



**ASHESI UNIVERSITY COLLEGE**

**AN EVALUATION OF THE OLD AND NEW PENSION SCHEMES IN  
GHANA AND THEIR EFFECTS ON THE INFORMAL SECTOR**

**By**

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**STUDENT’S DECLARATION**

I hereby declare that this Applied Project Report is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

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**SUPERVISOR’S DECLARATION**

I hereby declare that the preparation and presentation of the Applied Project Report were supervised in accordance with the guidelines on supervision of applied projects laid down by Ashesi University College.

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## **Definitions of Terms**

**Informal Sector:** Sector not formally recognized as a means of income and not taxed.

**Coverage:** managing and administering the funds of an individual with regards to pension schemes participation.

**Defined Benefits:** Employee is promised a certain amount of money at retirement regardless of whether the funds are adequately invested

**Defined contributions:** Fixed contributions are made on the employee's behalf, but future payments fluctuate on the basis of investment earnings

**Lump sum:** bulk payment done once.

**Regulators:** Overseers of the scheme or structure.

**Tax benefits:** Exemptions/ lawful avoidance on the payment of tax

**Custodian:** They are wardens of cash, in that they hold and protect capital.

**Fund manager:** An institution, which manages assets and select securities for optimal return

**Fiduciary role:** A position of utmost trust.

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## **ABSTRACT**

This study examined the Old and the New Three-Tier pension schemes in Ghana with respect to their respective benefits and extent of coverage specifically in the informal sector. It has become an accepted norm for individuals to have some sort of economic security and assistance after retirement. About 80% percent of the Ghanaian workforce belong to the informal sector hence, the relevance of this study on this particular sect. Even though the study found the New Three-Tier system to have certain provisions for the informal sector, the measure of coverage showed the provisions were not reaching the informal sector.

This study gathered data through the use of interviews with social security policy makers and interactions with a sample from the informal sector. The data collected showed that most respondents were not aware of the existing pension scheme and its benefits.

This study in concluding, recommended the use of a designed mobile application, which will help make access to the informal sector better. The application is designed to register and upload contributions through a mobile platform. Educational programs through extension services and social media were also recommended to better educate the informal sector on the benefits and structure of the existing pension scheme.

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## **CHAPTER 1: INTRODUCTION**

### **1.0 BACKGROUND AND INTRODUCTION OF STUDY**

Human existence not only in Ghana, but also across the globe has always had certain amounts of vagaries associated with its activities and processes. In a world of breathtaking technological and medical advances accompanied by its uncertainties, human beings all around the world and not only in Ghana have found it more than necessary to equip themselves with some form of social security and protection.

Afore the introduction of modern social practices by the Europeans in Ghana, and the rise of modern social systems, there was the practice by traditional African societies to put measures in place to cater for certain major contingencies through collective social security and mutual help to one another (Gockel, 2003).

In Ghana, prior to the popularization of the nuclear family system and a structured social security plan and system, the extended family or Abusua<sup>1</sup> was the institution seeing to the provision of social and economic security. For instance, members of a community or family contributed to the upkeep of an aged family member or a family facing misfortune. With the break down of this kind of family system and source of social and economic security came the development of various social security systems, to cater for the well being of the labor force in case of any unforeseen occurrences.

Social Security is currently defined as any government system that provides monetary assistance to people with inadequate or no income. (Oxford,

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<sup>1</sup> Abusua: an extended family system or a farming cooperative. Origin: Akan.

2011). Pension schemes are not the same as social security scheme; neither do they exhaust any social security structure completely, however pension schemes are considered at part of most social security requirements. Governments of many countries do have other schemes for protect their citizens, disability schemes and child welfare schemes are examples of such schemes.

### **1.1 Pension Schemes in Ghana**

There have been social security structures and other policies and schemes, which have sought to provide some sort of assistance to the workforce even before the impendence of Ghana as a nation state. The Cap 30, pre-dating any existing social security scheme, derives its name from chapter 30 of the Pension Ordinance Act of 1946. The Pension Ordinance served as the " pension right" for pensionable officers in the civil service and the Armed Forces, until the promulgation and coming into force of the Pension and Social Security Amendment Decree in 1975 (SMCD 8), and the subsequently PNDC Law 247 (Gockel, 2003).

Pension schemes and systems in Ghana have the primary focus on the provision of retirement income to the aged. The provision of supplementary income for injured or disabled persons who formally held employment positions and also the provision for beneficiaries of deceased working individuals have been a secondary focus of pension policy makers. Prior to the emergence of the PNDC Law 247 in 1991, the Parliament Act of Social Security in 1965, the SMCD 8 and all other reforms had most of the funds were pooled and managed by the government of Ghana, and had very little impact in terms

of coverage and did not meet the International Labor Organizations standards of both contributor and beneficiary coverage (Gockel, 2003).

The fact of the matter is, the Ghanaian pension scheme system almost collapsed due to already existing fiscal debt and other debt holdings, which the governments which the government had accrued. The humbling reality of this, forced the government at the time to enact the PNDC Law 247, which gave ownership to the fund contributors (mostly workers in the formal sector) and in effect reduced the burden on the government. The fund created under this law had more coverage, included a sect of the informal sector of the working population and created a proper fund investment policy. The Social Security and National Insurance Trust (SSNIT) operates a contributory social insurance scheme where members contribute to a pool of funds throughout their working lives and receive payouts when they satisfy the qualifying conditions. SSNIT has a primary duty to collect contributions and pay pension entitlements when due.

## **1.2 The New Three-Tier Pension Scheme**

The Pension Act of 2008 has introduced two new pension tiers namely the tier 2 and tier 3 to operate in conjunction with the SSNIT pension scheme being operated. The addition of these two new tiers provides significant benefits for the Ghana workforce in general and not only the formal sector. Tier 2 is a mandatory defined contribution scheme to which every employee with employer backing contributes 5% of their gross salary. Tier 3 is also a

defined contribution scheme; however tier 3 is a voluntary scheme and it is up to the employee or the employer if he/ she wishes to contribute to this scheme. Only private pension houses manage these two new tiers. The table below summarizes the basic information on the new pension scheme.

<b>Feature of Tier</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
<b>Amount Contributed</b>	13.5% of salary paid by the employer	5.5% of salary paid by employee	16.5% paid by any working individual
<b>Benefit Type</b>	Monthly Contributions	Lump Sum	Lump Sum
<b>Control of Funds</b>	Government of Ghana has access to funds	Neither Government nor employer have access to funds	Neither Government nor employer have access to funds
<b>Benefit Growth Rate</b>	Grows at the salary growth rate	Grows with the investments being made	Grows with the investment being made
<b>Informal Sector Participation</b>	Yes	Yes	No
<b>Tax Benefits</b>	Yes	Yes	Yes

Table 1.1: by author from literature.

The table does indeed show the proposed involvement of the informal sector in the new pension system, the research questions below however addresses the thesis.

### **1.3 Problem Statement**

Seventy years after the introduction of the first social security system, the Cap 30, policy makers and the government as a whole has not been able to device an adequate structure or system for collection of contributions and the distribution of return to contributors in the more structured formal sector talk less of the amorphous informal sector. Moreover, there is no clear cut description of policy as to what government proposes to do with over 80% of the labor force in the informal sector when it comes to addressing their financial insecurities. A more disturbing addition to this situation is the alarming rate of increasing unemployment and inadequate formal sector job placement for tertiary graduates, with keeps on expanding the pool of informal sector personnel.

From the Ghana National Population Census conducted in 2010, statistics showed that there had been almost a 12% increase in the number of citizens above the retirement age of 60. From 5.6% of all Ghanaian living in Ghana being over 60 years to an estimated percentage of 17.9% of Ghanaians living over 60 (Ghana Statistical Service. gh, 2011). The Ghana Statistical Service reports that 86% of these individuals were either unemployed or worked in the

informal sector for most of their lives. What this means is, about 3.8 million of 4.4 million Ghanaians on retirement belonging to the informal sector have no or inadequate government backed economic assistance.

The most pertinent problem to Pension Schemes and the SSNIT fund is the inability to capture the informal sector of the population. In industrialized countries, the informal population makes up about 15- 30% of their working population (World Bank. Human Development Page, 2010). In Ghana, the informal sector makes up about 30-55% of the population (Agyeman, 2011). The majority of our labor force lies in the informal sector, hence more attention should be paid to developing or better still expanding current pension reforms to cover this population. Social Security in Ghana in actuality has never paid attention to the informal sector, despite the amount of revenue generated, and their contributions to Gross Domestic Product.

The reality and intensity of the situation is far from the theoretical over-dependency downside on the fund as stated in the previous paragraph, but the accessibility of benefits even after several years of contribution. Records of contributions are poorly kept; details of contributors are often lost in a huge pile of documents lying around in SSNIT offices (Trust, 2012). It takes about 15 months from the filing of pension benefits after retirement to the receiving of the first actual benefit realization. This huge time gap can be attributed to inadequate record keeping, operational defects occurring in SSNIT offices (Trust, 2012).

