



**JIGAWA STATE OF NGERIA**

**JIGAWA (STATE AND LOCAL GOVERNMENTS)  
CONTRIBUTORY PENSION SCHEME LAW 2004**

**LAW NO.01 OF 2005**



# JIGAWA (STATE AND LOCAL GOVERNMENTS) CONTRIBUTORY PENSION SCHEME LAW 2004

## PART I - PRELIMINARIES

- Short title and commencement* 1. This law may be cited as the Jigawa (State and Local Governments) Contributory Pension Law, 2004 and shall be deemed to have come into force on 1<sup>st</sup> February, 2001.
- Interpretation* 2. In this Law unless the context otherwise requires:
- “Actuary” means the actuarial firm appointed by the Trustees to conduct the periodic valuation of the fund;
- “Board” means Board of Trustees established under section 3 that is entrusted with the management of pension fund, whose composition, function and duties are defined in the Trust Deed;
- “Contributory Pension” means a combined contribution by employer and employee for the benefit of the employee and includes benefits to private individuals participate in the scheme;
- “Employee” means an Officer who is in the service of an employer and contributing to the scheme;
- “Employer” means an organization that engages the services of an employee and contributing to the pension scheme for the benefit of the employee;
- “External Auditors” means the Auditors appointed by the Board of Trustees for the purpose of certifying the correctness and fairness of the financial statements pertaining to the fund;
- “Gratuity” means lump-sum payment of benefits by the employer to the employee on leaving service;
- “Fund” means the contributory pension Fund;
- “Investment” means putting to use the contributions of the employer and the employee for the purpose of yielding profit;
- “Ministry” means any ministry or organisation for the time being charged with the responsibility of pension administration;
- “Next-of-kin” means those persons whose names are furnished by a retiree as his next-of-kin in his record of service;
- “Pension” means regular payment to a retiree under the scheme who retired after the attainment of fifteen years qualifying service;
- “Public service” means service under the State and Local Governments or any scheduled or approved organization.
- “Retirement” means cessation from service by an officer after qualifying for pension and gratuity;
- “Retirement Benefits” means a retiree’s terminal benefit of

pension and gratuity;/  
"Scheme" means the contributory pension scheme established under section 3.

"State" means Jigawa State of Nigeria;

"Total emolument" means basic salary attached to the established post held by the officer and the following allowances, where applicable:

- (a) rent subsidy or housing allowance;
- (b) transport allowance;
- (c) meal subsidy;
- (d) entertainment allowance;
- (e) utility allowance;
- (f) domestic staff allowance;
- (g) medical allowance
- (h) annual bonus;
- (i) furniture allowance;

### PART I 1- CONTRIBUTORY PENSION SCHEME

*Establishment*

3 (1)

There is hereby established for both State and Local Governments public service, a fully funded contributory pension scheme (in this Law referred to as "the Scheme") for the payment of benefits to employees or self employed persons participating in the Scheme.

(2)

The Scheme shall apply to:-

- (a) all permanent and pensionable employees in the public service of the State and Local Government Council; and
- (b) any interested organizations or individual that may join the scheme.

(3)

The total funds or any part thereof contributed in the scheme shall be invested in approved security in accordance with the provisions of the Security and Exchange Commission Act, which shall includes but not limited to the following:

- (a) Bonds, bills and other securities issued or guaranteed by the Federal Government and the Central Bank.
- (b) Bonds, debentures, redeemable preference shares and other debt instruments issued by the corporate entities and listed as a stock exchange registered under Investment and Securities Act 1999.
- (c) Ordinary shares of public limited Companies listed on a Stock Exchange, registered under the Investment and



Securities Act of 1999 will guarantee records having declared and paid dividends in the preceding five years.

