. The research is both qualitative and quantitative. It is qualitative because interview guide was used to solicit for information from Management of SSNIT and a selected Pension Fund Management firm in Kumasi. The study is also quantitative because questionnaire was used to collect data from pension scheme contributors in Kumasi. The research strategy that was used is survey. The research philosophy was interpretivism. The study also adopted crosssectional time horizon.

3.2 Study Area/Location

The study location is Kumasi. Kumasi is the second largest commercial area in Ghana with a lot of formal workers. This location was chosen for convenience sake and the fact that it will be easy to locate formal employment institutions for data collection.

3.3 Population and Populations Size

The population of the study are formal workers of both private and government institutions. This excludes the self-employed such as petty traders, dog-chain sellers, pure water sellers etc. This particular unit was selected because, the author believe that they were in a better position to assess pension schemes better.

3.4 Sampling

Sampling means the selection of a part of a group or an aggregate with a view to obtaining information about the whole. According to Saunders et.al (2007), for a population of one million minimum sample size of 278 should be used to achieve a 5% margin of error. This was rounded up to 300 for easy calculation. This means that 300 contributors were sampled in addition to the Area Manager of SSNIT in Kumasi and a representative of Pension Fund Management Firm in Kumasi. In order to ensure that the sample reflects the geographical dimension of Kumasi, the study area was divided into ten (10) main enumeration areas based on the existing sub-metro structure of Kumasi Metropolitan Assembly. The sample size was then allocated equally to the ten sub-metros as depicted in table 3.1

Table 3.1. Sub-Metro Sample Size:

NO	SUB-METRO	SAMPLE SIZE
1	Asokwa	30
2	Subin	30
3	Oforikrom	30
4	Asawase	30
5	Manhyia	30
6	Suame	30
7	Nhyiaeso	30
8	Bantama	30
9	Kwadaso	30
10	Tafo	30
	TOTAL	300

(Source: Author's own construct, 2015)

3.5 Sampling Technique

Convenience sampling method (a non-probability sampling method) was used to obtain data from the workers. The convenience sampling technique involves selecting samples of convenient elements by the interviewer which means that respondents were selected because they were coincidentally in the right place at the right time for the questionnaire (Saunders et.al, 2007). The researcher selected respondents who were ready to answer the questionnaire. The researcher stopped administering the questionnaires after achieving the desired sampling size. Purposive sampling technique was used to select the representative of the Pension Fund Management and the Area Manager of SSNIT.

3.6 Sources of Data

The main source of data was primary source. Primary source is the collection of 'first hand' information from the customers directly. In other words, primary data is data which is collected originally for current investigation. Primary data can be collected through instruments such as observation, interview, questionnaire, focus group, and others (Saunders, et.al, 2007). The main primary source of data for this work was questionnaire and interview.

3.7 Data Collection and Instrument

The data collection instruments used was questionnaire and interview. The structured questionnaires were conveniently distributed to the contributors. The questionnaire was developed using the Likert scale technique, and open and multiple-choice ended questions. The open ended questions was used for question 5 under section B and question 8 under section D. the multiple choice questions were used for Section A, and questions 9 and 10 in section B. The Likert scaled questions were used for constructs testing the various thematic areas of the research objectives. Interview guide was

prepared for the interviewing of the Area Manager of SSNIT and the representative of Pension Fund Management. In order to ensure that respondents were fair they were told to be as objective as possible and was assured that the research was for academic purpose only.

3.8 Data Analysis Technique

Data was analysed using both quantitative and qualitative techniques. Quantitative methods like mean, standard deviation, standard error of mean, and skewness were used to analyse responses from the questionnaire. The quantitative analysis was aided by the use of Statistical Package for Social Sciences (SPSS).

Section “A” part of the questionnaire was coded as follows. On the question on gender: male responses were coded 1; and female coded 2. Secondly, on the age question: 15-25 years was coded 1; 26-35 years coded 2; 36-45 years coded 3; 45-55 years coded 4; and 56 and above coded 5. Also, on educational qualification: primary was coded 1; High/Vocational was coded 2; University was coded 3; and other tertiary coded 4. Moreover, on years of working: below 1 year coded 1; 1-10 years were coded 2; 11-20 years were coded 3; and above 20 years coded 4. In addition, on the occupation question: Educationist was coded 1; Health worker was coded 2; Business Executive was coded 3; Journalist coded 4; and others coded 5. Furthermore, public was coded 1; and private coded 2 with respect to sector of employment question. Also, on the question “are you a SSNIT contributor?” “Yes” was coded 1, and “No” was coded 2. Lastly, on the active member question: Yes was coded 1; and No coded 2.

Moreover, on the question “which of the following pension fund managers have you been registered with?” Petra Trust Company Ltd was coded 1; Metropolitan Pension Trust was coded 2; Universal Pension Trust Limited was coded 3; N.T.H.C was coded

4; other was coded 5; and I don't know coded 6. Also on the question "Has your employer registered you under the 3rd tier?" Yes was coded 1; No was coded 2; and I don't know was coded 3.

Respondents were asked to assess the likert scale statements on the basis of: strongly agree, agree, neutral, disagree, and strongly disagree. Strongly agree was coded 5, agree coded 4, neutral coded 3, disagree coded 2, and strongly disagree coded 1. If a respondent indicate "disagree or strongly disagree" it means that the respondent disagree with the statement as stated, thus agreeing with the negation of the statement. This means that if a particular construct records mean figure of 1, it does not mean that such a construct is the least relative to other construct in order of agreement or priority. However, what it means is that such construct is the highest relative to other constructs with mean figures below 3 in order of agreement with the negation of the construct as stated in the questionnaire. The implication of this for this study was that all constructs with mean figures below 3 are constructs that respondents do not agree with the researcher as stated but agree with the negation of the same construct which were not stated. Constructs with mean figures above 3 are constructs that respondents agree with the researcher as were stated. Therefore, it is these constructs that can be rank in order of agreement whiles constructs with mean figures below 3 can be rank in order of agreement with the negation of the constructs. For the purpose of this study, the mean score were interpreted as stated in table 3.2. The mean for a five point likert scale is 3.00 (corresponding to neutral response) with a standard deviation (SD of 1.58), and the standard mean of error of 0.71. The standard error of mean is the standard deviation of the sample mean from the population mean. That is the lower the standard error of the mean, the closer the sample mean is to the population mean. Data were at 5% margin of error or 95% confidence level.

On qualitative data, content analysis, logical deduction and induction were used. In terms of content analysis, the empirical data collected was compared with the underlying theories to verify whether the findings confirm or deny those theories.

Table 3.2. Mean Score Interpretation.

No.	Mean Score range	Interpretations
1	5.00 / 1.00	Very Highly agree/ very highly disagree
2	4.5 – 4.99 / 1.01 – 1.49	Highly agree/ highly disagree
3	4.00 – 4.49 / 1.50- 2.00	Moderately agree/ moderately disagree
4	3.50-3.99 / 2.01 -2.49	Fairly agree / fairly disagree
5	3.01-3.49 / 2.50 – 2.99	Weakly agree/ weakly disagree
6	3.00	Neutral

(Source: Author’s Fieldwork, 2015).

3.9 Ethical Consideration

One very important consideration a researcher must not overlook is the issue of ethics in research (Saunders et.al, 2007). The researcher in accordance with this took steps to make sure that no respondent or any participant in this research work was harmed in any way. The researcher made sure that the objectives of the study were made known to the respondents through introductory statement on the questionnaire. The respondents were also assured of the fact that the study is only for the purposes of academics and not for any other dubious use. Participants were also not forced but rather encouraged to voluntarily participate. The researcher also made sure that personal or demographic information were kept confidential.

3.10 Test of Validity and Reliability, and Pilot Testing

Quality data issues that can be identified in relation to the use of questionnaire include; reliability and validity (Saunders et.al, 2007). Reliability refers to whether alternative researchers would reveal similar information. Validity refers to the ability of your questionnaire to measure what you intend it to measure. To ensure validity and reliability, the questionnaire was pilot tested to 10 staff of the SSNIT office at Asafo in Kumasi.

This helped the researcher to correct any ambiguous terms. Also rating questions were used, thus respondents only needed to tick what they consider appropriate answers to questions asked. The reliability and validity that is ascribed to secondary data are functions of the method by which the data were collected and the source. Assessing the source means assessing the authority or reputation of the source (Saunders, et.al, 2007).



CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter has been divided into five main sections. Section 4.2 focuses on biographic data of respondents. This is followed by 4.3, awareness levels of respondents, 4.4, benefits of the new scheme, 4.5, perception of workers on the new scheme, and 4.6, challenges of the new scheme. Out of the 300 sampled 247 respondents were used in the analysis representing 82.33% response rate.