This is it; the structure of investment procedure and ownership makes SSNIT a fund manager and nothing more, hence certain vital investment decision must not be made without a majority vote from contributors. Ownership and the selection of governance of the SSNIT fund should reside solely with these contributors who carry the risk and entrust their funds into the hands of the management of SSNIT and not the Government of Ghana. Government's custodial role is to report to the Board so that contributors' funds are protected and returns optimized. The operational practices of the SSNIT management have in some ways implied that the fund belongs more to the government than to the contributors. Such actions include the Executive appointment of the Managing Director of the fund, government interference in the selection of the board and a witnessed example of SSNIT officials using government registered vehicles, which had been assigned to them.

The normal Makola trader, the Cocoa farmer in Wenchi, the cattle Herder in Tamale, toil for years for earn, most often with little government assistance, and no avenue to contribute to some sort of scheme which could provide economic assistance when their strengths fail and their bodies begin to flounder. The traders and farmers make the majority of the labor force as already stated and they do deserve to have some cushioning financially backed by their government after their active work lives. As much as this increases the life expectancy of the citizens, it also can't be refuted that the provision of a social security structure will positively affect the economic growth of the nation.

## **1.4 Research Questions**

I. How does the new three-tier pension scheme compare to the old scheme in terms of effective extent of coverage

II. How much impact will the new scheme have on the informal sector in terms of benefits and informal sector development?

The questions above deal with an analysis of a structure (Three-tier System), which has not been properly tried or completely implemented. In this paper, I will concentrate on projections of the new scheme and its intended on the informal sector.

## **1.5 Research Objectives**

In this paper, I will be endeavoring to provide a glimpse of Ghana's Social Security system specifically the Pension system as it stands today, its strengths, weaknesses and its potential to grow and develop the informal sector. I will also be looking at the informal sector, the implications of the new pension scheme, and how it contributes to development. The ultimate goal of this paper is to:

- To provide an insight into the new pension scheme, for policy makers, pension authorities, private pension fund managers and trustees as to the effectiveness of the scheme and its advantages over the existing scheme.
- To measure the extent of coverage of the new pension on the informal sector.

- To recommend an adjustment to the new pension scheme, which will increase the participation of the informal sector in regards to contributions and benefits after retirement?

### **1.6 Significance of Study**

The study is important and becomes increasingly important because of the increasing amount of the population who are going into entrepreneurship, being self-employed and the huge amount of individuals already in the informal sector. This only means there will be a huge chunk of the population needing some amounts of support after retirement and in case of early retirement.

There are also significant amounts of revenue being made in the informal sector, hence the need to provide a system encouraging savings, and expectance of return after a certain age. There is the need to encourage informal sector long term planning not only to improve their long-term well-being but also to contribute to the overall development of Ghana.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Overview of Pension Schemes**

Traditionally, welfare of the elderly was the role of the family unit as stated in the beginning of this paper. However, as the population of states grew larger, and the differences in life increased, the issue of care for the elderly became even grimmer for not only the elderly or their respective family units but also the state. Families at a point could not carry the sole burden of this development, hence the intervention of the government and economic structures in the provision of necessary support in medical care and the general standard of living. Literature stipulates the commencement of a pension structures in Britain in the United States in Northern America in the late 1800's (Gockel, 2003), however real growth retirement programs and administrative pension schemes only become operational around 1949 in the United States of America by the American Express Company (Agyeman, 2011). In my opinion, it is almost an obvious deduction that the burden of the first and second world wars depleted funds reserved by nations for certain welfare activities, hence the need for individuals to make contributions to the well-being in their old age.

The aim of the United States government, at the point of the conception of the foremost pension scheme, was to ensure the optimal management of contributions from individual towards their pensions and also, the needs of the elderly were attended to without reluctance. They were

burdened with the objective of making contributions to schemes attractive, hence the introduction of a no tax- deductible policy of employer backed pension program. Pension schemes are adapted by both developing and developed countries all over the world for different reasons, however, the primary objective of every pension scheme is to serve one purpose only, providing for the elderly.

Literature from esteemed scholars on asset management, and pooling of funds especially on this particular subject matter, has often been heavily dependent of the formal sector of the economy. Richard Lagos, an expert on the development of the informal sector stipulates, governments often regard this major sect of their respective populace as insignificant in the advancement of their economies, hence put little efforts in their long-term well being (Lagos, 1995).

## **2.2 Formalizing the informal sector**

The informal sector has been defined as all jobs, which are not recognized as normal income sources and on which taxes are not paid (Dictionary, 2013). This definition is the definition employed for all usage in this paper. Tax systems, which are considered a vital part of every economy with respect to domestic sourcing of capital for growth and advancement. The informal sector has also been branded as the sphere of trade and commerce for individuals who have had very little or no formal education. The exemption from the tax structure, and the actual situation where most individuals

engaged in activities in the informal sector of the economy actually do possess very little formal education. These two factors are the most obvious and primary in the state of the informal sector in many countries.

Most studies on the informal sector undertaken since the early 1970's have used a specific approach based on the production rationale of the sector itself: to guarantee the subsistence of the family group (Souza 1986). Those who could get a job in the formal sector must certainly devise a way of obtaining an income. The informal sector was seen as the result of manpower surplus in respect of employment in the formal sector. Within this approach solutions for the problems of the informal sector were usually sought in the sphere of employment and income policies (Souza, 1986). Argued by one school of thought that the solutions of the informal sector does indeed lie in certain income policies, such as educational grants to wards of individuals in the informal sector, welfare benefits and so forth. There is that believe that the improvement in the standard of living by the free provision of certain social amenities such hospitals and school for the informal sector will buffer the process of increasing the formal sector (Souza, 1986). This premise has been challenged over decades, and other constructive views raised.

The formalizing of the informal sector has been discussed as the most optimal way in designing a fully engaged pension structure. The solutions stated in the preceding paragraph have been countered by literature with the article of Richard Lagos Formalizing the Informal Sector: Barriers and Cost amongst others. This article uses material from a series of case studies

conducted in Latin America to analyze various aspects of the formalization of the informal sector. In particular, it examines the legal and bureaucratic barriers confronting informal sector micro-enterprises, which seek to become part of the formal, legal circuit (Lagos, 1995). There are several legal issues to be sorted in most of these countries in formalizing an unregistered informal entity, and in most cases the cost of formalizing does not make business sense. The paper also states the bipolar nature of government policies, concerning formalizing the informal sector. Most countries in Latin America have declared policies, which are targeted at improving and even formalizing the informal sector, when in reality practice almost completely different layouts of the declared policy (Lagos, 1995). The costs of formalizing the informal sector are high but the benefits even higher, the author implies, and states possible solutions by enlarging the formal sector by the creation of jobs and properly training the informal sector to occupy formal employment opportunities.

The gap in literature, which is imbedded in the limitations of the formal sector, jobs in the formal sector are gradually becoming rare and global markets have caused the importation of human resource. There will soon be capacity constrains, in terms if available formal sector job placements etc. in many countries and hence a limited formal sector. Formalizing the informal sector should be done by the expansion and legal recognition of the informal sector regardless of costs involved, since the long-term benefits largely outweigh the short-term costs.

## **2.3 Contributions of Microfinance Firms on Social Security on The Informal Sector**

Investment and financial markets all over the world has become the ground for fierce competition and innovation, who deliver the best service or return to the customer, and who does it the fastest has become ever so important. Major or Macro Sized finance and investment corporations have lost track of the normal individual investor, or person interested in putting money away for some return in the future, hence the creation and the increase in number of microfinance firms and entities all over the world. Their primary existence is to provide finance and investment options for small to medium scale enterprises and individuals. The main difference between banks and microfinance firms is the level of capital requirements. For instance the Bank of Ghana has set a capital base requirement of GHS 60 million for mainstream banks in Ghana, however the requirement for first tier microfinance institutions is GHS 7 million. This just means microfinance do have more flexibility and setting up a microfinance institution is easier, hence a more extensive coverage system. The nature of business pertaining the microfinance industry allows them contacts rural dwellers, and the normal individual who might be overlooked by larger corporations and even pension houses.

It has been deemed financially and socially profitable to operate microfinance institutions. Their benefits to the improvement of pension structures are still being explored intensely, since their successes in years to come will be judged in part on the size of the capital flows it attracts from institutional investors, a typical example being pension funds handlers (Social,

2012). A survey carried out in the Netherlands, Scandinavia and Switzerland show that more than 50% of microfinance institutions in the regions had designed and in the implementation stages of ways to get into the management of pension funds (Social, 2012). The term being coined for these emerging financial institutions are Micro Fund Managers (MFM); they basically undergo all operations of major asset managers just on a smaller scale (Preesman, 2007). Their intention to capture minute proportion of the pool of pension funds might help in the increase of returns of pension contributions in these areas.

Pension schemes in sub-Saharan Africa, has dissimilar attributes to that of Western, Eastern Europe and America. Capital management cannot be done so independently from a regulated system because of nepotism and corruption. The active participation if micro unregulated finance firms in the management of pension funds is a more risky alternative. However, stakeholders in the Nigerian pensions industry have suggested the use of micro-finance banks as outlets for pension entitlements (William, 2009). They further urged the Central Bank of Nigeria to persuade states and local governments to set aside one percent of their annual budget to the improvement of welfare of the elderly. There are has been an investment layout, with a funded program partly by the local government and partly by members of the community in the informal sector (William, 2009). This will help members engaged in the informal sector, contribute and prepare towards old age.

