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**Assessing Pension Policy Reforms: Creating Sustainable and Accountable
Retirement Systems For Parliamentary Staff**

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Abstract

This research is based on a policy review approach that examines the ongoing legislative review of the National Assembly Service Pension Board (Establishment) (Amendment) Bill, 2025, and its implications for staff welfare and institutional integrity. The proposed shift from a Defined Benefit Scheme (DBS) to the Contributory Pension Scheme (CPS) has generated considerable debate, particularly among stakeholders such as the Parliamentary Staff Association of Nigeria (PASAN). Drawing from historical, legal, and policy frameworks, the study analyzes the impact of these pension reforms on staff security, fiscal sustainability, and administrative feasibility. The paper concludes by offering practical policy recommendations that strike a balance between equity, sustainability, and institutional recognition.

KEYWORDS: *Legal and Historical Foundations, Institutional Disparities, PASAN's Position, Fiscal and Operational Implications.*

1. Introduction

Pension reform in Nigeria has long been a contentious issue, marked by efforts to strike a balance between fiscal responsibility and the rights and welfare of public servants. The ongoing review of the National Assembly pension scheme represents a critical moment in this discourse. At stake is the future of retirement security for legislative staff, who are often overlooked but are an essential component of Nigeria's democratic machinery.

The current pension arrangement for National Assembly staff is governed by the National Assembly Service Pension Board Act of 2014, which provides a customized Defined Benefit Scheme (DBS) that guarantees fixed retirement benefits. However, a proposed amendment in the National Assembly Service Pension Board (Establishment) (Amendment) Bill, 2025, seeks to transition these staff to the Contributory Pension Scheme (CPS), in line with broader public sector pension reforms under the Pension Reform Act of 2014. While this proposed shift is framed as a step toward harmonization and cost-efficiency, it has sparked

significant concerns among stakeholders, particularly the Parliamentary Staff Association of Nigeria (PASAN), about fairness, institutional parity, and the potential erosion of earned benefits.

This study examines the rationale, risks, and potential implications of transitioning National Assembly staff from a Defined Benefit Scheme (DBS) to a Contributory Pension Scheme (CPS) or adopting a hybrid approach.

2. Literature Review

Historically, Nigeria operated a Defined Benefit Scheme (DBS) for public service employees. This scheme guaranteed a fixed pension based on length of service and final salary. However, inefficiencies and funding gaps led to the introduction of the Pension Reform Act of 2004, which replaced DBS with the Contributory Pension Scheme (CPS) for most civil servants. Certain institutions, including the military, intelligence services (e.g., DSS), and judiciary, were exempted from CPS due to the strategic and sensitive nature of their work.

The National Assembly Service Pension Board Act (2014) similarly exempted legislative staff by providing them with a unique DBS framework. The 2025 Amendment Bill now seeks to harmonize the pension system by transitioning National Assembly staff to CPS, sparking opposition from PASAN and other stakeholders.

3. Background to Policy

The issue of pension reform in Nigeria has evolved as part of broader public sector reforms aimed at ensuring fiscal discipline, transparency, and long-term financial sustainability. Historically, Nigeria operated a Defined Benefit Scheme (DBS) for public servants, which guaranteed retirees a fixed income based on their years of service and final salary. However, the DBS became increasingly unsustainable due to mismanagement, unfunded liabilities, corruption, and demographic pressures. In response, the government enacted the Pension Reform Act of 2004, introducing the Contributory Pension Scheme (CPS) to replace the DBS across most of the public service.

While CPS has become the national standard, several key institutions, including the military, intelligence services, and the judiciary, were exempted from CPS due to the peculiar nature of their roles and the strategic importance of ensuring long-term security for their staff. In recognition of its unique functions, the National Assembly also secured a similar exemption through the National Assembly Service Pension Board Act of 2014, which provided its staff with a customized DBS framework under a separate legal structure.

The current policy debate was reignited by the introduction of the National Assembly Service Pension Board (Establishment) (Amendment) Bill, 2025, which seeks to abolish the DBS for National Assembly staff and align their retirement benefits with the CPS, in line with national pension reforms. Proponents argue that this shift would promote fiscal uniformity and eliminate perceived disparities in public sector compensation. However, opposition

from staff unions such as the Parliamentary Staff Association of Nigeria (PASAN) has been strong, citing concerns over fairness, adequacy of CPS for legislative service, and the erosion of previously guaranteed benefits such as terminal gratuities, medical allowances, and leave entitlements.