4.2 Biographic Data of Respondents

This section focused on the personal data of respondents. These are presented under section 4.2.1 to 4.2.7.

4.2.1 Gender

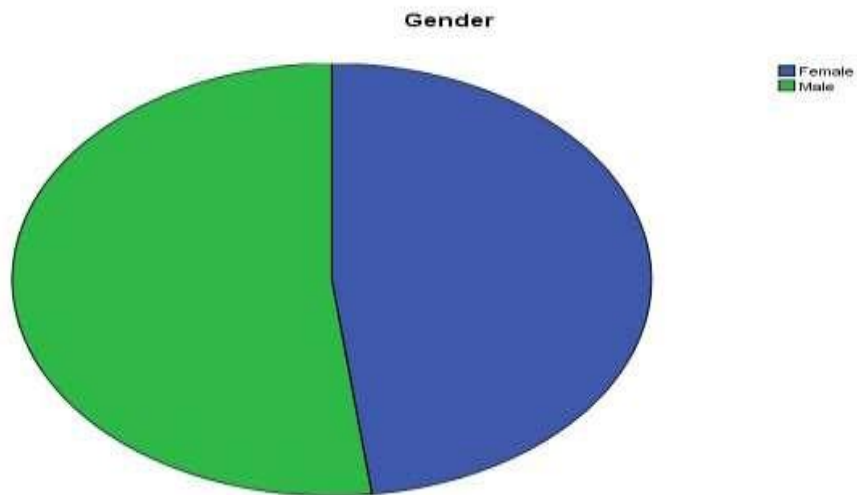
In this section, respondents were asked to indicate their gender. The results are presented in table 4.1 and figure 4.1.

Table 4.1. Respondents Gender Results

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Female	118	48.0	48.0	48.0
Male	129	52.0	52.0	100.0
Total	247	100.0	100.0	

(Source: Author's Fieldwork, 2015).

Figure 4.1. Respondents Gender Results.



(Source: Author's Fieldwork, 2015).

According to table 4.1 and figure 4.1, 118 respondents representing 48% were Females as compared to 129 respondents representing 52% who were Males. This shows that, the number of Males who participated in answering the questionnaire exceeded their female counterparts by just 11 respondents representing 4%. The implication of this is that, the responses fairly represent both gender.

4.2.2 Age of Respondents

The results relating to the age of the respondents are presented in table 4.2, 4.3 and Figure 4.2.

Table 4.2. Age of Respondents Statistics

Age		
N	Valid	247
	Missing	0
Mean		2.2000
Mode		2.00

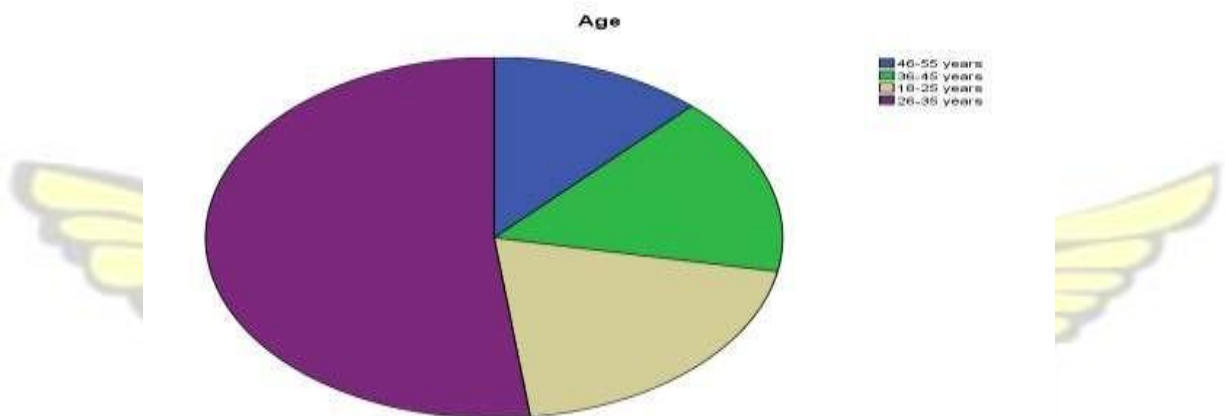
(Source: Author's Fieldwork, 2015)

Table 4.3. Age of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-25 years	49	20.0	20.0	20.0
26-35 years	128	52.0	52.0	72.0
36-45 years	40	16.0	16.0	88.0
46-55 years	30	12.0	12.0	100.0
Total	247	100.0	100.0	

(Source: Author's Fieldwork, 2015).

Figure 4.2. Results of Respondents Age



(Source: Author's Fieldwork, 2015)

From table 4.3 and figure 4.2, 49 (20%) respondents indicated their age range to 18-25 years with 128 respondents representing 52% to be between 26-35 years. In addition, 40 and 30 respondents representing 16% and 12% respectively fall within 36-45 years and 46-55 years respectively. According to table 4.2, the mean age is 2.2 which approximately represent the age range of 26-35 years. This means that, the average age of the respondents was 26-35 years. The age mode of respondents was 2 which correspond to the age group of 26-35 years. The findings indicate that, most of the responses came from people who are between 26-35 years. The implication of this with

respect to retirement is that, ceteris paribus, most of the respondents will go on retirement within 25 to 34 years.

4.2.3 Educational Background of Respondents

In this section Respondents were asked to indicate their educational qualifications. The results are presented in table 4.4 and figure 4.3.

Table 4.4. Educational qualifications of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid High/Vocational	40	16.0	16.0	16.0
University	69	28.0	28.0	44.0
Other tertiary	138	56.0	56.0	100.0
Total	247	100.0	100.0	

(Source: Author's Fieldwork, 2015)

Figure 4.3. Educational qualification of Respondents



(Source: Author's Fieldwork, 2015)

According to figure 4.3 and table 4.4, 16% of the respondents possessed High/Vocational school qualifications with 28% possessing University qualifications.

However, 56% of the respondents possess other tertiary qualifications such as Higher National Diploma, Diploma, Cert A, and others. This means that 84% of the respondents possess tertiary related education. This is not surprising, since the respondents are workers, it is normal for majority of them to possessed high academic qualifications. The implication of the findings on this study is that, the responses came from people who are highly qualified academically and as such can be relied upon.

4.2.4 Years of Working

Here respondents were asked to indicate the number of years that they have worked.

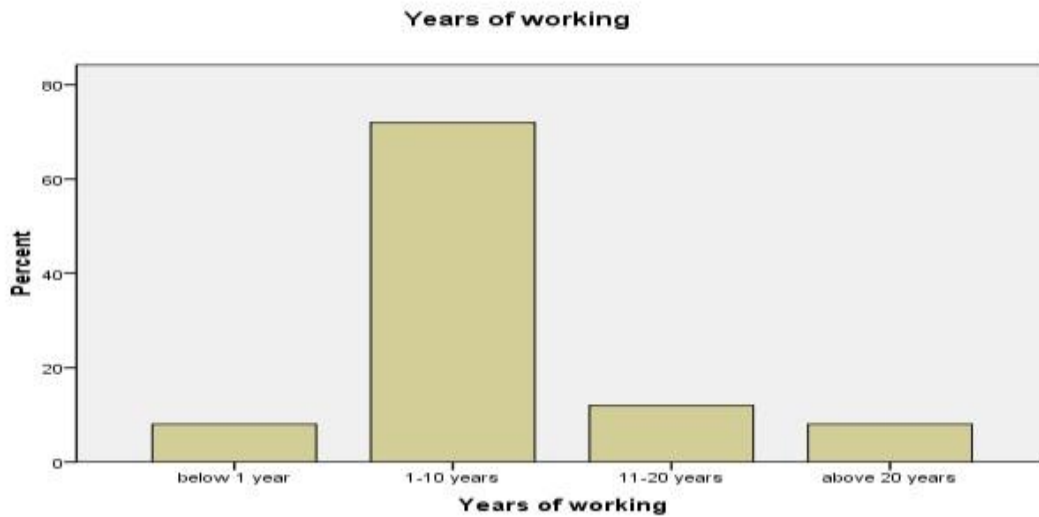
The results are presented in table 4.5 and figure 4.4.

Table 4.5. Years of working

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid below 1 year	20	8.0	8.0	8.0
1-10 years	177	72.0	72.0	80.0
11-20 years	30	12.0	12.0	92.0
20 years above	20	8.0	8.0	100.0
Total	247	100.0	100.0	

(Source: Author's Fieldwork, 2015).