## **2.4 Capital Management Of Social Security/ Pension Scheme**

### **Contribution**

Pension funds invest in capital markets to make profit, thus to maximize or increase return and reduce losses and expenditure. They need a future economic recovery that is robust and lasts, because of the nature pension investments. Pension investments are long term normally ranging from ten to thirty years. Hence, fund investors are cautious not to take on too much short-term risky financial instruments, more long haul, reliable financial instruments are preferred in the management of pension funds. This is basically to make sure pension funds are not lost, whilst irrational investors take risky decisions. Capital management structures vary from country to country, in the United States, prior the recession, hedge fund managers, fund managers and even management of institutions could regulate and manage contributions and pool of funds with very little regulation. Companies and pension fund managers found themselves taken on risky but mouth-watering financial assets such as stocks and derivatives and losing focus on the long-term goal of pension fund managers. Investors who put traded on Enron holding found themselves losing millions of retirement money and pension pools (Preesman, 2007).

In the case of Chile and Cuba, with their profound history of wrong investment decisions, there is an illustration of the possible evolution as funds mature and tend to move towards riskier portfolios, even within the very

conservative limits. As funds mature, the ideal is to turn towards other investment vehicles, which primarily have had better returns than traditional pension portfolios but with considerable risks (Vives, 1999). In Ghana, under the new pension scheme, with the involvement of private pension trusts, there are more conservative approaches to pension fund investments, to ensure that decisions are made in the best interest of the contributor.

With the new pension scheme in Ghana, Pension Trusts are devising new and innovative ways to go about investments efficiently. The diagram above shows the trust is in charge of the entire investment chain. The Trust in this case is responsible for the broad asset allocation that is how much of the pool of funds should be invested in fixed income, equity, debt etc (Petra, 2012). They also scan through various fund managers, and select one for each asset class, in the view of competition resulting in optimal returns. Pools of funds are not kept by the Pension Trust themselves but rather by an independent bank, which is solely responsible for holding cash assets. The separation of power under this system employed by a Pension Trust seems optimal in regards to conservation and growth of funds.

## **2.5 Pension Reforms in Tanzania and Kenya**

The pension scheme in Tanzania was established and set into operation during the colonial era just like that of Ghana's, the system covered only a few people who were in colonial employment and were said to have white collar jobs. After attaining independence, the new government put in

place a number of new policies and measures to reverse the situation that prevailed during the colonial era; a very comprehensive decision, which led to the formation of statutory social security schemes. The Act of Parliament in 1964 created the National Provident Fund, which was later, amended in 1975 (Tanzania.Gov.Org, 2011). It lost its potency and the objective it was created to meet, causing it to be repealed and replaced by the National Social Security Fund Act of 1997. This act ensured that almost every working individual will be covered when it comes to pensions, there were various funds all under the new pension structure, the National Social Security Fund (NSSF), the Public Service Pension Fund (LAPF), the National Health Insurance Fund (NHIF), the Parasternal Pensions Fund (PPF), and the Local Authorities Provident Fund (LAPF), about 85% of the Tanzanian working population is covered by one of these schemes (Tanzania.Gov.Org, 2011).

The pension structure in Kenya is also seen as one of these most effective ones in Africa, due to its improving coverage of their workforce amidst other flaws and inefficiencies. The scheme in Kenya is rapidly extending pension coverage especially in the informal sector with formally covering 15% in 2009 and covering 24% in 2011 (Kwena). The reason for this expansion is the intense educational and awareness campaign carried to incorporate the informal sector into the pension scheme. The Retirement Benefits Authority, responsible for retirement benefits said breaking information down, for informal sector understanding is probably the single most important cause.

## 2.6 Overview of Pension System in the United States

In the United States of America, pension plans and schemes are normally referred to as retirement plans. Retirement plans like pension schemes are designed to replace employment income upon retirement. Retirement plans in the United States may be set up not only by employers but also insurance houses, trade unions the government and other authorized institutions. This means that there is directly more coverage of the workforce, due to the distribution of the rights to implement and manage the plans. The United States congress has expressed the desire to encourage responsible planning by granting favorable tax treatment to a wide variety of retirement plans (Maia, 2011). This is seen as a value added service, which will make participation in retirement programs more attractive to the workforce. Retirement plans in the U.S are defined in tax terms by the Internal Revenue Service code and are regulated by the Department of Labor's provisions under the Employee Retirement Income Security Act. This implemented system, somehow recent is to control and decentralized the control of funds from retirement programs so outrageously risky investments are taken with the funds (Soto, 1989).

## **CHAPTER THREE: Research Methodology**

### **3.0 Introduction**

In this chapter, the methods used to elicit responses for analysis and hypothesis deliberations, are discussed. The methods and procedures written about included the research design, research population and sampling procedures. The chapter also contains discussions on the instruments used for the survey; data acquisition and coalition as well as the means of statistical scrutiny used in the presentation and analysis of results. Both primary and secondary data was used in undertaking the study, however there was more primary data usage as compared to secondary documents. Obtained primary data; quantitative and qualitative, was mostly from interviewing and interacting with workers employed in the informal sector of the economy. Secondary data from documents from SSNIT, the National Pension Regulatory Authority (NPRA) and literature from the previous chapter, pertinent to the objectives of this study, meeting all other criterion was used as secondary information for the study.

### **3.1 Research Design**

This is an exploratory research, which seeks to investigate further the efficiencies and inefficiencies of the Ghanaian Pension System and its implications on the informal sector. Moreover, the research seeks to delve deeper and identify certain intricacies of the existing gap between social security existence and social security coverage. Earlier research conducted

with similar objectives; most often tend to be exploratory since the outcome is being investigated into.

The objective of this study was to find out the implications of both the former and new pension systems on the average informal sector worker. This study is intended to be a very conclusive research, which seeks to look into the policies targeted for informal sector involvement in social security structures, examine merits and demerits the new pension scheme on the livelihood of individuals in the informal sector, and delve into possible solutions of the snags identified. The study also zeroes in on the NPRA and SSNIT's non-core functions, which are aimed at improving the economic security of every Ghanaian worker in the areas of health, education, housing and so forth.

The research was conducted over a period of two months, and gathered data from as many respondents as possible. Segmenting the target groups by their geographical placement was the optimal approach for data collection, respondents in Central Accra were approached first, and the collection moved systematically towards the outskirts of Accra.

### **3.2 Research Population**

The targeted population for this research is the informal labor workforce in the Accra Metropolis. The population was made up of respondents from the urban and rural informal sector; the area demarcation was influenced by analysis of literature and was optimal for a conclusive research. The urban informal sector is basically the sect of the informal sector working in urban

areas of Accra, areas such as: Osu, Madina, and Cantonments. The rural informal respondents were the respondents' situated in rural areas like Berekuso and Aburi. The estimated number of workers in the Accra's informal sector is about 1,050,000 individuals with 400,000 individuals being officially registered to the Trade Union (TUC, 2010), making 1,050,000 the estimated size of the population.

The second sub-population is a supporting population of about 100 policy makers concerned with pension policy construction and the implementation of social security policies after retirement.

### **3.3 Sampling**

The first study sample is defined by respondent participation from the informal sector of the economy, specifically involved in trade, commercial and subsistence agriculture. A total of 100 respondents were be earmarked for inclusion in this sample, but reached an optimal sample of 80 respondents due to time and monetary limitations and validity of information received. This sample however possessed two, somehow distinct sub-samples namely, rural and urban informal sample groups. Fifty respondents were to be selected from the urban informal sector, and another fifty respondents from the rural informal sector.

The urban informal subset was made up of several workers belonging to registered trade union offices like; the Ghana Private Road Transport Union (GPRTU) station in Madina, Produce Buying Union office in Madina, and certain

artisans in Labone and East legon. Conversely, the rural informal sector was composed of respondents located in rural areas like; Berekuso, Aburi and Ga Akatamanso engaged in farming and fishing activities. The variation of these sub-samples was to ensure views from different sects of the informal working spheres of the economy were properly captured to support the objective of this research.

The second study sample was defined by the number of expert policy makers and Pension Policy analysts located in the Accra Metropolis, who have studied the Ghanaian pension system for sometime. These respondents were to be selected from SSNIT, the Ministry of Manpower, the National Pension Regulatory Authority (NPRA), and existing pension trustees. This was to give a more aerial view to the objectives of the research, as to how the policies are designed, implemented and its efficacy evaluated.

### **Sampling Method:**

The convenient sampling method was fused with elements of snowballing to gather data from the first study sample. Convenience sampling is a statistical method of drawing representative data by selecting people because of their ease of access and availability (Business Dictionary.com, 2012). Convenience sampling was optimal for this study mainly because of time constraints. The element of snowballing came from respondents interacted with through first contact, recommending or in some cases introducing other respondents to be interviewed.

The sampling method for data collection from the second sample was completely purposive; hence the sample size could not be defined till data collection had ended. Respondents were selected as per their relevance and importance of skill set in respect to the objective at hand. To establish certain details or facts about the goals of this research the most appropriate resource personnel with regards to that specific feature will be contacted, thus the reason for a purposive sampling technique.

