



**UNIVERSITY OF NAIROBI  
PENSION SCHEME 2007**

**ANNUAL GENERAL  
MEETING**

**30<sup>TH</sup> NOVEMBER 2023**

# **Introduction**

- **I take this opportunity to welcome all Members to the 2022/2023 AGM**
- **The Fund is managed by a Board of Trustees that is established under a Trust as required by the Retirement Benefits Act**
- **The Scheme has internal administration that runs the day to day operations on behalf of the Board**
- **The Secretariat is headed by the Scheme Administrator who works in liaison with the various service providers of the Scheme**
- **The Scheme offices are located at Hurlingham Shopping Centre, Unipen Apartments, 3<sup>rd</sup> Floor**

## **Regulation**

- **The Scheme is regulated by the Retirement Benefits Authority (RBA)**
- **RBA is responsible for the regulation and supervision of the retirement benefits sector**
- **The Authority regulates the establishment and management of retirement benefits schemes, development of the industry and advises the government on matters relating to retirement benefits**

## **Legislative Changes during the year affecting the Scheme**

- **These will be highlighted by the representative from the Retirement Benefits Authority present in the AGM**

## **Corporate Governance**

- **The Board of Trustees is committed to ensuring that systems, procedures and practices within the Scheme reflect a high standard of corporate governance**
- **An effective corporate governance system is critical in fostering a culture that values ethical behavior, integrity and respect to protect members and other stakeholders' interests at all times**
- **The detailed report highlighting the instituted corporate governance systems is on pages 6-9 of the report of the Auditor General**

# Composition of the Board of Trustees

**The composition of the Board of Trustees in 2022/2023 was as follows: -**

<b>Prof. George Gitau</b>	<b>Chairman &amp; Trustee Rep. Academic Staff</b>
<b>Prof. Stephen Kiama</b>	<b>Trustee Rep. UoN Council</b>
<b>Ms. Hannah Mukua</b>	<b>Trustee Rep. Non- Academic Staff</b>
<b>Mr. Meshack Juma</b>	<b>Trustee Rep. Non- Academic Staff</b>
<b>Dr. Caren Angima</b>	<b>Trustee Rep. Academic Staff</b>
<b>Mrs. Flora Mtuweta</b>	<b>Trustee Rep. UoN Council (joined in Sept 22 and left in May 2023)</b>
<b>Mr. Abdi Hassan</b>	<b>Trustee Rep. UoN Council (joined in Sept 22 and left in May 2023)</b>
<b>Mrs. Alison Kariuki</b>	<b>Trustee Rep. UoN Council (joined in Sept 22 and left in May 2023)</b>

# Trustees Elections

**The term of three member elected trustees will be coming to an end on 12<sup>th</sup> March 2024 as follows:-**

- **Prof. George Gitau, an Academic member of staff and has served for one term and will be eligible for re-election;**
- **Ms. Hannah Mukua, a Non academic member of staff and has served for one term and will be eligible for re-election;**
- **Mr. Meshack Juma, a Non academic member of staff and has served for two terms and will not be eligible for re-election**

**The Scheme will organize for online elections for the Academic and Non-Academic staff in February 2024.**

## **Scheme Asset Value and Investments**

**Fund Managers are engaged by the Trustees in compliance to the RBA regulations. They advise the Trustees on how to invest the Scheme funds within the RBA investment guidelines**

**During the year under review, the Scheme's Fund Managers were Old Mutual Investment Group and Genafrika Asset Managers**