Figure 4.4. Years of working



(Source: Author's Fieldwork, 2015)

Per table 4.5 and Figure 4.4, only 8% of the respondents have worked for less than one year with 72% working for 1 – 10 years. On the other hand 12% and 8% of the respondents have worked for 11-20 years and above 20 years respectively. This implies that 92 cumulative percentage of the respondents have worked for at least one year. Thus, all things being equal, 92% of the respondents are expected to have contributed into the SSNIT fund for a minimum of 12 months.

4.2.5 Occupation of Respondents

The respondents under this section were asked to indicate their occupation. The purpose of this question was to determine the occupational diversity of the respondents.

The results are presented in table 4.6 and figure 4.5.

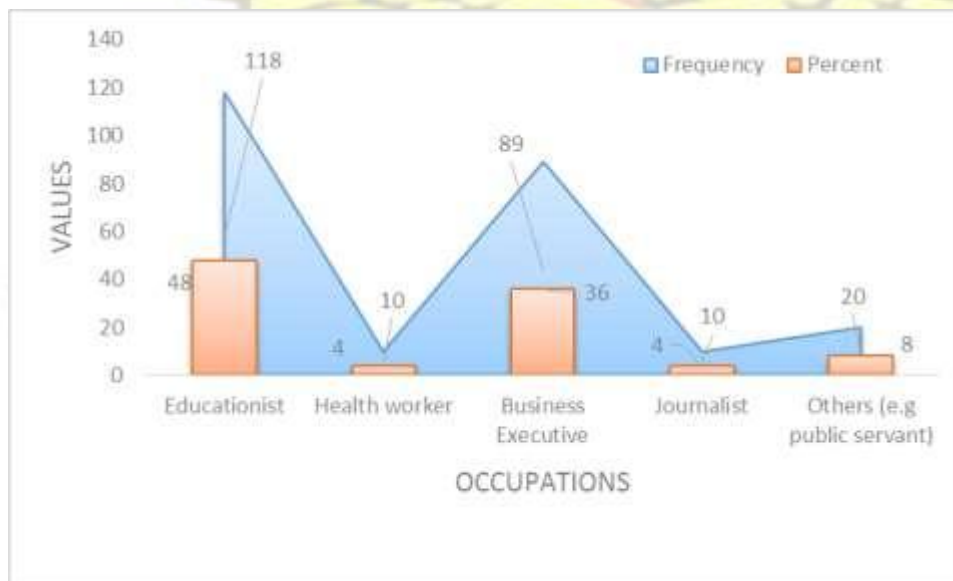
Table 4.6. Occupation of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Educationist	118	48.0	48.0	48.0
Health worker	10	4.0	4.0	52.0

Business Executive	89	36.0	36.0	88.0
Journalist	10	4.0	4.0	92.0
Others (e.g public servant)	20	8.0	8.0	100.0
Total	247	100.0	100.0	

(Source: Author's Fieldwork, 2015)

Figure 4.5 Occupation of respondents



(Source: Author's Fieldwork, 2015).

According to figure 4.5 and table 4.6, 48% of the respondents work with the educational sector with 4% working with the Health sector. Also 36% of the respondents are Business

Executives working with various business organisations with 4% working in the media. Also, 8% of the respondents are public servants. The findings show that 84% of the respondents are Educationist and Business Executives. The implication of this on this study was that most of the responses may have reflected Educationist and Business Executives point of view. However, the responses still fairly reflected five different occupational sectors. Thus at least 16% of the responses came from respondents who represent health sector, media, and public service.

4.2.6 Sector of Employment

Here respondents were asked to indicate whether they work in the public or private sector.

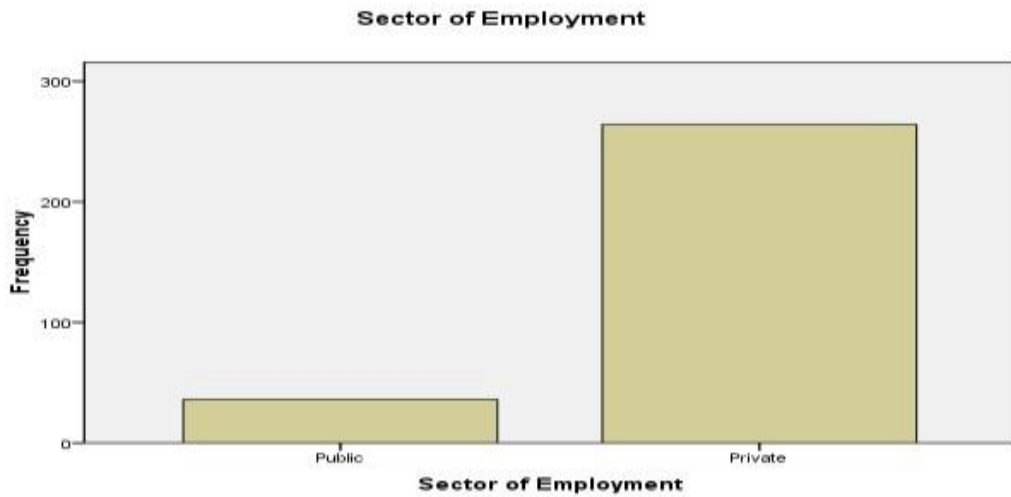
The results are presented in table 4.7 and figure 4.6.

Table 4.7. Sector of Employment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Public	30	12.0	12.0	12.0
	Private	217	88.0	88.0	100.0
Total		247	100.0	100.0	

(Source: Author's fieldwork, 2015).

Figure 4.6. Sector of Employment



(Source: Author's Fieldwork, 2015).

Per table 4.7, 12% of the respondents indicated that they work in the public sector with 88% indicating working in the private sector. This shows that more private sector workers were represented in the respondents than public sector workers.

4.2.7 SSNIT Contributors

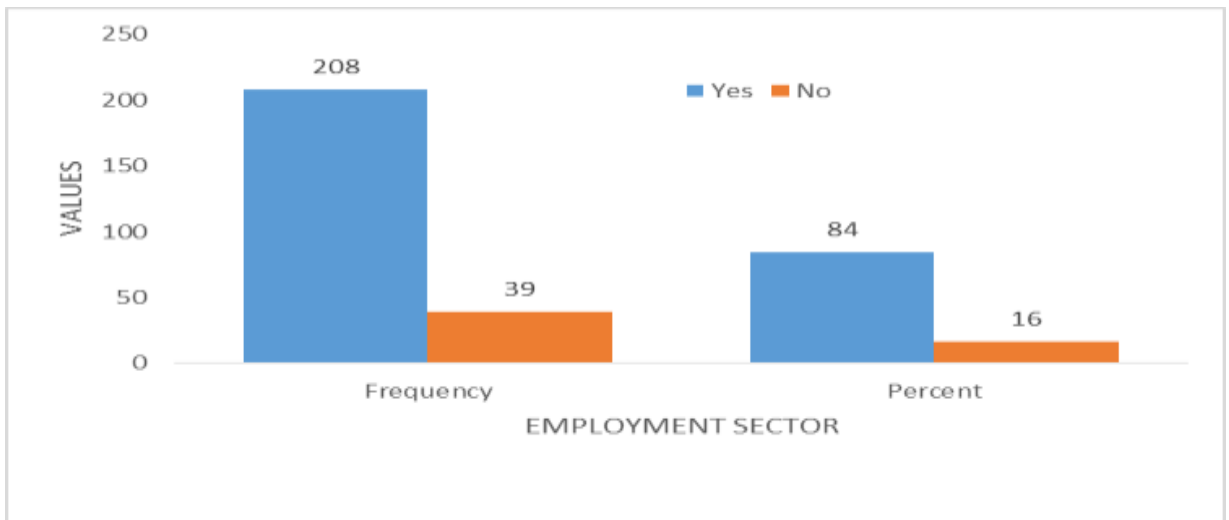
Respondents under this section were asked to indicate if they are SSNIT contributors.

The results are presented in table 4.8 and figure 4.7

Table 4.8. SSNIT Contributor

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	208	84.0	84.0	84.0
No	39	16.0	16.0	100.0
Total	247	100.0	100.0	

Figure 4.7. SSNIT Contributors



(Source: Author's Fieldwork, 2015).

According to Table 4.8 and Figure 4.7, 84% of the respondents indicated that they have contributed to SSNIT before with 16% indicated that they have never contributed towards SSNIT. The implication of the findings on this study is that, majority of the respondents have contributed to SSNIT before and as such are interested in matters affecting pension fund contribution. In addition, since majority of the respondents are SSNIT contributors, their responses may be influenced by their SSNIT experiences and as such can be validly relied upon.

