



UNIVERSITY OF NAIROBI PENSION SCHEME 2007

RETIREMENT PLANNING SEMINAR

22nd & 23rd Sept 2016

NON-TEACHING STAFF

PRESENTATION BY THE

CHAIRMAN – BOARD OF TRUSTEES

1.0 HISTORY OF THE SCHEME

UNPS 2007 has metamorphosed several times as follows:

1956: Royal Technical College of East Africa Pension Scheme.

1961: Federated Superannuation Scheme for Universities (FSSU), which was administered, from London in the United Kingdom. The last FSSU member in this scheme was paid in 2010.

History of the Scheme (Continued)

1968: The Superannuation Fund for Senior Staff (SFSS)—renamed later the Senior Staff Superannuation Fund (SSSF)—was created.

“The pension scheme for middle-grade employees was the Retirement Benefits Scheme (RBS).

“Both Schemes were administered by the Kenya National Assurance Company (KNAC) which went into liquidation in 1987.

“Funds held by KNAC were remitted to the Scheme in installments and the last installment was made on 26th November 2008 .

History of the Scheme (Continued)

1987: The University of Nairobi Pension Scheme came into being when the two schemes were pulled out of KNAC and the UoN merged them into a self-administered scheme.

The Scheme operated as a “Defined Benefit” where members’ benefits were computed as a factor of final basic salary and the number of years in service.

The Scheme was being run as a department of the University of Nairobi **until 2001** when it was **de-linked from the sponsor in compliance with the Retirement Benefits Act of 1997 and the Retirement Benefits Regulations of 2000.**

History of the Scheme (Continued)

From 1st March 2007:

“The current Scheme, University of Nairobi Pension Scheme 2007 was established as a “Defined Contribution” scheme.

“All assets and liabilities of the old Scheme were transferred to the new Scheme including all the membership.

“The conversion was necessitated by the huge salary increases in 2007, otherwise the Scheme would have had a huge deficit of which the Sponsor would not have been able to manage.

2.0 MEMBERSHIP OF THE SCHEME

Membership to the Scheme is compulsory to all staff of the University appointed to permanent service, in the Senior Clerical Administration and Technical Staff Grades A- F or the Academic, Senior Library and Administrative Staff Grades.

3.0 CONTRIBUTION RATES

Pension contribution is based on basic salary of a member and these have been changing from time to time as follows:-

Year	Employee	Employer	Total
Before 2002	5%	15%	20%
Jan 2002 to Feb 2007	5%	20%	25%
March 2007 to Dec 2010	7%	20%	27%
Jan 2011 to Date	10%	20%	30%

4.0 APPOINTMENT OF THE BOARD OF TRUSTEES

The Board comprises of eight (8) Trustees according to Clause 13 of the Trust deed, as follows: -

- **Four (4) Trustees rep the Council;**
- **Two (2) Trustees rep the teaching staff;**
- **Two (2) Trustees rep non teaching Staff.**

Clause 16 of the Trust Deed and Rules states that each Trustee shall hold office for a period of three (3) years but shall be eligible for re-election or re-appointment provided that a member elected Trustee who has served two consecutive terms shall not be eligible for nomination or re-election for a further term.

5.0 COMPOSITION OF CURRENT BOARD OF TRUSTEES

The Current Board of Trustees is as follows: -

- | | |
|-------------------------------|--|
| 1. Mr. M. Adala | - Chairman & Rep. Non- Teaching |
| 2. Prof. P.M.F. Mbithi | - Member Rep. the UoN Council |
| 3. Dr. Sanjay Advani | - Member “ “ |
| 4. Mrs. P.C.C. Koske | - Member “ “ |
| 5. Prof. G.A.O. Magoha | - Member Rep Teaching Staff |
| 6. Dr. S. W. Luketero | - Member Rep Teaching Staff |
| 7. Dr. G. Kiringa | - Member Rep. Non- Teaching |

The Board of Trustees meets at least quarterly as per the law.