The debate over this policy shift highlights a critical gap in Nigeria's pension reform framework: the lack of nuanced models that account for institutional differences within the public service. While CPS offers financial sustainability and private sector oversight, it may not be suited to all types of government service, especially those requiring political neutrality, long-term institutional memory, and confidentiality, as found in the legislature.

This policy review is situated at the intersection of economic reform, institutional preservation, and administrative justice. It seeks to interrogate the rationale behind the proposed pension harmonization, assess its implications for staff welfare and institutional integrity, and explore feasible alternatives that safeguard the interests of legislative staff without undermining national pension objectives.

5. Problem Identification: Factors Influencing Policy Formulation

The proposed amendment risks eroding previously guaranteed entitlements such as 500% gratuity, medical allowances, and terminal leave benefits. It also raises questions about fairness and parity with peer institutions like DSS and the judiciary, the adequacy of CPS for high-level legislative work, the sustainability and administrative feasibility of pension reform for NASS staff.

The formulation of pension policy for staff of the National Assembly of Nigeria is influenced by a dynamic interplay of political, economic, institutional, and social factors. These factors shape the direction, urgency, and content of reforms such as the proposed National Assembly Service Pension Board (Establishment) (Amendment) Bill, 2025, which seeks to transition legislative staff from a Defined Benefit Scheme (DBS) to the Contributory Pension Scheme (CPS):

- **Fiscal Sustainability and National Pension Reform Agenda:** The Nigerian government has long pursued pension reform as part of broader fiscal consolidation. CPS was introduced to reduce the unsustainable financial burden of DBS on public finances. As pension liabilities grew under DBS, the need for a system that shares the burden between employers and employees became imperative. Policymakers now seek to harmonize pension structures across government institutions, including the legislature, to improve budgetary predictability and long-term fiscal sustainability.
- **Equity and Perceived Preferential Treatment:** A key factor driving the push for CPS in the National Assembly is the principle of equity and fairness across the public service. Critics argue that allowing certain institutions like the National Assembly to retain DBS while others adopt CPS creates an impression of institutional privilege and undermines the spirit of reform. The demand for uniformity across public institutions is thus a political and moral imperative shaping the current policy direction.

- **Institutional Identity and Strategic Role of Legislative Staff:** The unique nature of parliamentary service characterized by policy advisory roles, legislative drafting, oversight functions, and long-term institutional continuity justifies a differentiated pension approach. However, this institutional identity is often underappreciated in mainstream policy discourse. Policymakers tend to adopt a one-size-fits-all model that ignores the strategic role of legislative staff in safeguarding democratic governance and national stability.
- **Stakeholder Influence and Advocacy Pressure:** Organized resistance by staff unions, particularly the Parliamentary Staff Association of Nigeria (PASAN), is a major influence on the policy process. PASAN has mobilized industrial action, legal opinions, and stakeholder engagement to highlight the risks of CPS for staff welfare. Their advocacy underscores the need for inclusive policy-making that considers the voices of those most affected by reforms.
- **Legal and Institutional Precedents:** Legal frameworks such as the National Assembly Service Act, 2014, and exemptions granted to other strategic institutions (e.g., the DSS, military, and judiciary) provide precedent for maintaining DBS in the legislature. These legal instruments influence ongoing debates by legitimizing differentiated pension arrangements and challenging the notion that CPS must be universally applied.
- **Public Sentiment and Political Optics:** The public often perceives the National Assembly as enjoying excessive privileges. As a result, political actors may avoid defending DBS for legislative staff to protect their public image. This perception affects legislative willingness to support pension exemptions, even where justified, and complicates the search for balanced, evidence-based policy solutions.
- **Administrative Capacity and Implementation Risks:** The capacity of the National Assembly to administer an internal or hybrid pension model is another critical factor. Concerns about fund management, regulatory compliance, investment expertise, and oversight capacity influence whether lawmakers and regulators support a transition to CPS or retain a customized pension structure.

Competing interests and priorities shape policy formulation regarding pension reform for the National Assembly, with fiscal prudence versus staff welfare, equity versus institutional uniqueness, and public perception versus operational reality. A comprehensive understanding of these factors is essential to crafting a reform that is not only economically viable but also socially just and administratively sound.