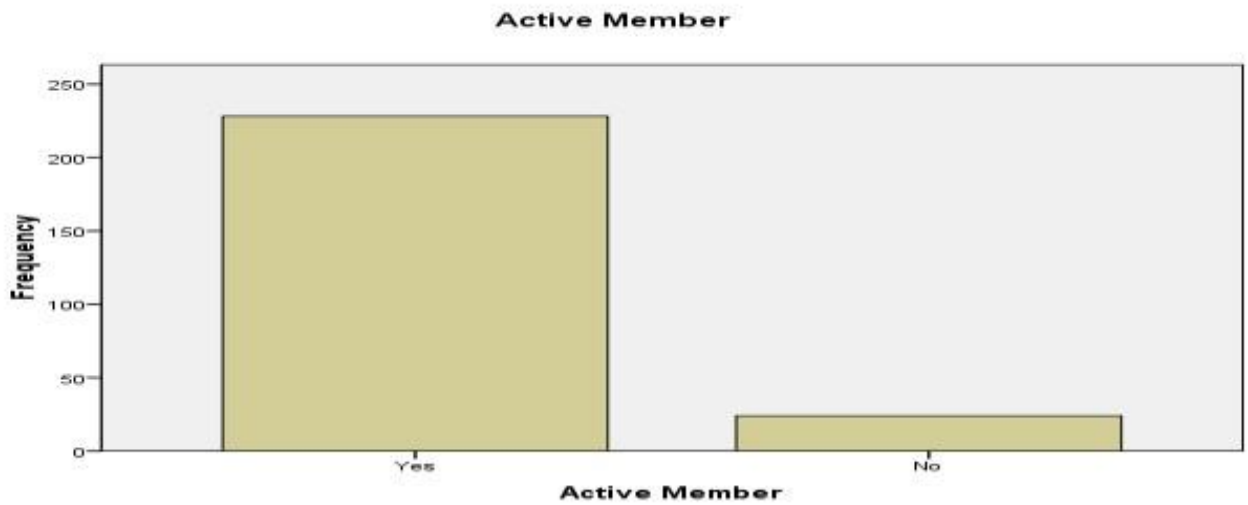
4.2.8 Active SSNIT Contributors

In this section, the SSNIT contributors were asked if they are active members. The purpose of this question was to determine the number of respondents who are SSNIT contributors up to date. The results are presented into table 4.9 and figure 4.8. **Table 4.9. Active Members**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	188	90.4	90.4	90.4
	No	20	9.6	9.6	100.0

Total	247	100.0	
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Figure 4.8. Active Members.



(Source: Author's Fieldwork, 2015)

Per figure 4.8 and table 4.9, out of the 208 respondents (see table 4.8) who indicated that they are SSNIT contributors, 188 (90.4%) responded “Yes” to the question of whether they are active SSNIT members or not. On the other hand 20 respondents representing 9.6% indicated “No” to the same question. This means that 20 respondents representing 9.6% who were SSNIT contributors are no more contributing to SSNIT.

The implication of these findings on this study is that, responses will reflect the perceptions of both former and current contributors on SSNIT in particular and pension schemes in general.

4.3 Level of Awareness on the New Pension Scheme

In this part, respondents were asked to respond to 8 statements testing the awareness of the respondents. The purpose of this section was to gather data to answer the research question “What are the awareness level of workers on the new pension scheme?” and

thus to meet the research objective “To analyse the awareness levels of workers on the new pension scheme”. The results are presented in table 4.10.

Table 4.10. Descriptive Statistics of Respondents awareness levels.

Awareness Constructs	N	Min.	Max.	Mean		Std. Deviation	Variance
	Stat.	Stat.	Stat.	Stat.	Std. Error	Stat	Stat
I am aware of the existence of the new pension scheme	247	2.00	5.00	4.2800	.05305	.91892	.844
I know that my employer has registered me for the 2nd tier contribution	247	1.00	5.00	4.2000	.05898	1.02151	1.043
I know what the new pension scheme entails	247	1.00	5.00	3.8800	.07001	1.21264	1.471
I know the company that manages my 2nd tier contribution.	247	1.00	5.00	3.8000	.07496	1.29831	1.686
I know the current percentage of my contribution that goes into my 1st and 2nd tiers	247	1.00	5.00	3.1600	.07790	1.34925	1.820
I know how much I have accumulated in 2nd tier account	247	1.00	5.00	3.1200	.06608	1.14454	1.310
I know how the new pension scheme is managed	247	1.00	5.00	3.1200	.07728	1.33850	1.792
I can distinguish between the fund custodian and fund managers	247	1.00	5.00	3.0000	.05898	1.02151	1.043
Valid N (listwise)/ Average	247	1.00	5.00	3.57	.06715	1.16315	2.112

(Source: Author’s Fieldwork, 2015)

Per table 4.10, the entire 247 respondents answered each of the 8 statements. In addition, 7 out of the 8 statements recorded minimum statistics of “1.00” with only one construct “I am aware of the existence of the new pension scheme” recording a minimum statistics of “2.00”. This means that with the exception of this construct, some of the respondents indicated “strongly disagree” to the remaining “7” constructs.

However, none of the respondents indicated “strongly disagree” to the construct “I am aware of the existence of the new pension scheme”. Since the minimum statistics recorded for this construct is “2.00” which correspond with the “disagree” response on the 5-point likert scale, it means that the responses given for this construct started from

“disagree” upwards. With respect to the maximum statistics each of the eight construct recorded “5.00”. Since “5.00” correspond to the “strongly agree” response on the 5points likert scale, it means that some respondents indicated “strongly agree to each of the 8 constructs tested for awareness levels.

Per table 4.10, two constructs “I am aware of the existence of the new pension scheme, and I know that my employer has registered me for the 2nd tier contribution” recorded the highest mean figures of “4.2800 and 4.2000” respectively. Since the mean figures recorded for these two constructs are all above 3.00 (the neutral response code) and also above 4.00 (the agree response code), it means that the respondents agree with these statements. However, per table 3.2, the mean figures of “4.28 and 4.20” fall within “4.00 - 4.49” of the mean score range. The implication is that, the respondents awareness with respect to these two constructs are interpreted as “moderate awareness”. The conclusions are that “the respondents are moderately aware of the existence of the new pension scheme” and that they “moderately know that their employers have registered them for the second tier”. In addition, since the mean figure recorded for the construct “I am aware of the existence of the new pension scheme” is higher than that of the construct “I know that my employer has registered me for the 2nd tier contribution”, they show that respondents are more moderately aware of the existence of the new pension scheme than their knowledge on their employees registering them for the 2nd tier contribution. Also, five constructs recorded mean figures above 3.00 but below 4.00. These constructs are: “I know what the new pension scheme entails (3.8800); I know the company that manages my 2nd tier contribution (3.8000); I know the current percentage of my contribution that goes into my 1st and 2nd tiers (3.1600); I know how much I have accumulated in 2nd tier account (3.12); and I know how the new pension scheme is managed (3.1200). Since none of these five constructs recorded mean figure equal or

above 4.00 (which correspond with the agree response rate on a 5points likert scale), then per the 5-points likert scale, the respondents do not agree to them. However, this does not mean that the respondents disagree with these constructs either since their mean figures are above 3.00. However, per table 3.2, two out of these constructs: “I know what the new pension scheme entails (3.8800); and I know the company that manages my 2nd tier contribution (3.8000)” recorded mean figures that fall within 3.50 – 3.99 mean score range, being interpreted as respondents fairly agree to these constructs. Thus the respondents fairly agree that they know: what the new pension scheme entails (3.8800); the company that manages their 2nd tier contribution. On the other hand three constructs recorded mean figures below 3.50 but little above 3.00. These constructs are: I know the current percentage of my contribution that goes into my 1st and 2nd tiers (3.1600); I know how much I have accumulated in 2nd tier account (3.12); and I know how the new pension scheme is managed (3.1200). Since the mean figures for these three constructs fall within the mean score range of 3.01-3.49 as per table 3.2, they are interpreted to mean, respondents weakly acceptance of these constructs. However, the construct “I can distinguish between the fund custodian and fund managers” recorded mean figure of 3.00. This means that the respondents do not know whether they can distinguish between fund custodians and fund managers or not.