6.0 COMMITTEES OF THE BOARD

The Board has standing committees as per the trust deed and rules. These are:-

(i) The Investment Committee

Serves as the advisory and technical arm of the Board in all matters relating to investments of the Scheme fund;

(ii) The Administration committee

Its the administrative arm of the Board in all matters relating to the administration of the Scheme as well as its secretariat;

The Board may establish such other ad-hoc committees from time to time as may be necessary.

7.0 SECRETARIAT

The Pension scheme is managed by a secretariat which is based at the Scheme offices at Hurlingham, Unipen Apartments.

The members of the Secretariat are as follows: -

Mrs. T.K. Alyela : Scheme Administrator
Mr. C. O. Otage : Scheme Officer
Mr. J. K. Kariuki : Scheme Accountant
Mrs. F. Munyao : Office Admin/ Driver

8.0 SERVICE PROVIDERS

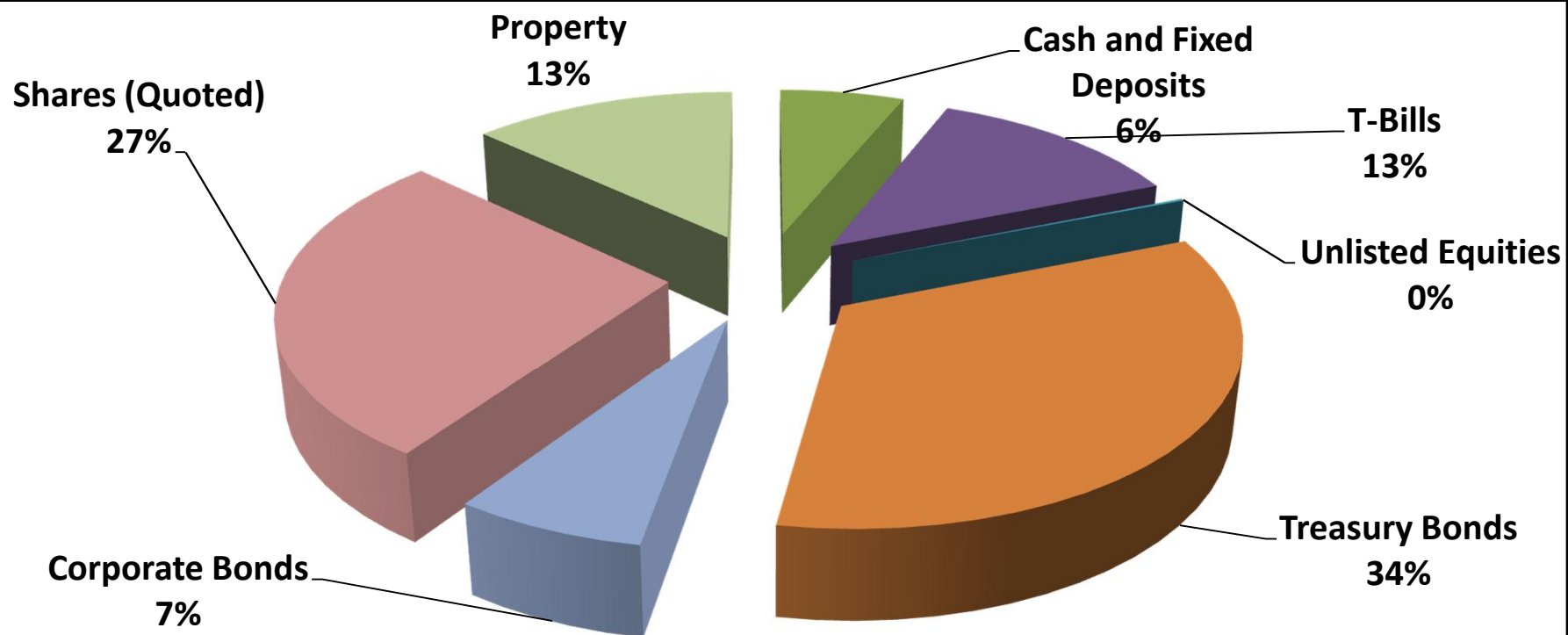
In compliance to Retirement Benefits Act, the Trustees have power to appoint various service providers.