- (d) Bank deposit and Bank Securities.
- (e) Investment Certificate of Close-end Investment fund or hybrid Investment funds listed on a Stock Exchange registered under the Investment and Securities Act 1999 with good track records of earning.
- (f) Units sold by Open-end investment funds or specialist Open-end investment funds listed on the stock exchange.
- (g) Bonds and others debt securities issued by the listed Companies.
- (h) Real estate investment.

*The Fund and contribution*

4 (1)

There is hereby established a Fund for the scheme which shall consist of the following;

(a) Combined monthly contributions off the employer and employee for every financial year or part thereof in which an employee is employed, a sum equal to 25 percent to the Scheme, in the following proportion:

- (1) 17 percent by the employer; and
- (2) 8 percent by the employee

In the case of self-employed persons the minimum monthly contributions shall be one thousand naira (#1,000.00) made up in the following proportion:

- (a) State Government contribution – Two hundred Naira per month;
- (b) Local Government Contribution (where the person resides) – Two hundred Naira per month;
- (c) Person contributing – Six hundred Naira per month.

5 (1)

No gratuity or pension shall be granted under this law to an employee except on his retirement from the public service in any of the following circumstances:

- (a) on statutory retirement under the provisions of this law;
- (b) on voluntary retirement after a qualifying service of 10 years, under the provision of this law;
- (c) on compulsory retirement for the purpose of

facilitating improvement in the employer's establishment;

- (d) on the advice of a properly constituted Medical Board certifying that the employee is no longer mentally or physically-capable of carrying out the functions of his office;
- (e) on total or permanent disability of the employee while in service;
- (f) on abolition of the office;
- (g) on the ground that his retirement is in the public interest;
- (h) on termination of appointment.

(2) For a person or employee participating in the scheme to take full benefit he must have contributed or his contribution to the scheme shall not be for less than five years.

*Dismissal of the employee*

6. Where an employee who has contributed to the Scheme is dismissed from the public service, he shall be entitled to all his contributions, but shall not be entitled to the contribution of his employer.

*Consequences of withdrawal from public service.*

7 (1) Where an employee who has contributed to the scheme for five years and leaves or withdraws from public service, he shall be entitled to gratuity only.

(2) Where an employee who has contributed to the scheme for less than five years and withdraws from public service, he shall be entitled to his contributions plus accrued yield less government contributions.

(3) Where an employee who has contributed to the scheme withdraws from public service and has served for more than 10 years, he shall be entitled to pension and gratuity.

*Consequences of withdrawal from the scheme*

8. Where an organization or an individual withdraws from the scheme, he shall be entitled to his contribution plus the accrued yield for the period of his contribution.

*Merger of contributions*

9. The contribution of an employee who leaves the services of his employer and joins another employer, his contribution and that of former employer shall be merged with his present contribution under the scheme.

*Termination before qualifying for pension*

10. Where the service of an employee is terminated before qualifying for pension, the officer shall be entitled to one year total emolument as gratuity.



- Pension and gratuity after serving for not less than 15 years* 11. Where an employee is required to retire after serving for not less than 15 years in any of the circumstances specified in section 5 of this law, he shall be entitled to a gratuity and pension immediately on retirement, notwithstanding that he has not attained the age of 45 years.
- Calculation of pension* 12. For the purpose of calculating pension, the last year of service after qualifying for pension, if it is more than six months shall be rounded up to count as one year.
- Statutory age of receiving pension* 13. Except otherwise provided in this law an employee who qualifies to receive pension shall not commence receiving it until he attains the age of 45 years.
- Retirement age* 14 (1) Every employee in the public service shall retire on attaining the age of 60 years or after 35 years of service, whichever comes earlier.
- (2) An employee shall give notice of his intention to retire from the public service three months before he attains the age of 60 years or 35 years of service whichever comes earlier and shall be deemed to have retired with effect from the date he attained the age of 60 years or 35 years of service.
- Penalty for exceeding retirement period in service* 15. Where an employee stays beyond the date of retirement, all emoluments earned by him and actually paid to him, after that date, shall be deducted from:-
- (a) his gratuity en-bloc; or  
(b) his pension in monthly installments.
- Pension and gratuity where employee dies in service* 16. Where an employee is killed in the course of duty or dies in service, his recorded next-of-kin or any person designated by him or his designated survivors shall be paid his benefits in accordance with the provisions of this law.
- Pension and gratuity where an employee dies within five years of service* 17 (1) Where an employee dies within five years of retirement, his next-of-kin or designated survivors shall be paid en-bloc the balance of the same pension which he employee was receiving prior to his death for a period expiring at the end of five years from the date of his retirement.
- (2) Where an employee dies after five years of retirement, the retirement benefit shall not be transferable and shall cease immediately.