Per the same table 4.10, the standard error of the mean for each of the constructs tested recorded figures below 0.71. This means that the sample mean recorded are closer to the population mean than that of the 5-point. The implication is that the sample mean recorded here have higher predictive power than the mean on the 5-point likert scale. That is, the sample mean recorded in table 4.10 can be used to predict the population mean easier than the ability of the mean of 3.00 on the five point likert scale to predict the population mean on the same scale. The lowest standard error of the mean of 0.05305

was recorded by the construct “I am aware of the existence of the new pension scheme” and the highest standard error of the mean 0.07790 was recorded by the construct “I know the current percentage of my contribution that goes into my 1st and 2nd tiers”. These two contrasting standard error of mean figures show that the sample mean for the construct “I am aware of the existence of the new pension scheme” can have the strongest predictive power since it recorded the lowest standard error of the mean. Thus the mean for this construct is closer to the population mean than the closeness of the sample means of the other constructs to their respective population means. Also the construct with the lowest standard deviation and variance of 0.91892 and 0.844 respectively was recorded by the construct “I am aware of the existence of the new pension scheme”. This means that the average deviation of the respondents responses from the sample mean with respect to this construct is closer than the average deviations of the various responses of the respective constructs from their sample means. However, since each of the constructs recorded standard deviation and variance statistics below 1.58 and 2.50 respectively, it shows that the responses given by the various respondents with respect to each construct tested for awareness level were closer to their respective sample mean than the closeness of the various responses to the mean (neutral) on a 5-points likert scale.

On average, the entire awareness constructs recorded a sample mean of 3.57 which is above 3.00 but below 4.00. Thus per table 3.2, the sample mean of 3.57 falls within the mean score range of 3.50 – 3.99 which is interpreted as fair acceptance or agree. This

indicates that, the respondents firmly accepted that they are aware of the new pension scheme.

Analysis of table 4.10 shows that, the findings of this study confirms earlier studies or assertions by researchers such as Dahlia, et.al (2012), Omoni (2013), and Nunoo (2013) that awareness level of employees on issues about pension schemes and retirements are significantly low. The study also confirmed a similar study by Babatunde (2012), that there are varying degrees of employees' awareness with respect to pension schemes. This is because whilst the respondents were highly aware of the existence of the new pension scheme and their registration for the 2nd tier contribution, their awareness level on other constructs like how the new pension scheme is managed was significantly low.

The low level of employees' awareness on the new pension scheme may be due to several factors. Some of these factors include: low level of education on the new pension scheme; employees apathy on pension issues; the recent schism between the government and labour unions over who has the right to appoint fund managers; and lack of communication between pension managers and beneficiaries.

According to the fund manager representative interviewed, the level of awareness of contributors of the new pension scheme is rather on the low side. And he attributes this to inadequate or lack of public education.

The SSNIT Operations Monitoring Manager at the Kumasi Area Office also holds the view that contributors are fairly aware of the new scheme. He gives a 60% level of awareness on the part of members and also attributes this to lack of effective public education and marketing strategy.

4.3.1 Pension Fund Managers Registered with.

In this section respondents were asked to indicate the fund managers that they have registered with. Here only the respondents who indicated they are active SSNIT members responses were taken into account. The purpose was to test if employees the institutions managing their pension fund for them. The results are presented in table 4.11.

Table 4.11. Fund Manager registered with

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Petra Trust company Ltd	20	8.0	8.0	8.0
Metropolitan Pension Trust	79	32.0	32.0	40.0
NTHC	10	4.0	4.0	44.0
Other	49	20.0	20.0	64.0
I don't know	89	36.0	36.0	100.0
Total	247	100.0	100.0	

(Source: Author's Fieldwork, 2015)

Figure 4.9. Fund Managers Registered with.



(Source: Author's Fieldwork, 2015).

Per figure 4.9 and table 4.11, 20 respondents representing 8% indicated that Petra Trust Company Ltd is their 2nd Tier Pension Fund manager with 79 (32%) respondents

indicating Metropolitan Pension Trust as their 2nd Tier Fund Manager. Also, 4% of the respondents indicated NTHC s their Fund Manager with 20% indicating other institutions which are HFC Bank, and First Bank Financial Services etc. However, 89 respondents representing 36% of the respondents indicated that they do not know who their 2nd Tier Pension Fund Managers are. The findings show that only 64% of the respondents know who their 2nd Tier Pension Fund Managers are. According to Table 4.10, the overall awareness level recorded was 3.57 out of 5.00. Converting this mean figure to percentage gave approximately 71% awareness rate. Contrasting this figure with table 4.11 shows that, 7% of respondents who indicated that they are aware of the new pension scheme do not know who their 2nd Tier Pension Fund Managers are.

4.3.2 Registration under the 3rd Tier.

In this part respondents were asked to indicate if their employers have registered them under the 3rd tier pension scheme. Since the 3rd tier is voluntary, it means that both non-SSNIT and inactive members can still join. In this regard, the responses from the entire respondents were taken into account. The results are presented in table 4.12.

Table 4.12. My employers have registered me under the 3rd tier

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	10	4.0	4.0	4.0
No	79	32.0	32.0	36.0
I don't know				
Total	158	64.0	64.0	100.0
	247	100.0	100.0	

(Source: Author's Fieldwork, 2015).

According to table 4.12, only 10% of the respondents indicated that their employers have registered them for the 3rd tier pension scheme with 32% indicating “No”. On the other

hand 64% indicated that they do not know if their employers have registered them for the 3rd tier or not. A critical assessment of the responses may show that, the employers of the 64% respondents who indicated “I don’t know” may not have registered their employees for the 3rd tier scheme. Since the employees are supposed to be the beneficiaries, they would have known if they have been registered for the 3rd tier voluntary scheme.

4.4. Benefits of the New Scheme.

Respondents under this section were asked to indicate the benefits of the new scheme.

The results are presented in table 4.13.

Table 4.13. Descriptive Statistics of Benefits of the new scheme

Benefits Constructs	N	Min	Max	Mean		Std. Deviation	Variance	Skewness	
				Stat	Std. Error			Stat	Std. Error
The new scheme has enhanced the economic growth of the country	247	1.00	5.00	2.9600	.07926	1.37284	1.885	.072	.141
The new scheme has created better job opportunities than the old system	247	1.00	5.00	3.0400	.07402	1.28214	1.644	-.190	.141
I am not in a hurry to leave my current job because I am assured of my pension benefits after retirement	247	1.00	5.00	3.4400	.07510	1.30078	1.692	-.528	.141
The new scheme has enhanced my savings culture better than the old system	247	1.00	5.00	3.5600	.06352	1.10020	1.210	-.336	.141
The new pension scheme provides better package than the old system	247	1.00	5.00	3.8000	.06543	1.13326	1.284	-.933	.141
Valid N (listwise)/Average	247	1.00	1.00	3.3600	0.07147	1.23784	1.543	-0.383	0.141

(Source: Author’s Fieldwork, 2015).

Per table 4.13, four constructs recorded mean figures above 3.00. These constructs are:

The new scheme has created better job opportunities than the old system (3.0400); I am

not in a hurry to leave my current job because I am assured of my pension benefits after retirement (3.4400); The new scheme has enhanced my savings culture better than the old system (3.5600); and The new pension scheme provides better package than the old system (3.8000). This means that the respondents accept these constructs. However, none of these constructs recorded mean figure above 4.00. In fact, the constructs: The new scheme has created better job opportunities than the old system; and I am not in a hurry to leave my current job because I am assured of my pension benefits after retirement recorded mean figures below 3.50. This clearly shows weak acceptance of these constructs. On the other hand, two other constructs: The new scheme has enhanced my savings culture better than the old system; and the new pension scheme provides better package than the old system recorded mean figures below 3.99 indicating fair acceptance of the constructs. In fact, the construct “The new scheme has created better job opportunities than the old system” recorded a mean figure of 3.04. Running this mean figure to one (1) decimal place would have given a mean figure of 3.0 which correspond to the “neutral” response on the five point likert scale. However, one construct, “The new scheme has enhanced the economic growth of the country” recorded a mean figure of 2.9600 which indicates a weak rejection of the construct. This means that the respondents do not think that, the new pension scheme has enhanced the economic growth of Ghana. The response may have rejected this construct because they might have not witnessed any tangible evidence of the impact of the new scheme particularly the 2nd tier on the socio-economic development on the country. Also, 4 constructs were negatively skewed. These are: The new scheme has created better job opportunities than the old system (-0.190); I am not in a hurry to leave my current job because I am assured of my pension benefits after retirement (0.528); The new scheme has enhanced my savings culture better than the old system (-

0.336); and The new pension scheme provides better package than the old system (0.933). Only one construct recorded positively skewed response. This construct is “The new scheme has enhanced the economic growth of the country (0.072).