### **3.4 Survey Instruments**

The study gathered data through questionnaire distribution and interviews with officials of SSNIT, NPRA, Trustees, and members of the informal sector. The questionnaire for respondents from the informal sector was to be divided into two parts.

The first part covered the collection of information about the awareness of the newly existing pension scheme, years of employment in the informal sector, profession, if they have ever contributed to SSNIT, as well as the ability to save money for retirement. These characteristics were chosen because they describe respondents' current and expected economic conditions.

The second part of the questionnaire was to source information on the respondents' access to health, quality education for dependents, housing and their expectations on the quality of living after retirement. These subject areas were picked so as to determine and analyze the expectations and needs of the informal sector.

### **3. 5 Statistical Analysis and Presentation**

Microsoft Excel was used to graphically represent all quantitative data collected in the entire data collection process. This software was used because of its ease of use and its comprehensive data representing instruments: such as graphs, pie charts and histograms. The analysis might be presented in both numerical and written literature form using descriptive statistics of frequency, which is shown as a percentage of total observations and explanatory text from inputs from qualitative data.

Aside the interpretation of numerical data, more qualitative data was analyzed with more descriptive data analysis instruments, in basic written form.

## **CHAPTER FOUR: DATA ANALYSIS**

### **4.0 Interviews with Policy Makers**

In an attempt to study the subject matter more comprehensively and further explore the details of the effects of both the old and new pension schemes on the informal sector, interviews were conducted concerning the formulation of social security structures, workforce coverage and economic assistance after retirement (see appendix 4 for interview guides). Individuals interviewed were top ranking officials in essential social security and pension outfits on various tiers. Persons from the National Pension's Regulatory Authority (NPRA), the Social Security and National Insurance Trust (SSNIT), Petra Trust Company Limited and Standard Bank Custodian Department were interviewed to establish the efficiency and loopholes of the old and new pension schemes. The NPRA is the body responsible for the regulation of the pension structure and social security system; SSNIT formally handled the entire pension contribution and benefit allocation system, and now handles the first tier of the new pension structure. Petra Trust is a private pension house and has the mandate to manage Tier two and three pension schemes.

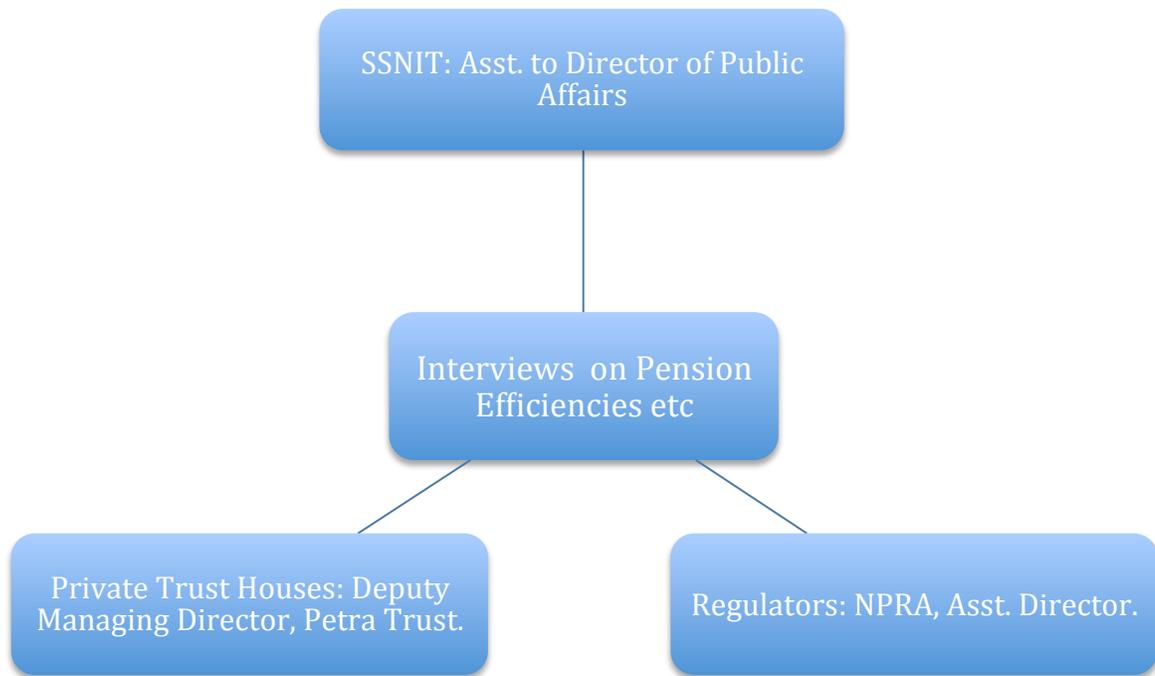


Figure 1: Composed by author.

#### **4.01 Factors influencing the restructuring of pension structures and policies (Why the New Scheme was introduced).**

The formation and implementation of social security and pension schemes first and foremost are not formed or designed by one body. The Assistant to the Head of Public Affairs at SSNIT iterated multiple parties, including SSNIT, the Ministry of Manpower, and other economic bodies were responsible for social security policy making, and these institutions generally handled the formation of schemes and such policies. The proposed social security document will have to be discussed by the Parliament of Ghana and the document passed by a two-thirds majority in favor the scheme at hand. The last two pension reforms the Assistant stated were due to severe loopholes and inefficiencies when it comes to basic pension capital management and

coverage of the existing structure on the working populace. The Executive arm of the government was stated as the initiator for most of these reforms, in that in campaigning they make certain promises and when in power, have to act accordingly. The last reform sprung from the amount of complaints from the Attorney Generals Department regarding the delay in receiving benefits and the amount to pension contributors who were never able to receive benefits.

Another factor causing or leading to a reform or restructuring of the social security system is simply the public outcry. The interviewee stated this has always been in very indirect ways the reason for reformation, not only when it comes to pensions restructurings. It was implied that, this causal agent has never been that strong. Expressing her personal comments on the unreasonable amount of time it took for the cry of the public to be heard and hence the restructuring for the old pension scheme.

#### **4.02 Factors considered in designing pension schemes and adjustments.**

The Managing Director of Petra Trust Company limited and the Assistant Director of the NPRA both make it clear that the new pension scheme although efficient was however not optimal, especially when it came to the informal sector. It was stated that the reach of the pension scheme was one of the most important factors considered in designing a new pension scheme. The amount of people that will be covered by the scheme, and the general

accessibility and ease of contribution by individuals were essential points, which had to be tuned finely. It was stated that diversity in the investment of funds was one of the criterion, which had to be met. The re-allocation of funds from SSNIT was a way to serve this purpose. The situation of monopoly, and the wrongful management and investment of contributions were to be mitigated by the introduction of private pension houses.

The informal sector, the Assistant Director of the NPRA said, had always an area of great concern to policy makers with regard to pensions and social security. There have been directives from the Executive for the management of SSNIT to expand the services for the informal sector, by introducing more education and sensitization programs and increase the number of offices for the informal sector. It was also stated that this sector was hard to reach and very difficult to track contributions since they have a very irregular contribution pattern. In that, the salary stream was very volatile and unbalanced, which could mean they could hold contributions for while or process payments below the agreed.

#### **4.03 Problems with covering the informal sector.**

“The informal sector has been the focus of many social security and other public policy sittings over the past decade. They matter because they possess the ability to serve as a very resourceful and sustainable capital base for such a structure”. The previous quotation was the remark from the Asst. Director of The NPRA when questioned on the perceived value of the informal sector.

From further interaction, it could be inferred that there were a series of problems when it came to why this untapped but potentially very lucrative sector of the working populace had not been involved in such structures, in spite of profits to be made from managing their contributions. The informal sector was said to be very large and difficult to regulate, further it would be arduous to ensure payments were made promptly, and when necessary to track contributors to the scheme, since informal sector contributors would likely move their kiosks, or change stalls without informing the necessary outfits.

From the private pension trust standpoint, the informal sector had not yet been covered under any private scheme, because it was going to take huge amounts of capital to service this particular sector in question. The collection of pension contributions will most likely have to be seen to by the pension house, accounting and reporting would also have to be taken care of by the pension house. The main problem was newly established private pension houses do not have the financial capacity to delve into this market segment and service it efficiently. Targeting an already sorted and organized formal segment costs less and in actually generates enough revenue for private pension houses. Pension houses charge fees based on the assets they have under management, and as it stands the formal sector is providing more than assets, and sufficient fees are collected to keep the schemes operating.

#### **4.04 What has been done for the informal sector?**

The informal sector in many interactions was said to have been placed on a working board and various attempts were being made, in light of all the obstacles to properly incorporate them into the new pension scheme. Aside the attempts being made by SSNIT to open offices to cater to the needs of the informal sector, the Asst. Director of the NPRA made it clear, that to some extents the third tier of the new pension scheme was designed to incorporate the informal sector of the workforce. The third tier needs no employer backing and hence an individual employed in the informal sector could contribute up to 35% of his or her salary to a tier three scheme. This structure was put in place because of the hindrance employer backing caused to signing informal sector contributors. In regard, the third tier mitigates this particular obstacle and social security and economic assistance in this significant way being provided.