6. Risks of an In-House Contributory Pension Scheme

While PASAN has proposed an internally administered contributory pension scheme as a hybrid solution, the idea raises several critical concerns:

- **Regulatory Compliance Risks:** Nigeria's Pension Reform Act 2014 mandates that pension funds must be managed by licensed Pension Fund Administrators (PFAs) and overseen by the National Pension Commission (PenCom). Any in-house scheme would require a legal exemption or special legislative backing.

Risk: Non-compliance may lead to rejection by PenCom or legal nullification.

- **Governance and Accountability Concerns:** Public sector in-house schemes in Nigeria (and globally) have often suffered from Poor transparency, Weak internal controls, and Corruption or fund diversion. Without external oversight, fund mismanagement could go unnoticed or unpunished.
- **Financial Sustainability Risk:** Running a pension fund requires strong investment expertise, Risk management skills, and Long-term liquidity planning. An in-house

NASS board may lack the actuarial expertise to sustainably grow pension assets or manage market volatility.

- **Security of Staff Retirement Funds:** The strength of CPS lies in its segregation of funds, protection from employer interference, and guaranteed remittance monitoring by PenCom. An internal scheme, if underfunded or mismanaged, could leave staff without sufficient retirement savings.
- **Political Interference and Instability:** Legislative turnover, budgetary politics, or leadership changes can destabilize internal pension administration. Risk of delayed payments, diversion of pension allocations, or outright cancellation under new leadership.

6. Policy Recommendations

Based on the analysis of the proposed pension reform for the National Assembly and the concerns raised by stakeholders—particularly the Parliamentary Staff Association of Nigeria (PASAN)—the following policy recommendations are proposed to ensure a balanced, fair, and sustainable approach to legislative staff pensions:

- **Adopt a Hybrid Pension Model:** Rather than a full transition to the Contributory Pension Scheme (CPS), the National Assembly should consider a hybrid model that combines the fiscal sustainability of CPS with key features of the Defined Benefit Scheme (DBS), such as gratuity, terminal benefits, and medical allowances. This approach has been successfully adopted in other jurisdictions and would retain institutional loyalty and morale, protect long-serving staff from loss of accrued benefits, and satisfy national fiscal reform goals.
- **Respect Legacy Benefits and Protect Existing Rights:** To avoid legal disputes and preserve institutional trust, pension reforms must guarantee non-retroactivity. Staff already under the DBS should have their benefits protected, while only new employees may be transitioned to CPS or a revised scheme. This will prevent unnecessary litigation, uphold contractual rights, and demonstrate policy fairness.
- **Ensure Institutional Parity with Comparable Strategic Sectors:** Any reform must consider equity across peer institutions such as the judiciary, DSS, and the military, which continue to operate under DBS frameworks. Legislative staff perform equally sensitive and strategic functions and should not be disadvantaged. Ensuring parity will promote inter-institutional fairness, and acknowledge the special status of the legislative arm.
- **Conduct an Independent Actuarial and Legal Review:** Before implementing any pension reform, the National Assembly should commission an actuarial study to assess the financial implications of the proposed transition, A legal review to

determine compliance with the Pension Reform Act, 2014, and potential exemptions. These evaluations will provide evidence-based guidance and reduce reform risks.

- **Strengthen Dialogue and Stakeholder Engagement:** Reforms must be participatory. The National Assembly should institutionalize regular consultations with PASAN, Pension Fund Administrators (PFAs), the National Pension Commission (PenCom), and Budget and finance stakeholders. This inclusive approach will improve transparency, build consensus, and ensure smoother policy implementation.
- **Build Pension Administration Capacity:** If a customized or internal scheme is to be maintained or created, there must be Strong governance structures, Clear oversight mechanisms, Transparent reporting practices, and Adequate training for pension administrators. This will guard against corruption, mismanagement, and regulatory non-compliance.
- **Public Communication and Policy Sensitization:** To counteract negative public perception and misinformation, the National Assembly should proactively explain the rationale for pension differentiation, highlight comparative practices in other strategic institutions, and emphasize the link between staff welfare and legislative efficiency. This will foster public understanding and reduce political backlash.

Pension reform for National Assembly staff must go beyond cost-cutting; it should reflect the institution's unique role in Nigeria's democracy. A carefully designed, inclusive, and transparent reform process centered around fairness, sustainability, and institutional dignity will preserve staff morale, uphold national pension goals, and protect the integrity of legislative service.