The findings above to some extent confirmed the assertion by NBC Ghana Ltd, (undated) that, the new pension scheme will: create better job opportunities than the old system: enables workers to stay on their current jobs (higher employee retention); enhancing workers saving habits; and provide better package than the old system. Even though this study confirmed these assertions, it did so at fair and weak levels. On the other hand this study rejected NBC Ghana Ltd, (undated) assertion that the new pension scheme will enhance economic growth and nation building.

In addition, when respondents were asked to indicate any other benefits that contributors are expected to enjoy which the old system does not guarantee, some of the respondents gave the following answers: firstly, the new scheme gives opportunity for pension fund managers to participate in the management of pension funds. This creates competition for better returns. Secondly, the new system ensures that contributions are invested to yield interest on behalf of contributors. Also, the new scheme ensures that contributors received lump sum from the 2nd tier and monthly pension from the 1st tier. Moreover, the new scheme provides opportunity to hire and fire fund managers over performance issues unlike the old system which was monopolized by SSNIT.

From the above, it is clear that most of the respondents see the new scheme as providing better opportunities than the old system due to the extra benefits that the new system provides which was not imbibed in the old system.

The SSNIT representative believes the new pension system will be more beneficial to contributors, more effective as a result of the broken monopoly of SSNIT and with the supervisory role of the NPRA.

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He mentioned the introduction of more industry players under the new scheme which will create more employment opportunities.

The fund managers' representative also believes the new scheme which seeks to enhance retirement benefits will in the long run improve standard of living which will lead to increased productivity in all sectors of the economy.

4.5 Perception of workers on the New Scheme

In this section respondents were asked to respond to eight (8) statements testing their perceptions of the new pension scheme on the basis of a five-point likert scale. The purpose was to find answers to the question "What are the perceptions of workers on the new pension scheme?" The results are presented in table 4.14.

Table 4.14. Descriptive Statistics of workers perception

Perception Constructs	N	Min	Max	Mean		Std. Deviation	Variance	Skewness	
	Stat	Stat	Stat	Stat	Std. Error	Stat	Stat	Stat	Std. Error
The new scheme will fail to deliver like the old scheme	247	1.00	5.00	2.2800	.06014	1.04174	1.085	.491	.141
The new scheme is a way to rob workers just to pay them back on retirement	247	1.00	5.00	2.4400	.07330	1.26956	1.612	.550	.141
Workers cannot rely on the new scheme to secure better living on retirement.	247	1.00	5.00	2.4800	.05925	1.02621	1.053	.279	.141
The new scheme is a way for employers to avoid payment of gratuity (ex-gratia) to employees.	247	1.00	4.00	2.5600	.05916	1.02465	1.050	-.163	.141
I am not satisfied with the current package under the new scheme	247	1.00	5.00	2.6800	.05834	1.01045	1.021	-.030	.141
I cannot trust the pension fund managers, SSNI and NPRA with workers contributions	247	1.00	5.00	2.9600	.05779	1.00087	1.002	.080	.141
The new scheme will place less attention on settlement of retirees	247	1.00	5.00	3.0800	.07115	1.23234	1.519	-.283	.141
The new scheme has not resolved workers ignorance of their access to pension funds.	247	2.00	5.00	3.6800	.06059	1.04941	1.101	-.169	.141

Valid N (listwise)	247	1.00	5.00	2.77	0.06247	1.08190	1.18038	0.09438	0.141
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(Source: Author's Fieldwork, 2015).

Per table 4.14, six (6) constructs recorded mean figures below 3.00. These constructs are: The new scheme will fail to deliver like the old scheme (2.2800); The new scheme is a way to rob workers just to pay them back on retirement; (2.4400); Workers cannot rely on the new scheme to secure better living on retirement (2.4800); The new scheme is a way for employers to avoid payment of gratuity (ex-gratia) to employees (2.5600); I am not satisfied with the current package under the new scheme (2.6800); and I cannot trust the pension fund managers, SSNIT and NPRA with workers contributions (2.9600). Three of these constructs recorded mean figures 2.01 to 2.49. This means that the respondents fairly reject these constructs. Thus they reject the statements that: The new scheme will fail to deliver like the old scheme; The new scheme is a way to rob workers just to pay them back on retirement; and Workers cannot rely on the new scheme to secure better living on retirement. In addition, the respondents also weakly rejected three other constructs as they recorded mean figures between 2.50 to 2.99. These constructs are: The new scheme is a way for employers to avoid payment of gratuity (ex-gratia) to employees; I am not satisfied with the current package under the new scheme; and I cannot trust the pension fund managers, SSNIT and NPRA with workers contributions. On the other hand two other constructs were weakly and fairly accepted because they recorded mean figures of 3.0800 and 3.6800. These constructs are: the new scheme will place less attention on settlement of retirees like the old system (3.0800); and the new scheme has not resolved workers ignorance of their access to pension funds (3.6800). The implication is that per the respondents the new scheme is not different from the old scheme because it is neither going to emphasize that retirees get good settlement nor has

it done much to educate retirees as to the procedures to follow in accessing retirement funds.

In general, the entire constructs recorded average mean figure of 2.77 which is below 3.00. Since the constructs tested were stated in negative perspectives, the mean figure of 2.77 shows that the respondents have a positive perception about the new pension scheme.

The findings reject findings by other researchers (such as: Hall and Floyd (2009); and Amininiye and Asuquo (2010)) that workers generally have negative perception about pension schemes. In fact the findings assert positive perception by workers on the new pension scheme. The reason why this study found positive perception on the new scheme may be due to the tier system introduced by the new scheme which makes it possible for different managers to manage employees' contributions at least for the 1st tier and 2nd tier. However, it must be made clear that, even though the study found a positive perception by contributors on the new scheme, the study weakly confirmed the assertion by Amininiye and Asuquo (2010) that "the new scheme will place less attention on settlement of retirees like the old system". It also fairly confirmed studies by Lamla and Coppola (2014), that current pension scheme legislation has not resolved the problem of workers' ignorance of their access to occupational pensions.

Furthermore, when respondents were asked to indicate other perceptions that they hold against the new scheme some indicated that: the new scheme has nothing better to offer than the old scheme; they do not have confidence in private companies having the ability to pay back pension fund returns; if the government is allow to appoint Fund Managers, they will influence their investment decisions to the detriment of the contributors; and

that dissemination of information to the ordinary worker has not being enhanced by the introduction of the new scheme.

4.6 Challenges on the implementation of the New Scheme.

The respondents under this section were asked to indicate the challenges that the new scheme is expected to encounter in its implementations. The purpose of this section was to find answer to the research question “What are the challenges facing the implementation of the new pension scheme?” The results are presented in table 4.15.

Table 4.15. Descriptive Statistics of challenges of the new scheme

Challenges Constructs	N	Min	Max	Mean		Std. Deviation	Variance	Skewness	
	Stat	Stat	Stat	Stat	Std. Error	Stat	Stat	Stat	Std. Error
Lack of confidence in pension fund managers	247	1.00	5.00	3.1600	.06680	1.15709	1.339	-.472	.141
Lack of income for investment purposes	247	1.00	5.00	3.2800	.06648	1.15153	1.326	.071	.141
Refusal of employers to register employees under the new scheme.	247	1.00	5.00	3.2800	.07410	1.28339	1.647	-.306	.141
Lack of infrastructure at the National Pensions Regulatory Authority (NPRA) and fund managers	247	1.00	5.00	3.3200	.07955	1.19328	1.424	-.211	.162
Employees inability to agree on fund managers chosen by employers	247	1.00	5.00	3.5200	.05695	.98633	.973	-.435	.141
Difficulty in claiming benefits on retirements	247	2.00	5.00	3.5600	.05193	.89950	.809	.319	.141
Lack of knowledge on the operations of the new scheme	247	1.00	5.00	3.6000	.07130	1.23494	1.525	-.618	.141
Low rates of pension fund returns	247	2.00	5.00	3.8000	.05425	.93965	.883	.117	.141
Valid N (listwise)	247	1	5	3.95	0.07	1.11	1.24	-0.19	3.95

(Sources: Author’s Fieldwork, 2015).

From table 4.15, each of the construct tested recorded mean figures above 3.00 but below 4.00. Four (2) constructs were weakly accepted. These are: Lack of confidence in pension fund managers (3.1600); Lack of income for investment purposes (3.2800); Refusal of employers to register employees under the new scheme (3.2800); and Lack of infrastructure at the National Pensions Regulatory Authority (NPRA) and fund managers (3.3200).