When it came to education and sensitizing the informal sector about the third tier and its benefits for the informal sector, the official from the NPRA stated weekly articles were published in newspapers like the Business and Financial Times and monthly articles in the Daily Graphic just to increase its awareness in the public domain. There have also been radio and public announcements on the new pension scheme and what it has for the informal sector. It was also stated that there are more attempts being made to further incorporate the informal sector into this pension structure, the measures could however not be disclosed.

#### 4. 1 Discussion of Survey Results for informal sector respondents

This part of the chapter analyzes data received from a survey conducted with 80 respondents. With the use of convenience sampling, a sample size of 100 respondents was targeted. The response rate from this survey was 87% and out of this response rate, 8% of the responses were invalid, in that did not give adequate feedback for the stated purpose (see appendix 4 for sample questionnaire). The results were analyzed using Microsoft Excel Version 10.1 software.

#### 4.11 Rural and Urban Informal Sector Distribution

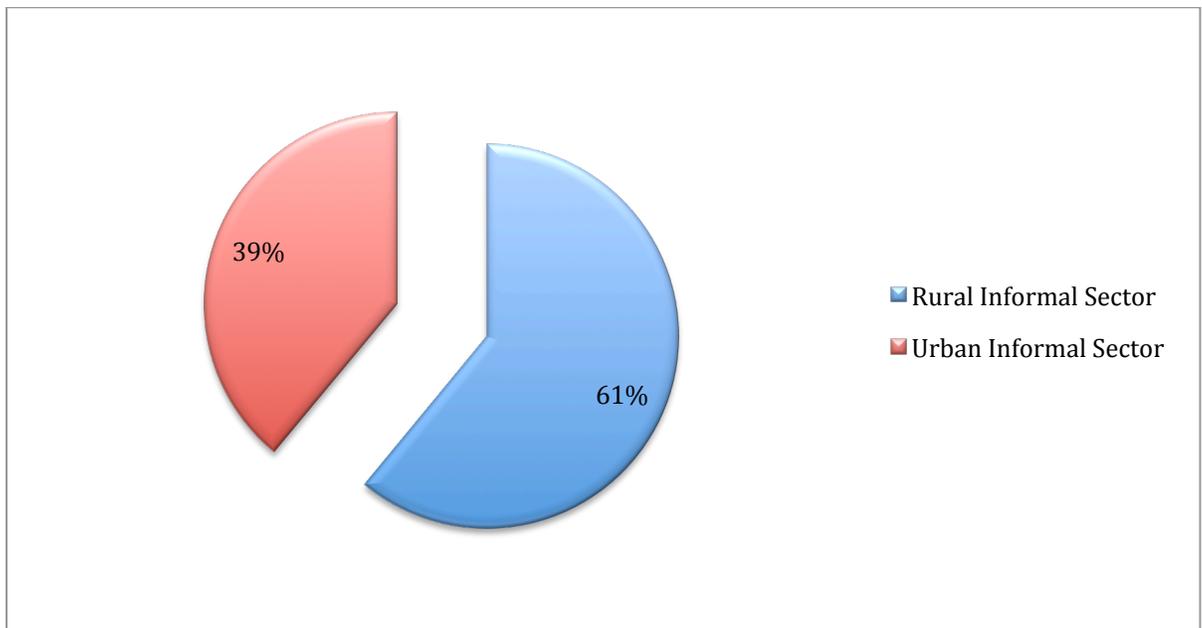


Figure 2: Computed by author from field survey (2013)

Out of the entire sample of 80 valid respondents, 35 of them were situated in rural areas specifically, Berekuso and Aburi, striking a percentage of 39%. Also, 55 respondents making 61% were found in rural areas like Madina, Labone and Adenta.

#### 4.12 Awareness of existing pension schemes (New and Old)

Are you aware of an existing pension scheme and its benefits for the informal sector?

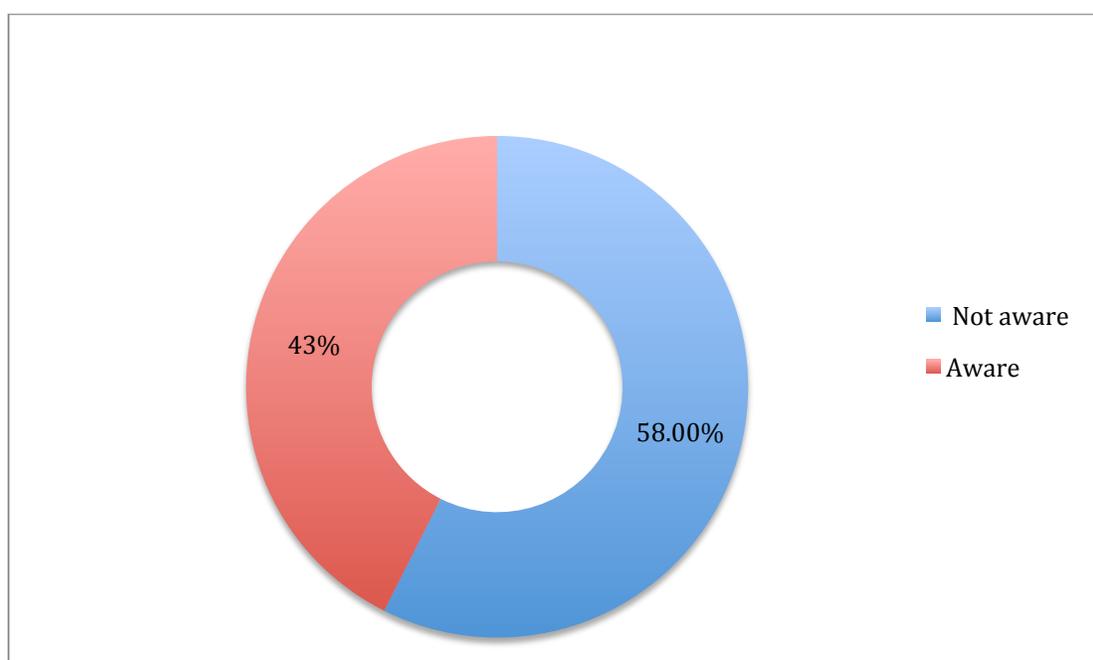


Figure 3: Computed by author from field survey (2013)

When respondents were asked whether they were aware of the existence of a pension structure and the benefits it has for them, 66 persons translating to

approximately 58% of them said they were not aware of such a structure and its benefits. 34 respondents translating to 43% said they were aware of pension structures but most of this 34 respondents had only heard about pensions but knew very little of what it was and its benefits for them. In light of the information they gave out orally, the data might contain responses, which represent familiarity instead of awareness. The figure below shows the distribution of responses from rural and urban respondents:

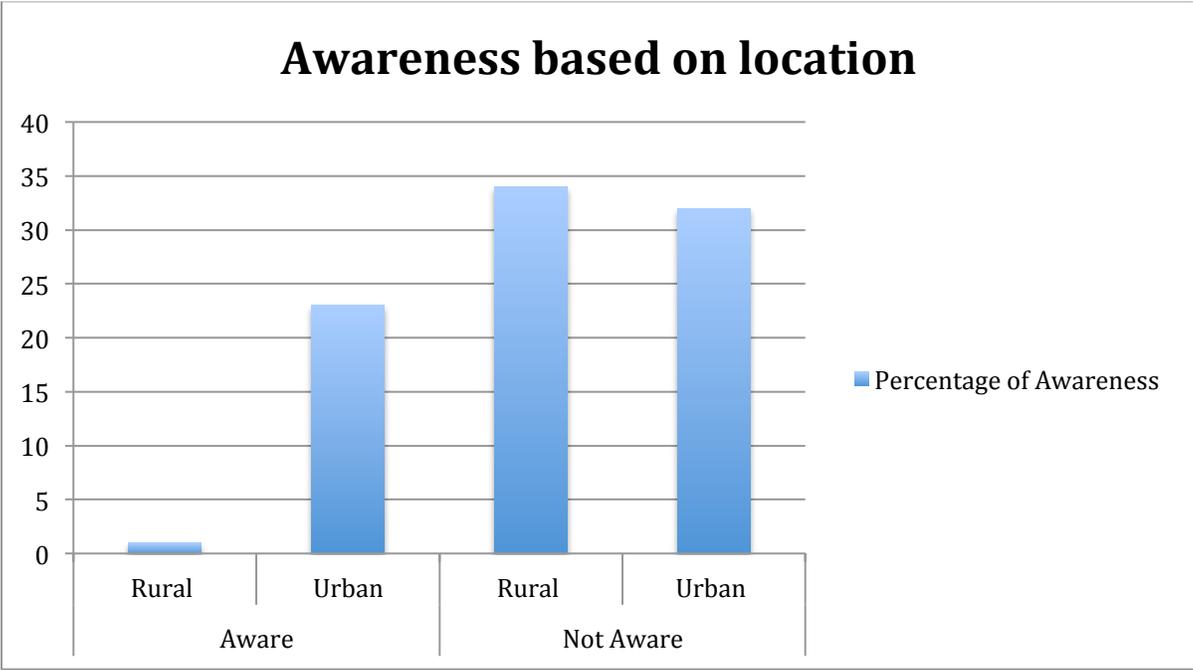


Figure 4: computed by author from field survey (2013)

The graph above shows the number of respondents in the respective locational segments, thus: the urban and rural areas. From the graph above, from the rural areas only one respondent was aware of the new existing pension scheme; conversely in the urban informal segment 24 respondents

were aware of this three-tier pension scheme. This graph was to show a breakdown of awareness per locational segment and from the representation, it is evident there is more urban awareness as compared to rural awareness of the three-tier pension scheme.