7. Conclusion

Pension reform within the National Assembly Service stands at the crossroads of fiscal responsibility, institutional integrity, and employee welfare. While the proposed shift from the Defined Benefit Scheme (DBS) to the Contributory Pension Scheme (CPS) is part of a broader national agenda to harmonize pension systems and reduce long-term liabilities, a one-size-fits-all approach overlooks the peculiar nature of legislative service in Nigeria.

This research has shown that legislative staff, like their counterparts in the judiciary and intelligence services, occupy a critical role in the nation's governance structure. Their work demands political neutrality, professional continuity, and institutional memory qualities that are best supported by a secure and predictable retirement framework. The outright transition to CPS, if not thoughtfully implemented, risks eroding long-standing benefits, demoralizing staff, and weakening the institutional foundation of Nigeria's legislative arm.

Furthermore, stakeholder concerns, especially from the Parliamentary Staff Association of Nigeria (PASAN), highlight legitimate fears around loss of accrued rights, financial insecurity, and administrative feasibility of the proposed reforms. While CPS offers sustainability, it

must be tailored to the operational realities of parliamentary service. The research, therefore, supports a hybrid model or a context-specific exemption that balances national reform goals with the functional needs of the legislature.

In conclusion, pension reform should not be pursued merely as a fiscal exercise but as a strategic policy decision that protects the dignity of public service, ensures institutional continuity, and fosters long-term trust in government. A nuanced, inclusive, and equitable pension policy for the National Assembly is essential not only for the welfare of its staff but for the effective functioning of Nigeria's democratic institutions.

8. References

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NIGERIA'S NATIONAL ASSEMBLY PENSION DEBATE: DBS VS. CPS & THE SEARCH FOR A HYBRID SOLUTION



FISCAL RESPONSIBILITY

DEFINED BENEFIT SCHEME (DBS)

- PROS:** Guaranteed fixed benefits
 • Gratuity, medical, terminal leave
 • Security & predictable
- CONS:** Unsustainable
 • Heavy burden, DSS, Judiciary
 • Exempted (Military on public finances)

PROPOSED HYBRID MODEL



Combines CPS sustainability with DBS features (gratuity, medical)

BENEFITS: Institutional loyalty,
 Protects long-serving staff,
 Satisfies fiscal goals

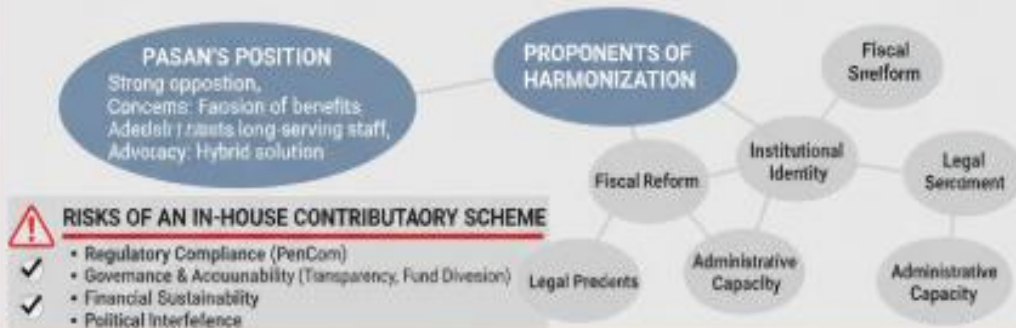


STAFF WELFARE

CONTRIBUTATORY PENSION SCHEME

- PROS:** Fiscal sustainability
 • Transparency (PenCom oversight)
 • Managed by licensed PFAS
- CONS:** Institutional loyalty,
 • Erases long-serving staff,
 Satisfies fiscal goals

KEY STAKEHOLDER PERSPECTIVES & INFLUENCING FACTORS



POLICY RECOMMENDATIONS

1. Adopt a Hybrid Pension Model
2. Respect Institutional Parity (Judiciary, DSS, Military)
4. Strenuous Dialogue & Legal Review
5. Build Pension Administration Engagement
7. Public Communication

CONCLUSION

Balanced Reform for Institutional Integrity
 A nuanced, inclusive, and equitable policy is crucial for Nigeria's democracy