Four other constructs were fairly accepted. These are: Employees inability to agree on fund managers chosen by employers (3.5200); Difficulty in claiming benefits on retirements (3.5600); Lack of knowledge on the operations of the new scheme; (3.6000); and Low rates of pension fund returns (3.8000). The respondents also indicated other challenges to the implementation of the new scheme as: some contributors do not understand the structure and workings of the new scheme; and lack of dissemination of regular contributors' statement of accounts.

The findings confirmed studies by United States International University (USIU, 2012) that: limitation in income; difficulty claiming benefits at retirement; lack of confidence in pension fund managers; and low rates of return. The study also found other challenges which were not envisage in the other studies. These challenges are: Refusal of employers to register employees under the new scheme; Lack of infrastructure at the National Pensions Regulatory Authority (NPRA) and fund managers; Employees inability to agree on fund managers chosen by employers; and Lack of knowledge on the operations of the new scheme. However, the major challenge that faces the implementation of the new scheme per the respondents was low rates of pension fund returns.

The SSNIT representative believes the challenges facing the implementation are low levels of awareness of contributors and their acceptance to the new scheme and noncompliance on the part of employers.

The fund manager reiterated challenges as failure of funds transfer by the NPRA for onward investment, the lack of education and inadequate records keeping by employers. He also mentioned their inability to distribute statement of account to members due to data discrepancies.



CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.1 Introduction

This chapter has being divided into three main sub-headings. The first part summarized the key findings of this study under the following headings: Awareness Levels of Workers on the New Pension Scheme; Benefits of the New Pension Scheme; Perception of workers on the New Pension Scheme; and Challenges of the New Pension Scheme. These sub-headings reflect the research objectives. The summary of findings is followed by recommendations of the study. The chapter ends with conclusion of the study.

5.2 Summary of Findings

The following are the summary of key findings of the study.

5.2.1 Awareness Levels of Workers on the New Pension Scheme

Generally, the respondents are fairly aware of the existence of the new scheme. Specifically they: are highly aware of the existence of the new pension scheme; highly know that their employers have registered them for the 2nd tier contribution; but moderately know what the new pension scheme entails; and know the company that manages their 2nd tier contribution. However, they weakly know: the company that manages their 2nd tier contribution; the current percentage of their contribution that goes into their 1st and 2nd tiers; how much they have accumulated in 2nd tier account; and how the new pension scheme is managed. However, they do not know whether they can distinguish between the fund custodian and fund managers or not. Moreover, even though most of the respondents know their 2nd tier fund managers, a significant number of

respondents do not know who their 2nd tier pension fund managers are. In addition, it was found out that most of the respondents do not know if they have been registered by their employers for the 3rd tier scheme or not.

5.2.2 Benefits of the New Pension Scheme

Generally, the respondents weakly accepted that the new scheme has brought some economic benefits to contributors and the country. The study found out that: the new scheme has created better job opportunities than the old system; it has assured contributors of pension benefits after retirement contributors are not quick to leave their current jobs and therefore; the new scheme has enhanced the savings culture of contributors better than the old system; and the new pension scheme provides better package than the old system. However, the study also found out that the new scheme has not enhanced the economic growth of the country. Moreover, the study found out that some of the specific benefits that the new scheme provides are that: the new scheme gives opportunity for pension fund managers to participate in the management of pension funds thus creating competition for better returns; the new scheme ensures that contributors received lump sum from the 2nd tier and monthly pension from the 1st tier' and the new scheme provides opportunity to hire and fire fund managers over performance issues unlike the old system which was monopolised by SSNIT.

5.2.3 Perception of workers on the New Pension Scheme

The study found out that generally, respondents have a positive perception about the new pension scheme. Some of the specific positive perception that respondents hold on the new scheme are that: the new scheme will not fail to deliver like the old scheme ;

The new scheme is not a way to rob workers just to pay them back on retirement; Workers can rely on the new scheme to secure better living on retirement; The new scheme is not

a way for employers to avoid payment of gratuity (ex-gratia) to employees; contributors are satisfied with the current package under the new scheme; and respondents can trust the pension fund managers, SSNIT and NPRA with workers contributions. However, the study indicated that: the new scheme will place less attention on settlement of retirees like the old system; and the new scheme has not resolved workers ignorance of their access to pension funds. In addition, the study found that: the new scheme has nothing better to offer than the old scheme; respondents do not have confidence in private companies having the ability to pay back pension fund returns; if the government is allow to appoint Fund Managers, they will influence their investment decisions to the detriment of the contributors; and that dissemination of information to the ordinary worker has not been enhanced by the introduction of the new scheme.

5.2.4 Challenges of the New Pension Scheme

The major challenges that face the implementation of the new scheme per the respondents are low rates of pension fund returns and lack of knowledge of the operations of the new scheme. Moreover, some other challenges that this study identified are: lack of confidence in pension fund managers; refusal of employers to register employees under the new scheme; lack of infrastructure at the National Pensions Regulatory Authority (NPRA) and fund managers; employees inability to agree on fund managers chosen by employer; difficulty in claiming benefits on retirements and lack of income for investment purposes.

5.3 Recommendations

Based on the above findings the following recommendations are made:

The government should provide the necessary infrastructure and logistical support to NPRA and Fund Managers in order for them to execute their functions effectively and efficiently as stated in the pension act.

The laws governing the new scheme should also be rigidly enforced to ensure compliance of employers, failure of which should lead to prosecution and the NPRA must also supervise pension managers properly to ensure strict adherence to their roles.

NPRA and scheme managers should embark on intensive educational and sensitization programs to create employees awareness on the operations and dynamics of the new pension scheme. This could be done through the mass media like radio, TV etc. which could create voluntary compliance.

Fund Managers should regularly send statement of accounts to contributors specifying their accumulated balances through proper collection of data from employers and employees.

Also, managers of the new scheme should put in place measures to enhance the perceived benefits that the new scheme is expected to bring to contributors.

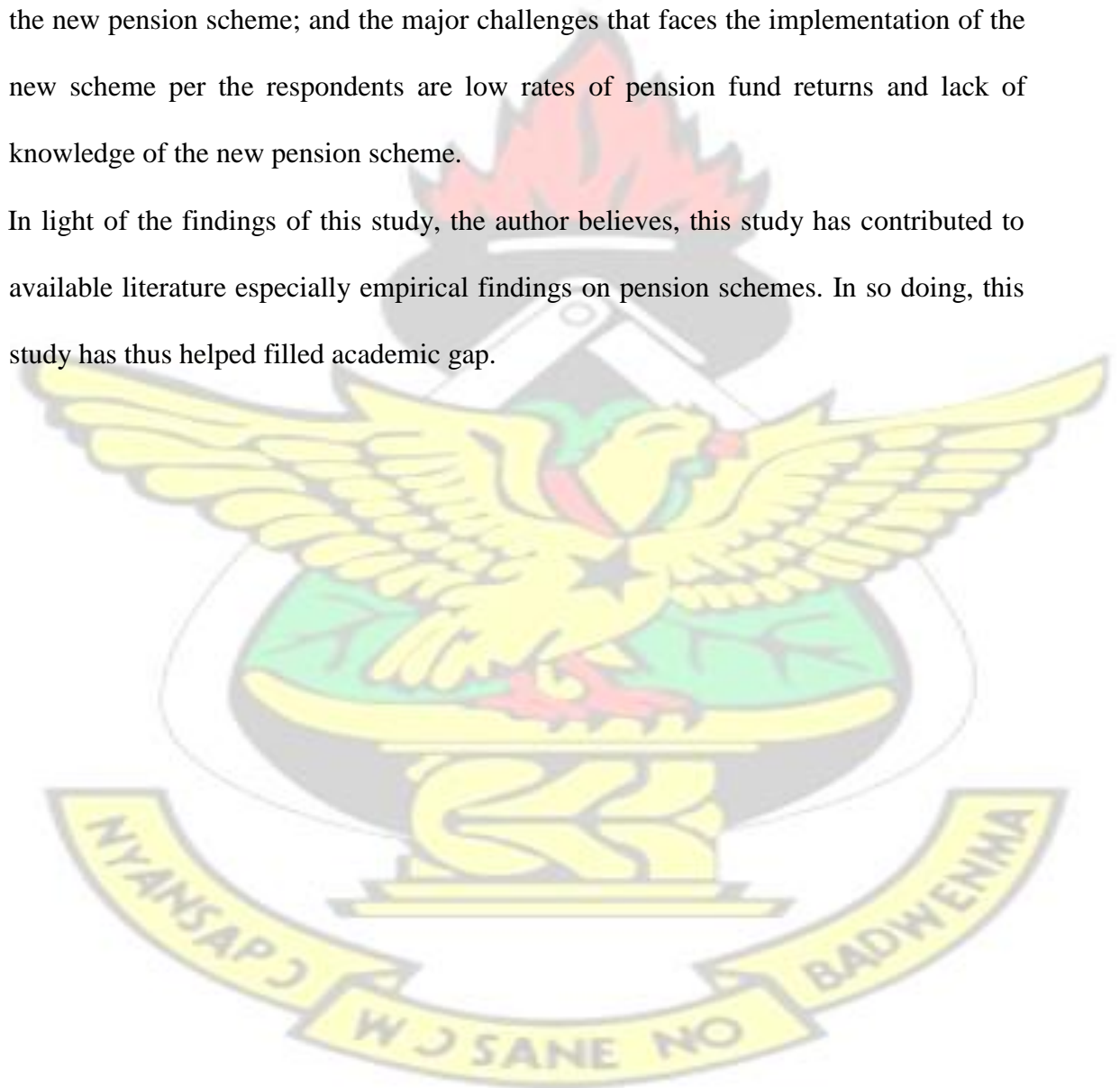
Furthermore, the procedure for claiming retirement's benefits should be simplified by industry players for easy fund accessibility by beneficiaries by the use of technology for more effective service delivery.