#### 4.13 Do you have financial backing after age 60?

Do you have financial backing after age 60?

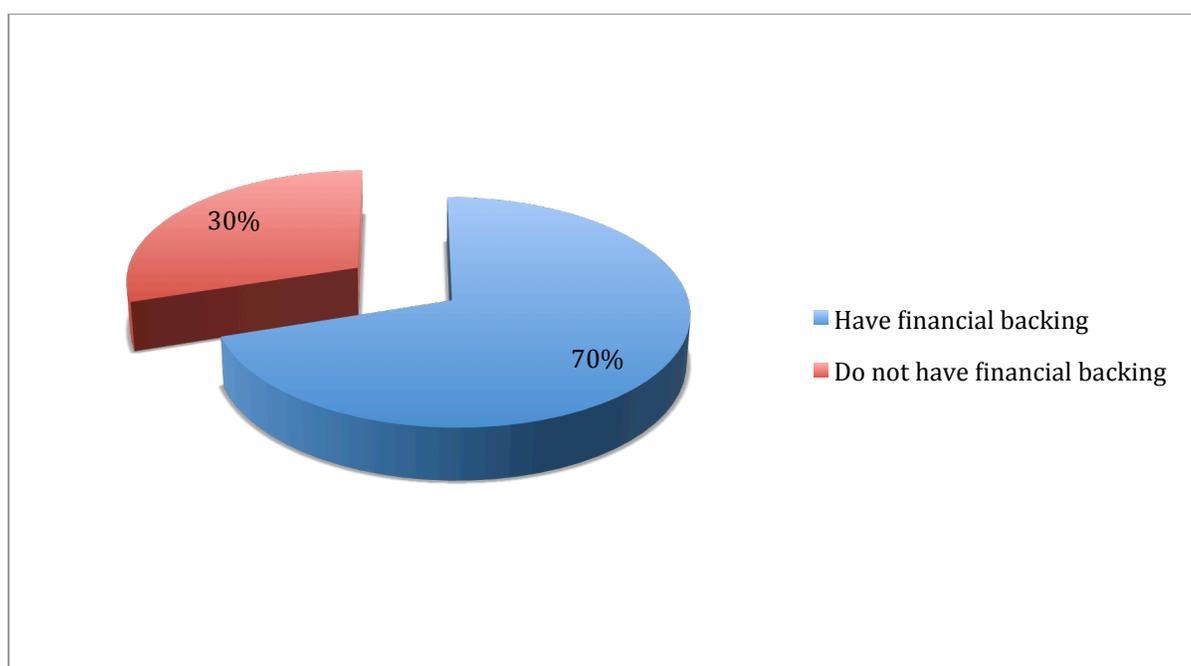


Figure 5: Computed by author from field survey (2013)

The sample was posed with the question of whether they had financial backing after when they could no longer work. 56 respondents said they do have financial backing after the age 60 and 24 respondents of the sample indicated they had no financial backing or economic assistance after 60. The age limit was set at 60, because the human body will most likely would not be

operating optimally at 60 and the need for some sort of external economic assistance will be necessary. The data collected showed that most of the respondents were expecting monetary assistance from investments they had made previously, from their family or from other source.

**4.14 Source of economic assistance**

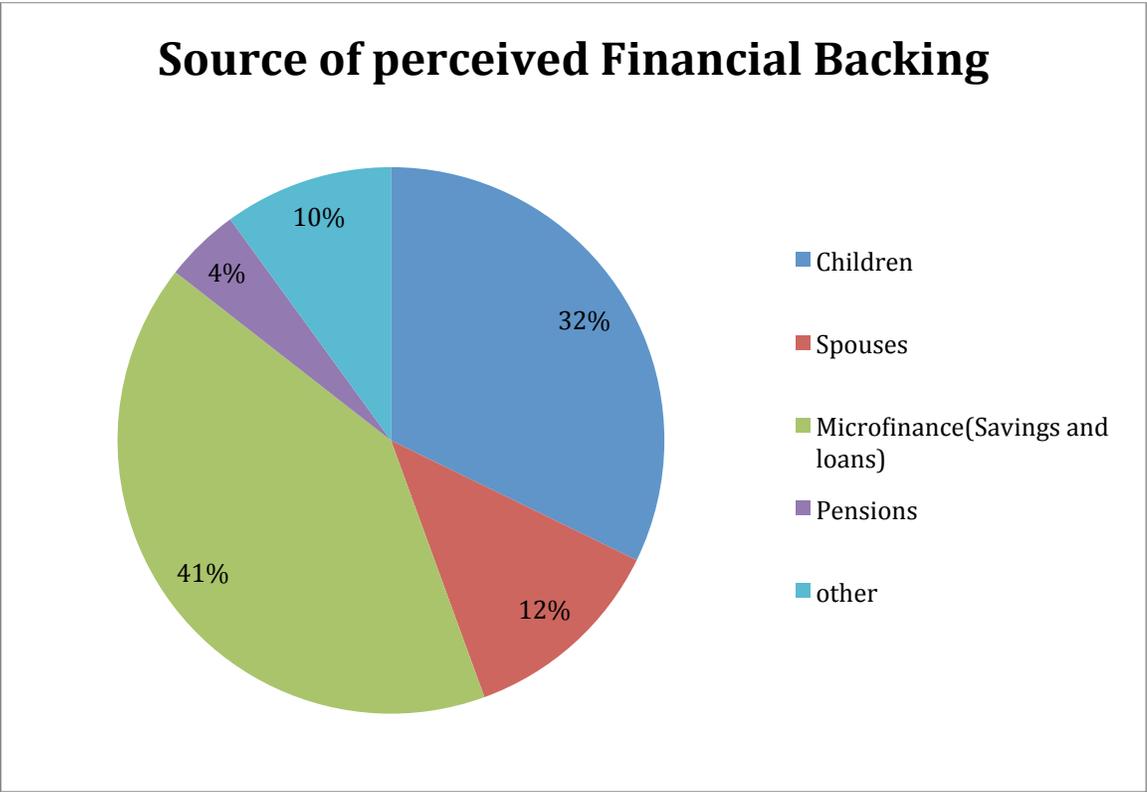


Figure 6: Computed by author from field survey (2013)

This is one of the most important representations of data collected for the conducted survey. The graph above shows the source of perceived economic assistance after the respondents hit their retirement ages. The reason for this graph being essential is its explanation to the previous graph and data. From

the previous graph, majority of respondents showed to have some sort of financial assistance after age 60. This representation however, shows where this perceived financial assistance would be coming from. 41% of respondents from both rural and urban segments indicated the financial/ economic assistance will be coming from contributions made to Microfinance, Savings and Loans Companies, which they normally refer to as Susu Companies, 32% of respondents also stated the expected to receive economic assistance from their children, 12% from their spouses, 10% from other investments and assets owned and a minute 4% from pensions contributions. The data shows the extent to which the informal sector of the Ghanaian workforce actually benefits for pensions.

#### **4.15 Mobile Phone Usage**

In considering ways to offset the obstacle stated during the qualitative data gathering stage, mobile phone usage was accessed to see if the recommendations would hold. Phone usage was accessed based on the level and activity of mobile phone interaction with the user. Whether the user sent Txt messages, placed calls and was able to use the internet made him/ her an excellent user, using the mobile handset for calls, Txt and being able to dial and follow short codes made the user good. Satisfactory users were users who are able to Txt and place calls and poor users were only able to place calls. 11% of respondents were excellent mobile phone users, 34% of users were good, 47% of users were satisfactory and 7% were poor.