*Age of joining service not be altered*

18. The authentic age of an employee entering the public service shall be submitted by him on entering the service and no alteration shall be entertained thereafter, notwithstanding any further information or facts to the contrary.

*Pension and gratuity not assignable*

- 19 (1) Pension or gratuity granted under this law shall not be assignable or transferable or liable to be withheld, sequestered or levied upon for or in respect of any debt or claim whatsoever except for the purpose of:

- (a) recovering a debt due to the state and local government;
- (b) recovering an overpayment of a pension or gratuity made to an employee by government;
- (c) satisfying an order of a court for the payment of periodic sums of money towards the maintenance of the wife or former wife or minor of the employee to whom the pension or gratuity has been granted.

- (2) Any amount recovered under this section shall be remitted to the appropriate authority.

*Computation of tax payable*

20. Notwithstanding anything in any enactment or law, contributions by an employee and an employer to the scheme under this law shall form part of tax deductible expenses in the computation of tax payable by the employee or employer, as may be the case, under the relevant income tax law.

### **PART III ESTABLISHMENT BOARD OF TRUSTEES**

*Establishment and functions of Board of Trustee Membership*

- 21 (1) There shall be established a body to be known as the Board of Trustees for the Scheme.

22. The membership of the Board shall comprise the following:
- (i) A person of unquestionable integrity to be appointed by the Governor who shall be the Chairman;
  - (ii) Permanent Secretary Office of the Head of Service;
  - (iii) The Permanent Secretary, Treasury or his representative not below the rank of a director;
  - (iv) Permanent Secretary, Social Security, Salary and Pension Administration or his representative not below the rank of a



- director;
- (v) The Permanent Secretary, Ministry for Local Government or his representative not below the rank of a director;
  - (vi) The Solicitor General or his representative not below the rank of a director;
  - (vii) The State Chairman Nigerian Labour Congress;
  - (viii) A representative of Nigerian Union of Local Government Employees;
  - (ix) Five other members of immense social standing, impeccable character who in the opinion of the Governor will make meaningful contribution to the scheme to be appointed by the Governor;
  - (x) The State Chairman Nigeria Union of Teachers (NUT); and
  - (xi) An Executive Secretary..

*Functions of the Board*

23.

The functions of the Board shall include among others the following:

- (a) to provide and implement appropriate guidelines and modalities for the investment of pension Funds and the payment of pension and gratuity;
- (b) to appoint and regulate the activities of Fund managers;
- (c) to advice Government on matters pertaining to the smooth operations of the scheme;
- (d) to prepare or cause to be prepared an annual report and audited accounts authenticated by the Board's appointed External Auditors and Actuary and send same to the Securities and Exchange Commission (SEC) and the Joint Tax Board not later than four months after the close of the financial year;
- (e) to ensure that the annual reports, audited accounts, together with a report by an independent actuary of the investments of the pension funds and quarterly financial statements by the Fund managers are submitted to the Commissioner of the Ministry of Social Security and Pension Administration not later than 3 months after the close of the financial year.
- (f) the appointment of fund managers, Actuary and Auditors.



