

UNDERSTANDING PENSION INCREASES FOR FGN TREASURY-FUNDED RETIREES

1. Who is Eligible?

Eligible retirees are those from treasury-funded MDAs whose salaries were paid through the Accountant General's Office. To qualify, such retirees must have retired as at the effective/cut-off date of the pension increase, as indicated in the tables below.

2. Why Pension Increase?

Whenever there is an upward review of salaries for Federal Public Servants, there is a corresponding requirement to review and increase the pensions of retirees under both the Defined Benefit Scheme (DBS) and the Contributory Pension Scheme (CPS).

3. Why Arrears?

Since 2007, the Federal Government has not fully implemented these pension increases for eligible retirees. The current payment represents the implementation of those outstanding increases, hence the arrears.

4. Why did I not get any or all increases?

Eligibility depends on your date of retirement in relation to the effective date of each pension increase. If your retirement date falls after a particular increase took effect, you may not qualify for that specific increase (see Tables 1 and 2).

5. How about ₦32,000 Pension Award?

All eligible retirees are entitled to the ₦32,000 pension award. This amount will be paid en bloc (in one payment) directly into beneficiaries' bank accounts, in line with the modalities issued by the National Pension Commission (PenCom), which will be communicated accordingly.

6. Who then is entitled to 2.5% differential?

All Federal Government employees/retirees who were in service as at July 1, 2014, are entitled to the 2.5% differential. Following the amendment of the Pension Reform Act in 2014 (PRA 2014), the rate of employer contributions was increased to 10% (from 7.5%) and employee contributions increased to 8% (from 7-5%)

7. Will the 2.5% differential (shortfall in pension contributions) be paid to me as lumpsum?

No. The 2.5% differential (representing shortfalls in pension contributions) will not be paid as a lump sum. Instead, it will be applied toward your pension increase using the 2.5% additional benefit computation template provided by PenCom.

8. Can I get the bulk sum remitted into my RSA paid directly to my bank account since I am already retired?

In line with the Pension Increase Guidelines, 50% of the amount will be paid as a lump sum, while the remaining 50% will be programmed in accordance with the applicable pension payment structure.

Table 1

Percentage Increase Category	Effective Date/End Date	Status
15%	1 st Jan, 2007	Remitted
33%	1 st Jul, 2010	Remitted
2019 Consequential Adjustment	18 th Apr, 2018	Remitted
20% & 28%	1 st Jan, 2024	Remitted
32,000 NGN Pension Award	29 th Jul, 2024	Remitted
2.5% Pension Contributions Differential	1 st Jul, 2014	Remitted

Table 2

Year of Retirement	Pension Increase	Number of Increases
2007	2007, 2010, 2019 & 2024	4 (15%, 33%, Consequential Adjustment, 20% & 28%)
2008 to 2010	2010, 2019 & 2024	3 (33%, Consequential Adjustment, 20% & 28%)
2011 to 2019	2019 & 2024	2 (Consequential Adjustment, 20% & 28%)
2020 to 2024	2024 Only	1 (20% & 28%)
2025	No increase	0 Nil