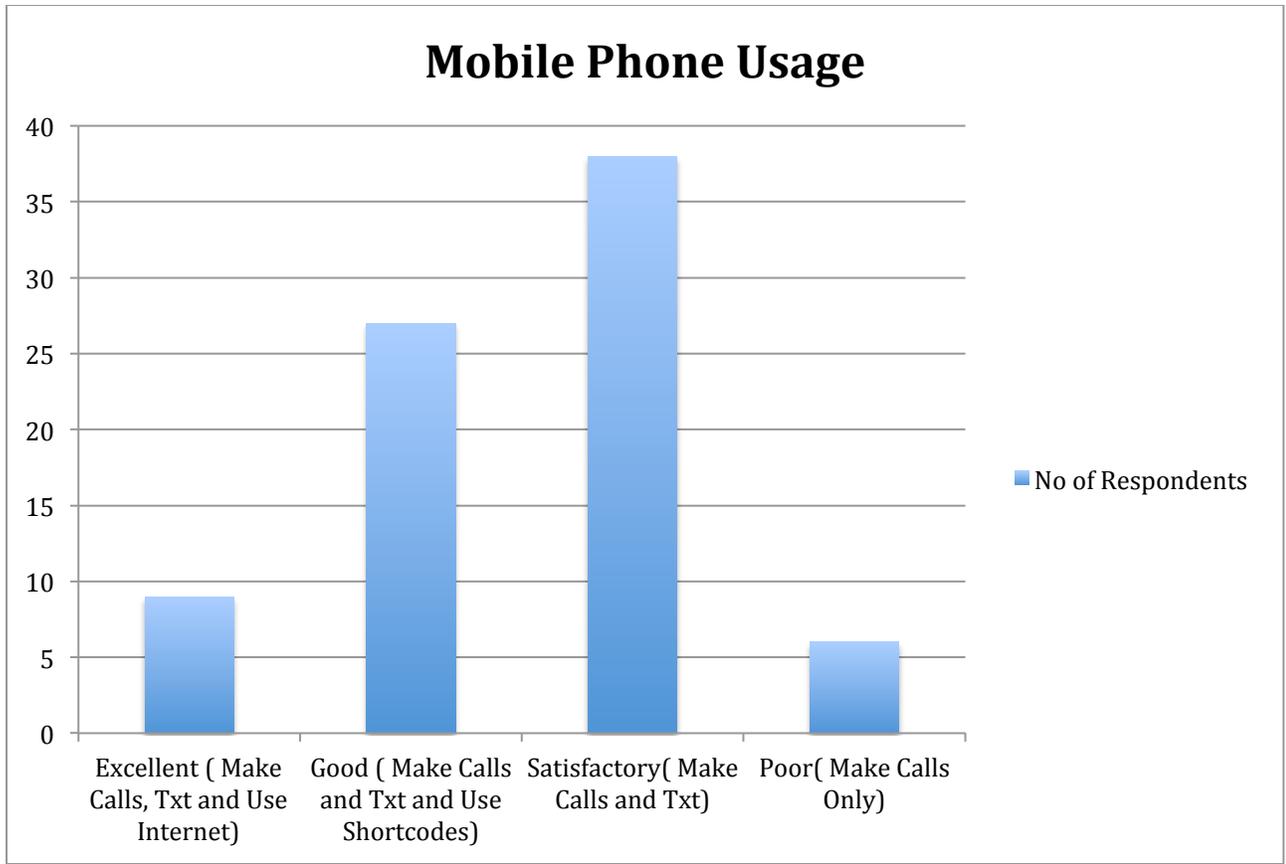


Figure 7: Computed by author from field survey (2013)

#### 4.2 Summary of Data Analysis

**From qualitative analysis** (Interviews with NPRA, SSNIT, Petra Trust):

- The cost of implementing and operating a system for the informal sector is high.
- The informal sector in itself is very unstructured, collecting and monitoring contributions will be difficult.
- As it stands the formal sector is pooling enough funds.

- All money is money, and the informal sector possesses huge capital contributions but will be very difficult to reach.

**From quantitative analysis:**

- Rural respondents are less aware of the new three-tier pension scheme and its benefits as compared to urban respondents
- Microfinance Savings and Loans Companies (Susu), and family especially children are the two major sources of perceived economic assistance after age 60, with pension schemes being the least source of expected financial assistance.

## **5.0 Recommendations**

The suggestions made in this chapter are solely based on problems identified from the data collected. The recommendations in this document are adjustments, which could lead to optimal efficient awareness and coverage of pension schemes. The main problems identified are; education of the informal sector with regards to pension scheme, its structure and benefits, the accessibility of the informal sector with regards to contribution collection and benefits allocation. The last but not the least important of problems is the inadequacy of funds to reach the informal sector of the workforce. In light of the problems stated above, the recommendations are tailored to somehow help solve the complications stated. The recommended initiatives here will be generally dubbed "Pension Cloud", for mere creativity sakes.

### **5.1 Educating the informal sector**

Education and its subsequent effects especially in such cases are not the easiest variables to measure in the short-term. The long-term effects are what might be evident in the increase of awareness and subscription to pension schemes by individuals belonging to the informal sector. The Pension Educational Cloud (PEC) will be the umbrella program to disseminate information about the new pension scheme. This program is intended to reach individuals in both rural and urban communities, and the family especially their wards, since they are one of the major sources of economic assistance after retirement.

The Pension Extension Educational Cloud is a program where extension officers will be educated on the new three-tier pension scheme and what it has for the informal sector. The lessons of the pension scheme will be fused with other lesson on basic farming practices, how to increase yield etc. These lessons will be tailored to provide knowledge as to how farmers and fishermen in the cooperative or cohort of a particular extension officer on how they can tap or receive sustainable income after they are no longer able to provide for themselves. This means, as it is, will be reaching rural informal folks who normally engage in extension activities in their comfort zone. In addition to this, extension activities already take place and have funding, so not only will this not be an effective way of imparting knowledge but also a cost effective way.

The second educational recommendation is the Pension Social Media Cloud (PSMC); this is mainly targeted at the children and wards of individuals working in the informal sector. Children often tend to send information back to their parents, and in this case, being equipped with information that might lessen their financial burdens in the future will be additional incentive. In addition, the wards of these individual are often enrolled in schools, have good control over the English and can read. With this in mind, the initiative will use the wards of these informal workers as a medium of transferring information to their parents. The wards especially older ones tend to be active on social media fronts like Facebook and Twitter. The PSMC program will post benefits of the new pension scheme and tweet pension regulations and the like on Facebook and Twitter. (See appendix 5 for page)

## **5.2 Accessing the informal sector**

The difficulty of reaching the informal sector was one the most dominant Problems from the side of the policy makers. Getting personal information, storing and collecting contributions were all stated as reasons why the informal sector had not been reached.

The Pension Cloud Server Application is a simple application, which is loaded unto the service provider's server portal and transmitted upon request unto the mobile device. From data collection and sample interaction the usage of mobile phones showed this recommendation was viable. The application is a very simple one, and follows the Mobile Money Transfer model, only in this case, the monies will be re-routed to a Pension's Trust Account and the service provider let's assume MTN, Tigo or Vodaphone, will receive an agreed upon commission per receipt. In collection of information problem is lessened since every mobile phone user must first register their telephone number before use. This gives service providers personal information, which the application will first request permission of use on its first interaction with user. The application could also be run on any telecommunication device, not necessarily a smart phone, since it is rooted in the service provider server portal and not the mobile device itself. The figures below show how the application will function and its interaction with the customer.



Figure 7



Figure 8

Figure 7 above shows the first page of the Pension Cloud Application. With this, the customer wanting to sign up unto the service will send a short code to the service provider and the service provider in turn sends this information to the user's phone. It is a simple four steps operation, which either registers the user, uploads money, delete account or contacts a service provider for the

selected pension house for further details, probably statements etc. Figure 8 shows the registration/ login page, where the user enters confirmation details and goes further to access the application.

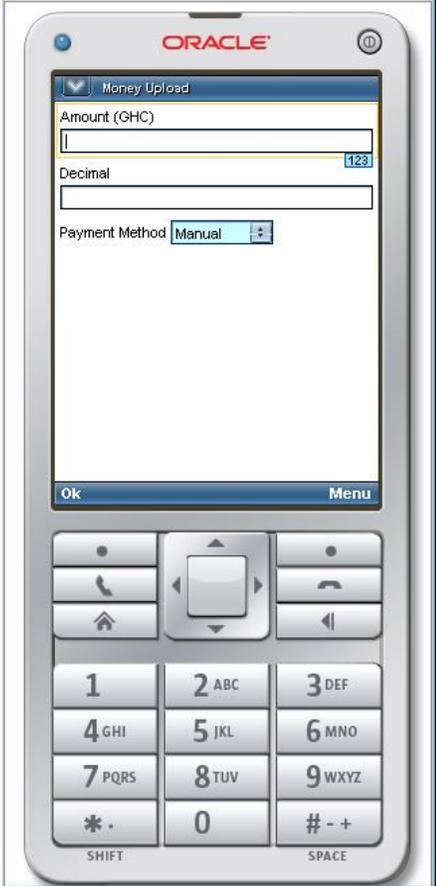


Figure 9



Figure 10

The figures above display the screen for a successful registration and the money upload screen respectively. The money upload screen is where the pension contributors selects the amount to be upload unto the server, the funds could be in the form of mobile talktime purchased. The customer could also select an amount and choose an automatic update option, when he/she selects a date and an amount and the application automatically withdraws

funds. Figure 11 shows a successful contribution upload page, and should generate a receipt for the contribution.