The following are the current service providers:-

- Fund Managers : Gen Africa Asset Management Ltd.**
- Custodians : Standard Chartered Bank**
- Actuaries : Alexander Forbes Financial Services**
- Property Managers : Knight Frank**
- Lawyers : Kaplan & Stratton**
- External Auditors : Kenya National Audit Office (KNAO)**

9.0 SCHEME VALUE AND INVESTMENTS

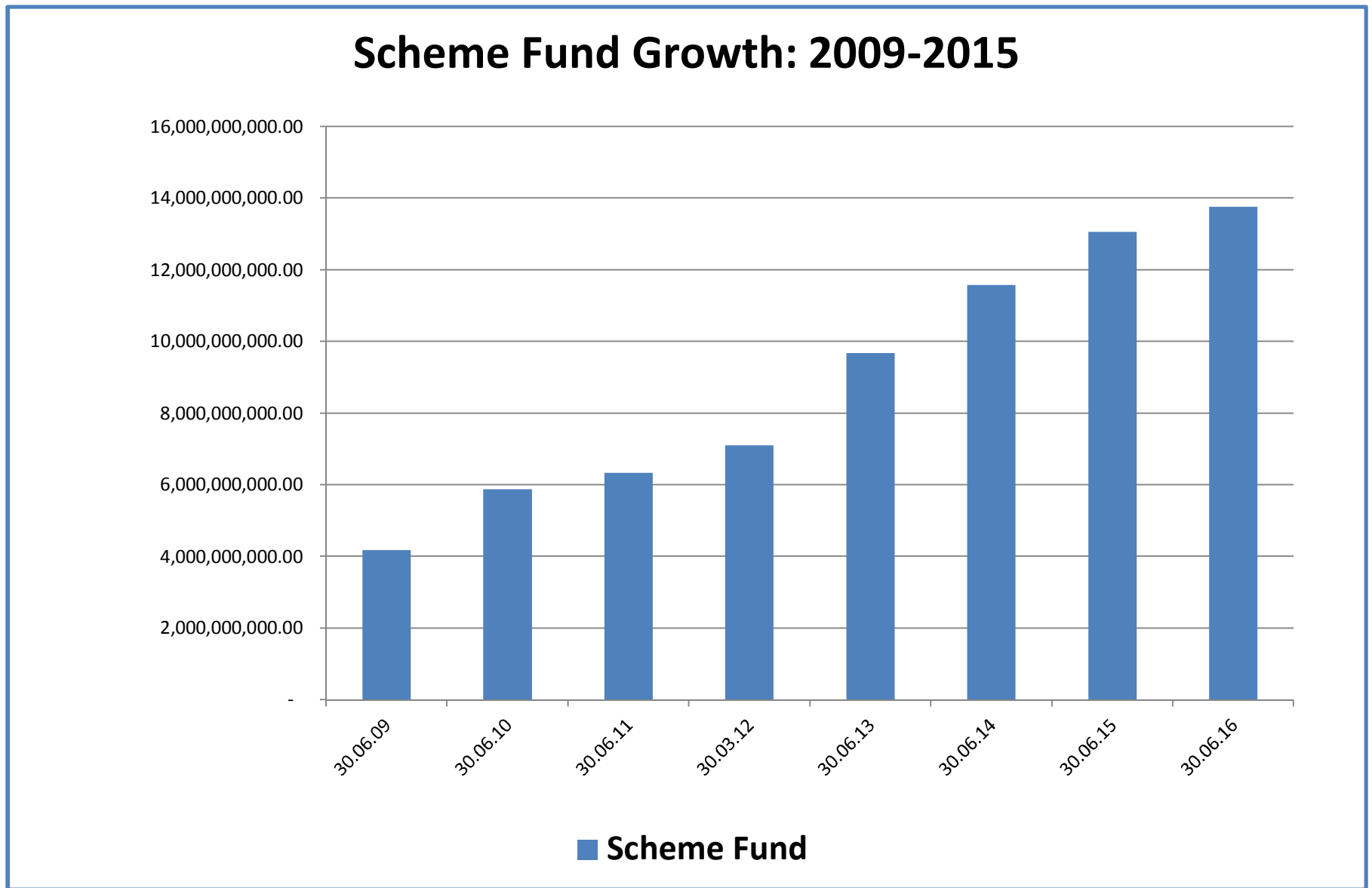
As at 30th June 2016, the Scheme's fund value stood at **KShs. 13,761,957,622.58**. The pie chart below shows the Scheme's portfolio as at 30th June 2016.