5.4 Conclusion

Planning for retirement is very important venture in any economy. It is in recognition of this, that the need to have a proper plan for retirement, that the New Pensions Act (National Pension Act 766, 2008) was promulgated. However; whether employees are aware of the new scheme, what benefits does the new scheme provides, what are the

perceptions of workers on the new scheme, and the challenges that confronts the implementation of the new scheme were the issues that drove the conduct of this study. After careful analysis of the data collected for the purpose of this study, it were found out that: Generally, the respondents are fairly aware of the existence of the new scheme; the respondents weakly accepted that the new scheme has brought some economic benefits to contributors and the country; generally, respondents have a positive perception about the new pension scheme; and the major challenges that faces the implementation of the new scheme per the respondents are low rates of pension fund returns and lack of knowledge of the new pension scheme.

In light of the findings of this study, the author believes, this study has contributed to available literature especially empirical findings on pension schemes. In so doing, this study has thus helped filled academic gap.



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APPENDIX

Questionnaire

Dear respondent, please lend me few minutes of your time to fill out this questionnaire. It is strictly for academic purpose and therefore all information provided shall be treated with maximum caution and confidentiality. All personal data provided shall be treated collectively and not on personal levels.

Section A. Biographic Data

a. Gender male female

b. Age 18-25 26-35 36-45
 46-55 56 and above

c. Educational Background

Primary high/vocational some tertiary university graduate or more No formal schooling

d. How long have you been working? below 1 year, 1- 10years, [11 -20 years, above 20 years

e. What is your occupation? Educationist (), Medical personnel (), Business Executive (), Journalist (), others (specify).....

f. Where do you work? Public sector (), Private sector ()

g. Are you a member of SSNIT? Yes (), No. () **h. If yes, are you an active member?** Yes (), No. ()

Please indicate the extent to which you agree with the following statement. You are to assess the following on the scale of strongly disagree to strongly agree

No	Awareness Constructs	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
1	I am aware of the existence of the new pension scheme					
2	I know what the new pension scheme entails					

3	I know how the new pension scheme is managed					
4	I can distinguish between the fund custodian and fund managers					
5	I know that my employer has registered me for the 2 nd tier contribution					
6	I know the company that manages my 2 nd tier contribution.					
7	I know how much I have accumulated in 2 nd tier account					
8	I know the current percentage of my contribution that goes into my 1 st and 2 nd tiers					

9. Which of the following pension fund managers have you registered with?

- a. Petra Trust Company Ltd ()
- b. Metropolitan Pension Trust ()
- c. Universal Pension Trust Ltd ()
- d. N.T.H.C. ()
- e. Other (), Specify:
- f. I don't know ()

10. My employers have registered me under the 3rd tier?

- a. Yes ()
- b. No. ()
- c. I don't know ()

Section C. Benefits of the new pension scheme

Constructs	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
1. The new pension scheme provides better package than the old system					
2. The new scheme has enhanced my savings culture better than the old system					
3. The new scheme has enhanced the economic growth of the country					
4. The new scheme has created better job opportunities than the old system					
5. I am not in a hurry to leave my current job because I am assured of my pension benefits after retirement					

6. Please indicate any other benefit(s) that contributors are expected to enjoy which the old system does not guarantee.

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Section D. Perception of Workers on the New Scheme

Constructs	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
1. The new scheme will place less attention on settlement of retirees					
2. The new scheme is a way to rob workers just to pay them back on retirement					
3. The new scheme is a way for employers to avoid payment of gratuity (ex-gratia) to employees.					
4. Workers cannot rely on the new scheme to secure better living on retirement.					
5. The new scheme will fail to deliver like the old scheme					
6. I cannot trust the pension fund managers, SSNIT and NPRA with workers contributions					
7. I am not satisfied with the current package under the new scheme					
8. The new scheme has not resolved workers ignorance of their access to pension funds.					

Section E. Challenges on the implementation of the New Pension Scheme.

Constructs	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
1 Lack of income for investment purposes					
2 Difficulty in claiming benefits on retirements					
3 Lack of knowledge on the operations of the new scheme					
4 Lack of confidence in pension fund managers					
5 Low rates of pension fund returns					
6 Refusal of employers to register employees under the new scheme.					
7 Employees inability to agree on fund managers chosen by employers					
8 Lack of infrastructure at the National Pensions Regulatory Authority (NPRA) and fund managers					

1. Please indicate any other challenges that confront the implementation of the new scheme.

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KNUST



INTERVIEW GUIDE PENSION FUND MANAGERS

SECTION A. Awareness Level of Contributors.

1. Do you think that contributors are adequately aware of the new pension scheme?
2. How would you rate the level of awareness of contributors on the new scheme?
3. Do you think that most contributors can differentiate between the different players and their roles under the new scheme?
4. What have accounted for the low level of awareness of contributors on the new pension scheme?
5. What should be done to improve the level of awareness of contributors on the new scheme?
6. How many months contribution under the 2nd tier have you received from National Pension Regulatory Authority (NPRO) for investment on behalf of contributors?
7. Does the contribution received so far tally with the expected contribution?
8. What has accounted for the variations (if any)?
9. Are clients aware of the number of months contributions you have received and invested on their behalf?
10. Do you submit regular investment statements to contributors?
11. If not, why?

SECTION B. Benefits of the new pension scheme

12. Do you think that the new scheme will provides better retirement package to contributors than the old scheme?
13. What are the additional benefits that the new scheme will provide to contributors that the old system is not providing?
14. What benefits are the 2nd tier and 3rd tier providing to contributors which the old scheme was not providing?
15. Do you think that contributors who will retire in 2016 will receive their retirement package under the 2nd tier and the 3rd tier?
16. If yes, then what do you make about the information in the public domain that this will not be so?
17. If no, what has accounted for this?
18. What impact is the new scheme having on the economy of Ghana that the old system did not?

SECTION C. Challenges on the implementation of the New Pension Scheme.

21. What are the challenges facing the Pension Fund Managers and other players in the implementation of the new scheme (please assess these challenges from demand side and supply side)?
22. What measures have your outfits put in place to overcome some of these challenges?
23. What measures should the government put in place to counter these challenges?
24. What general recommendations will you suggests to ensure efficient operation of the new scheme?

INTERVIEW GUIDE

SSNIT

SECTION A. Awareness Level of Contributors.

1. Do you think that contributors are adequately aware of the new pension scheme?
2. How would you rate the level of awareness of contributors on the new scheme?
3. Do you think that most contributors can differentiate between the different players and their roles under the new scheme?
4. What have accounted for the low level of awareness of contributors on the new pension scheme?
5. What should be done to improve the level of awareness of contributors on the new scheme?
6. Do you submit regular investment statements to contributors?
7. If not, why?

SECTION B. Benefits of the new pension scheme

8. Do you think that the new scheme will provides better retirement package to contributors than the old scheme?
9. What are the additional benefits (with respect to 1st tier which SSNIT manages) that the new scheme will provide to contributors that the old system did not provide?
10. What impact is the new scheme having on the economy of Ghana that the old system did not?

SECTION C. Challenges on the implementation of the New Pension Scheme.

11. What are the challenges facing the SSNIT in the implementation of the new scheme (please assess these challenges from demand side and supply side)?
12. What measures have your outfits put in place to overcome some of these challenges?
13. What measures should the government put in place to counter these challenges?
14. What general recommendations will you suggest to ensure efficient operation of the new scheme?