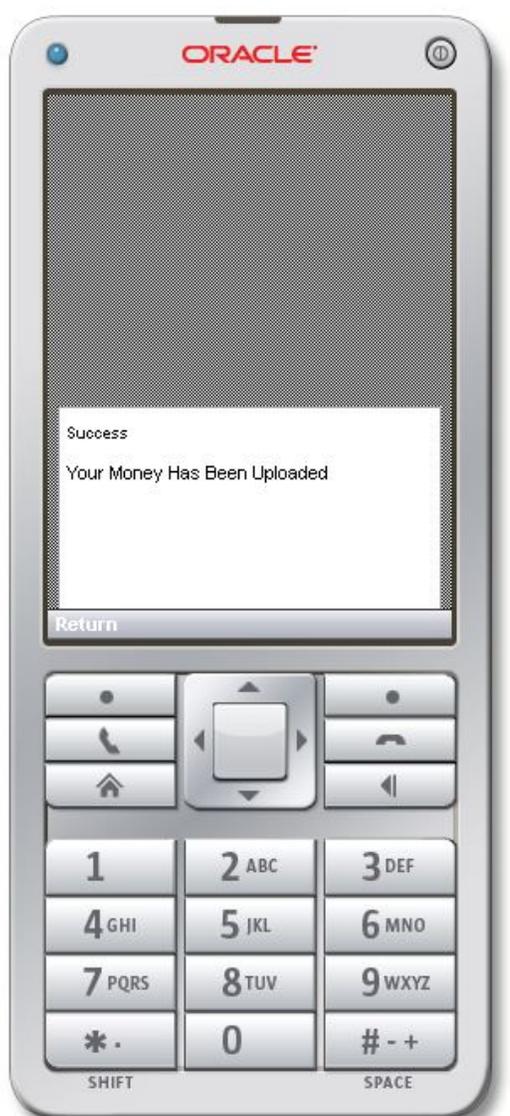


Figure 11

### 5.3 Sourcing of funds

There are several international organizations and countries that have stated their willingness to help African countries to elevate poverty and improve the

standard of lives of inhabitants. Countries like the United States of America and China have demonstrated their willingness to support Ghana monetarily to engage their informal sector in the process of development. The International Labor Organization amongst other organizations has such initiatives at heart and might enter into partnerships to expand coverage of the informal sector through practical and feasible ways. Soliciting for funds from such organizations and bodies might be a way of financing an expansion of the new pension scheme fully into the informal sector.

#### **5.4 Limitations**

- Time: The regulated time allocated for the completion of the project meant some activities necessary had to be done in a limited time, which directly affected the ease of research and almost affected reaching an optimal conclusion. .
- Data collection: This was a major limitation to this work. Reaching offices for qualitative data took several bureaucratic processes, time and money to finally reach persons with information needed. There was also a questionnaire for individuals on retirement, however 19 out of 20 responses were invalid hence had to be excluded from data analysis.
- Language barrier: The respondents from the sample in most cases were more conversant in local dialects specifically Ga and Twi, the

questions in the questionnaire had to be translated to them, which posed a language barrier in some cases.

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## Appendix

### Appendix 1



THIS INTERVIEW GUIDE IS PART OF AN ASHESI UNIVERSITY COLLEGE STUDENT PROJECT, SEEKING VIEWS ON THE POTENCY OF OLD AND NEW PENSION SCHEME WITH REGARDS TO THE INFORMAL SECTOR. ALL INFORMATION PROVIDED WILL BE USED SOLELY FOR ACADEMIC PURPOSES

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#### **National Pension Regulatory Authority(Interview Guide):**

1. What is the NPRA and what does it do?
2. For how long has the NPRA been in existence?
3. How was the Authority initiated? Legislature?
4. Why, in your opinion was the NPRA formed?
5. Could you kindly identify certain flaws associated with the old pension scheme and why it did not work generally?
6. With respect to the informal sector, could you kindly identify flaws with the old pension scheme?
7. Does the new pension scheme correct these flaws?
8. If "Yes" to Question 7, how does it? \*\*Anything in terms of awareness?
9. Are the measures in place to capture more of the informal sector under the new Tier Pension Structure?
10. Have the new pension been implemented successfully so far?

11. If " NO" to question 7, what are some of the obstacles are faced, and how these challenges being tackled?

12. What have been the perks so far with the new pension scheme?

13. What perks have been identified by the NPRA with respect to the informal sector?

14. Why the Tier system? \*\*Does it break about better capital management? Etc.\*

15. Does it have any additional benefits for the informal sector? \*\*Ease of contribution\*

16. From professional opinion, do you have any recommendation for the new pension scheme, and with respect to the enhancement of informal sector participation?

## Appendix 2



THIS INTERVIEW GUIDE IS PART OF AN ASHESI UNIVERSITY COLLEGE STUDENT PROJECT, SEEKING VIEWS ON THE POTENCY OF OLD AND NEW PENSION SCHEME WITH REGARDS TO THE INFORMAL SECTOR. ALL INFORMATION PROVIDED WILL BE USED SOLELY FOR ACADEMIC PURPOSES

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### **SSNIT (Interview Guide):**

1. What exactly does SSNIT do with regards to pensions in Ghana?
2. How vibrant was the pension industry prior to the introduction of the new Tier Pension Structure? (\* Amounts of contributions? \* Returns on invested pension funds)
3. What is the state of informal pension scheme participation?
4. If "low", what could be the possible causes of this outcome? (\* Pension awareness, in regards to contributions and benefits).
5. What could be done to correct the flaws or causes identified in question 4?
6. If "High", what are the causes of this outcome?
7. Are there any other loopholes in the Ghanaian pensions structure?
8. If "Yes", have policy makers taken action to fixed these loop holes?
9. Does the new Tier pension structure improve the state of the pension industry?

10. Does it have features that might benefit the informal sector? (New Tier 3,with informal contributions)

11. Will the proper incorporation of the informal sector into the new pension structure improve pension capital management?

12. If "Yes", how would it?

13. Are there any recommendations you will make to the new pension structure from professional opinion?

### Appendix 3



THIS INTERVIEW GUIDE IS PART OF AN ASHESI UNIVERSITY COLLEGE STUDENT PROJECT, SEEKING VIEWS ON THE POTENCY OF OLD AND NEW PENSION SCHEME WITH REGARDS TO THE INFORMAL SECTOR. ALL INFORMATION PROVIDED WILL BE USED SOLELY FOR ACADEMIC PURPOSES

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#### Questionnaire for Individuals on Retirement:

1. What sector of the economy did you work in for the most parts of your Career?

- Formal  Informal

2. Could you state where line of business or career line you were engaged

in?.....  
.....

3. How long was this term of employment?

- 10 years and below  15- 20 years  20- 30 years

**The questions in the segment are for individuals who worked primarily in both the formal sector for 15 and more years**

a. Where you informed on the benefits and contribution rates of the pension scheme you contributed to?

Not at all       Moderately       Optimally

b. Has the answer in "a" affected your current standard of living?

c. If "Yes", how has it?.....  
.....  
.....  
.....

d. How easy was the process of contribution?

Easy and accessible                       Relatively difficult and so accessible  
 Difficult and not accessible

e. How easy was the process of accessing pension benefits?

Easy and Straightforward       Moderate       Difficult and cumbersome

f. What are some of the difficulties you encountered in accessing your benefits?.....  
.....  
.....

g. Do you have any recommendations as to how the process could be improved?  
.....

## Appendix 4



THIS INTERVIEW GUIDE IS PART OF AN ASHESI UNIVERSITY COLLEGE STUDENT PROJECT, SEEKING VIEWS ON THE POTENCY OF OLD AND NEW PENSION SCHEME WITH REGARDS TO THE INFORMAL SECTOR. ALL INFORMATION PROVIDED WILL BE USED SOLELY FOR ACADEMIC PURPOSES

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### Questionnaire for Informal Sector Respondents:

1. What sector of the economy do you work in?

Formal

Informal

2. How long have you been working in this sector?

Under 5 years

5 to 10 years

10 years and more

3. What line of business or trade are you engaged in?

.....

4. How long have you been engaged in this particular trade?

Under 5 years

5 to 10 years

10 years and more

5. Are you aware, or heard about the new Three-Tier pension structure?

Yes

No

6. If yes, do you know about its benefits and obligations?

Yes No

7. Do you have any source of financial support after age sixty?

Yes No

8. What is the source of the expected financial support after sixty?

Children Wife/husband  Microfinance Saving and  
Loans/Susu

Pensions  Other sources of income

9. Will you be ready for some educational assistance towards knowing  
and understanding the new pension scheme?

Yes  No  Maybe

10. How proficient are you when it comes to basic mobile usage?

Excellent  Very Good  Good  Satisfactory  Poor

## Appendix 5

The screenshot shows a Firefox browser window displaying the Twitter profile page for Pension Cloud. The browser's address bar shows the URL <https://twitter.com>. The Twitter navigation bar includes links for Home, Connect, Discover, and Me, along with a search bar and a compose button. A yellow notification banner at the top of the page states: "Confirm your email address to access all of Twitter's features. A confirmation message was sent to kwame.gram12@gmail.com." Below this, there are buttons for "Resend confirmation", "Update email address", and "Learn more".

The profile section for Pension Cloud shows 2 tweets, 16 following, and 0 followers. A "Compose new Tweet..." button is visible. The "Who to follow" section lists three accounts: Adjoa Ofoe (@adjoafoe), Kobina Graham (@kobbygraham), and Ashesi Career Center (@AshesiC...). The "Trends" section lists several hashtags: #50CosasSobreMi, #ThoughtsInBed, #RazonesParaExtrañar, #QueVergüenzaSerNegro, #AşkAnlatacakOlsam, Happy Holi, Wild For The Night, and Guam.

The "Tweets" section displays two tweets from Pension Cloud (@PensionCloud):

- Tweet 1: "Use the Mobile Pension Cloud Portal to pay pension contributions" (posted "now").
- Tweet 2: "Pensions are the way to a healthy financial livelihood after retirement" (posted "now").