All the Scheme investments are within the approved limits/ guidelines provided by the Retirement Benefits Authority (RBA).

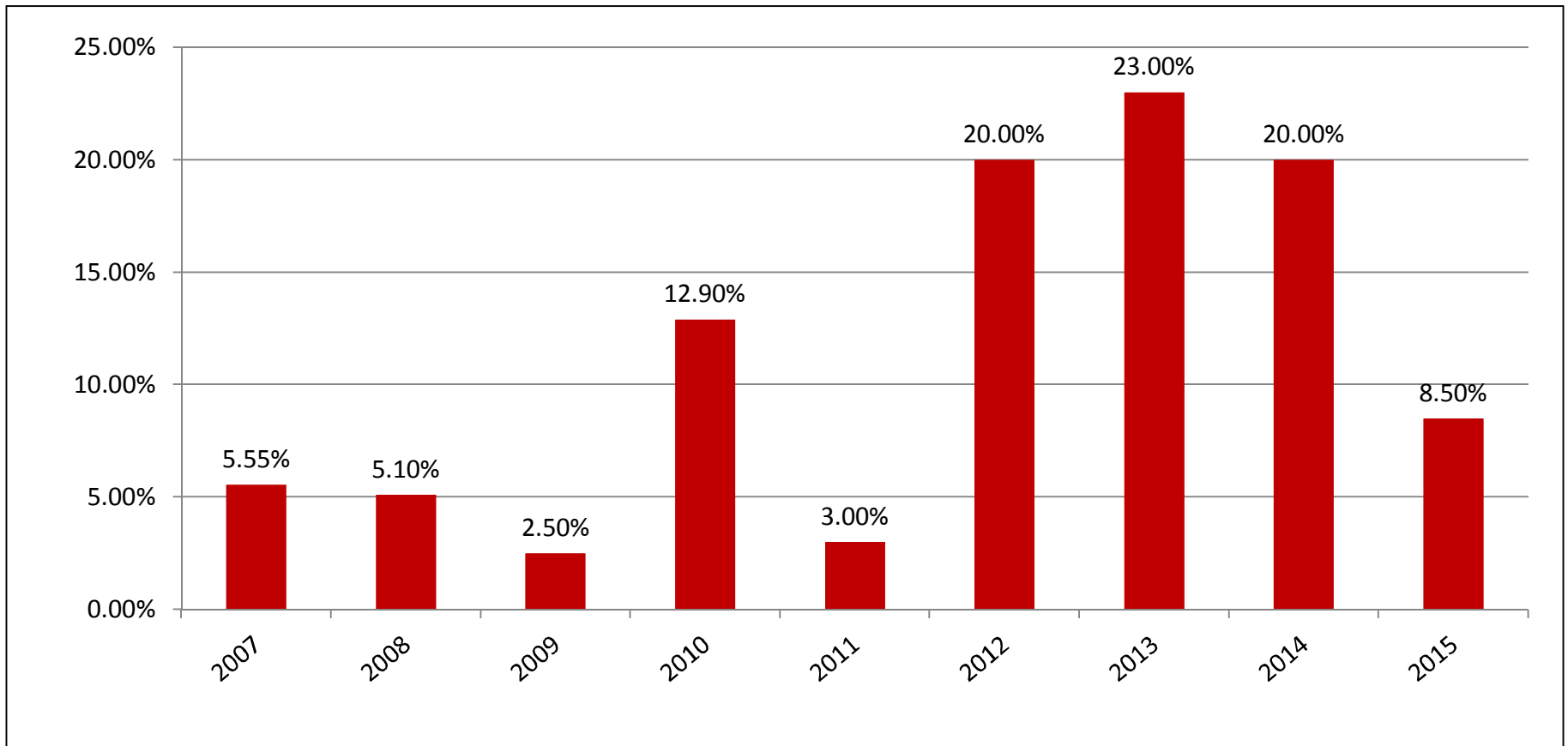
The Scheme owns AMBANK House in CBD purchased in 2005 at KShs. 473,598,000 and the current value is KShs. 1,480,000,000 and UNIPEN Flats located in Hurlingham purchased in 1998 at KShs. 110,000,000 current value KShs. 320,000,000.