*Fund Managers*

- 24(1) There shall be managers to the fund to be known as Fund Managers to be appointed by the trustee on such terms and condition as may be agreed by the parties.
- (2) In appointing Fund Managers the Board shall be guided by the experience, transparency and ability to perform under harsh or unfavorable investment climate.
- (3) The Fund managers shall manage and invest the funds of the scheme in any or all the investment windows enumerated under section 3(3) of this law.
- (4) The Fund managers shall be answerable to the Board, and shall show due diligence professional competence and comply with all laid down procedures governing investments in dealing with the Fund under their management.
- (5) In event of breach, failure or neglect, the Fund managers shall be liable to penalties specified in the Contributory Pension Scheme Act 2004.

*Executive Secretary and other staff*

- 25(1) The Governor shall appoint by name or office an Executive Secretary of the Board who shall be responsible for carrying out the policy of the Board, the day to day administration of the business of the Board and such other functions as the Board may from time to time direct.
- (2) There shall be paid to the Executive Secretary such remuneration, allowance and other expenses as the Governor may from time to time determine.
- (3) The Board may draw such number of supporting staff as it may require from the office of the Head of the Civil Service of the State and such staff so drawn shall be answerable to the Executive Secretary.

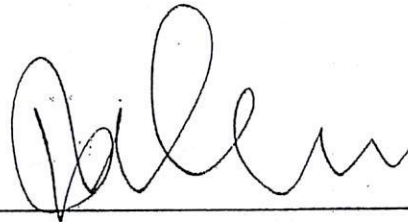
**PART IV – SUPPLEMENTAL**

*Running cost of the Board.*

26. The running cost and expenses of the Board shall be defrayed out of monthly grants from the State Government, however where expenditure is special in nature, the Chairman may authorize same from the Fund subject to the ratification by the Board.

- Savings the rights, obligations and liabilities of the employer*      27.      All rights, interests, obligations, and liabilities of the state and local government, in respect of any pension or gratuity, existing, immediately before the commencement of this law shall continue to vest in the respective tier of government.
- Savings of all pending legal actions*      28.      Any proceeding or cause of action pending or existing immediately before the commencement of this law by or against the State and Local government, in respect of any pension or gratuity or any other right, interest, obligation or liabilities of Government may be commenced, continued, or enforced by or against the Government as if this law had not been made.
- Independence of the Board.*      29.-      In the discharge of their duties under this law the Board shall not be under the direction of any person or authority.
- Financial year.*      30.      Financial year commences from 1<sup>st</sup> January to 31<sup>st</sup> December of each year.
- Repeal.*      31.      The Jigawa (State & Local Government) contributory Pension Scheme Law 2003 is hereby repealed.

MADE AT DUTSE THIS ..... 8<sup>th</sup> ..... DAY OF FEBRUARY 2008



**ALHAJI IBRAHIM SAMINU TURAKI**  
**EXECUTIVE GOVERNOR**  
**JIGAWA STATE OF NIGERIA.**



**FIRST SCHEDULE**

This printed impression has been carefully compared with the Bill which has been passed by 'The Jigawa State House of Assembly and found to be a true and printed copy of the said Bill.

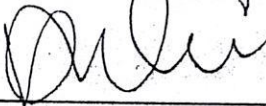
S.4 Legislation (Administrative Procedure) Cap 83, 1998

  
CLERK OF THE HOUSE OF ASSEMBLY

**SECOND SCHEDULE**

S6(1) Legislation (Administrative Procedures) Cap 83, 1998

The Bill on LOCAL AND STATE CONTRIBUTION SCHEME  
is assented to by me this 20th day of February 2005

  
GOVERNOR

**THIRD SCHEDULE**

S6(1) Legislation (Administrative Procedures) Cap 83, 1998

I hereby withhold my assent this ..... day of ..... 2005

For the Bill on .....

\_\_\_\_\_  
GOVERNOR

**THIRD SCHEDULE**

S6(1) Legislation (Administrative Procedures) Cap 83, 1998

Passed again by two-third majority of the Jigawa State House of Assembly

This ..... day of ..... 2005

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SPEAKER