The Scheme fund has grown over the years as follows: -



10.0 RATE OF RETURN

At the end of each financial year, the Trustees declare a rate of return depending on the performance of the Scheme. The table below shows the interest declared since conversion to Defined Contribution Scheme in 2007.



11.0 BENEFITS PAYABLE FROM THE SCHEME

11.1 Normal Retirement Benefit

▪ Payable when a member retires at age 60 (non-teaching staff) or 70 (teaching staff).

▪ Retiring members can only access up to 1/3rd of the total benefits as cash lump sum as per the existing law.

“Members purchase annuities with the remaining 2/3rds, from an insurance company of their choice, to ensure regular pension for the rest of their lives or they can choose the option of income drawdown.

“Income drawdown is to leave one’s pension invested, and take a portion of the pension pot each year as an income.

“The Trustees are working on the implementation of Income drawdown and members will be updated once it is fully operational.

11.2 Early Retirement Benefits

Members can take early retirement after age fifty (50) as long as approval is granted by the Sponsor. Benefits paid are similar to normal retirement.

11.3 Retirement on ill health

“Has to be approved by the Sponsor

“It does not have age restrictions

“A member has the option of collecting the entire benefits

11.4 Death Benefits

(i) Death Lump sum

“Equal to three times a member’s last annual salary

“Paid to the nominated beneficiaries

“Where the member had not nominated beneficiaries, the Trustees use their discretion to distribute the lump sum

(ii) Fund Credit (member’s account)

“Member’s fund credit is disbursed for purchase of annuity for the beneficiaries.

11.5 Withdrawal Benefits(resignations/terminations)

“Members who withdraw from the Scheme after attaining 50 years (early retirement age) are treated as normal retirement.

“Members who are less than 50 years can be paid all the employee contributions and 50% of the employer’s contribution plus accrued interest. The remaining 50% employer’s portion is payable to them once they attain age 50.

“Members who are permanently relocating outside the country, can be paid their entire benefits but they have to show prove of permanent relocation.

“Members who are joining another employer who has a registered retirement scheme may request for transfer of their benefits to the scheme of their new employer.

“Exiting members who have an individual scheme, can also request for transfer of their entire benefits to their individual Scheme.

11.6 Level of Benefits payable is determined by:

“Contributions made by the employee

“Contributions made by employer on an employees’ behalf

“Return earned on these contributions

“Annuity rates at retirement

(The amount of annuity obtained depends on the 2/3rds amount, age, gender and the interest rate environment at the time of purchase)

Note:

All benefits payable to persons above 65 years are not taxable

12.0 ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCS)

“Members are encouraged to make AVCs in order to enhance their benefits.

“AVCs together with accrued interest are payable in full whenever members exit from the Scheme. [i.e. AVCs are not subject to the requirement of “1/3rd lumpsum and 2/3rd”].

“Members wishing to make AVCs should write a letter to the Finance Officer, stating the amount to be deducted, and giving a copy of the letter to the Scheme Administrator.

13.0 NOMINATION OF BENEFICIARY FORMS

“Members are advised to complete the nomination of beneficiaries’ form and update them regularly so that in the event of death it makes it easier for benefits to be processed and disbursed to their beneficiaries.

“Nomination of beneficiary forms are available at the Scheme offices or can be downloaded from the Scheme’s website at *pensions@uonbi.ac.ke*

QUESTIONS AND ANSWERS