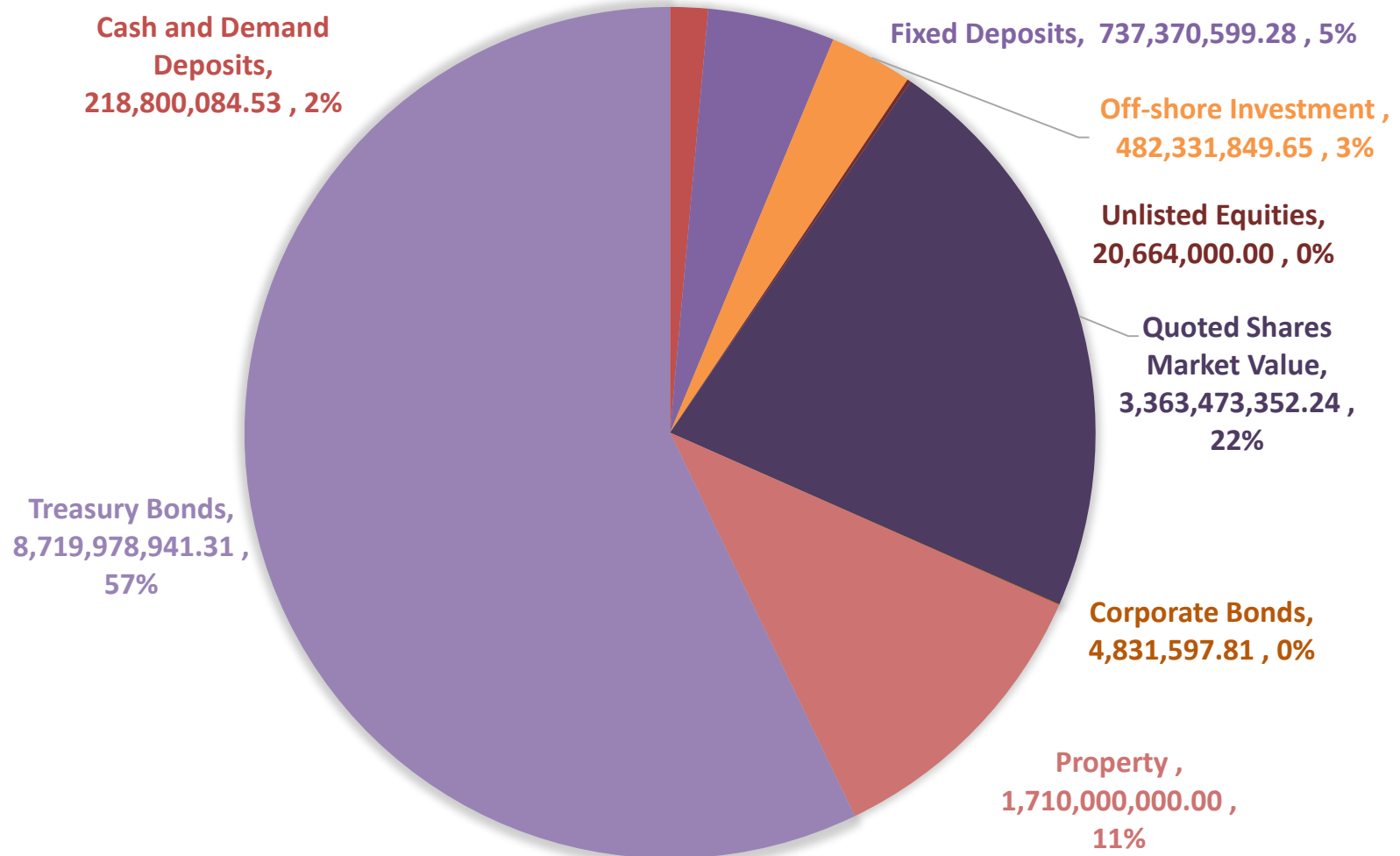
**The Trustees maintain two fund managers so as to ensure the Scheme gets the best possible return as this creates a healthy competition amongst the fund managers**

**I wish to assure members that the Trustees are continually committed to ensuring that the Scheme funds are prudently invested so as to maximize returns for the benefit of members**

**Scheme investments have been done in accordance to the RBA guidelines and the Scheme's Investment Policy Statement. Even as investments are done, the Trustees together with the Fund Managers ensure that there is adequate cash inflows to be used to pay exiting/retiring members on time so that there are no delays**

# Scheme Fund Value

The Scheme's fund assets held by the custodian as at **30<sup>th</sup> June 2023** was **KShs. 15,257,450,424.82** down from KShs. 15,918,401,718 for the previous year ended **30<sup>th</sup> June 2022** (**unremitted contribution of Kshs. 5,533,486,000 is not included**). All investments as reflected in the pie chart below were within the RBA guidelines.



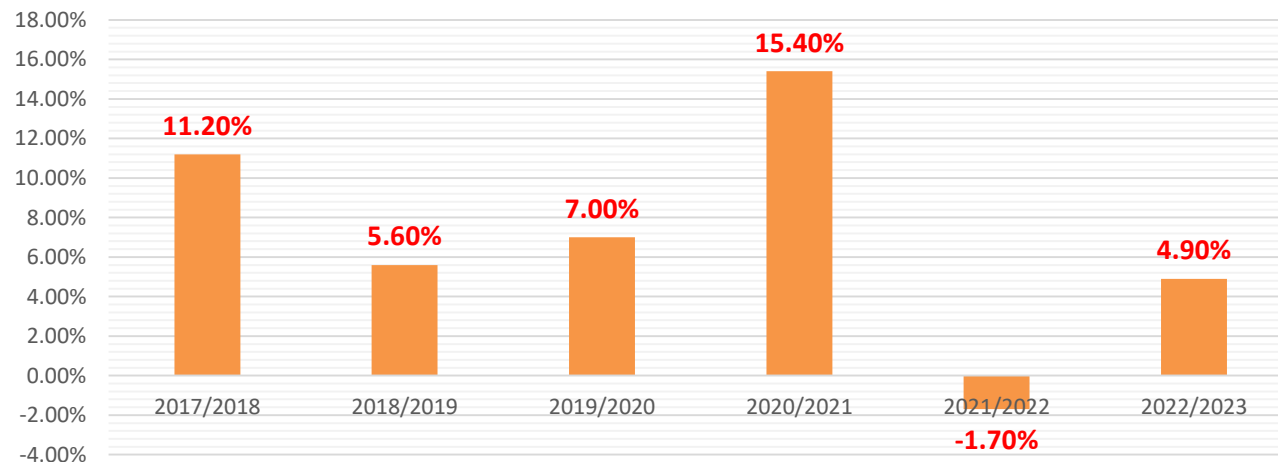


# Rate of Return

**In the year ended 30<sup>th</sup> June 2023, for registered statements, the Trustees declared a rate of return of 4.9% p.a. up from negative 1.7% p.a. for the year 2022.**

**For the unregistered statements, the Trustees declared a rate of return of 2.2% p.a. up from negative 5.7%p.a for the year 2022.**

## REGISTERED RATE OF RETURN OVER THE YEARS



# BENEFITS PAYABLE FROM THE SCHEME

## Retirement Benefits

### (i) Normal Retirement Benefits

- Payable when a member retires at age 60 years (non-teaching staff) 65 years (persons living with disability) or 70 years (teaching staff). A member is paid a cash lump sum of 1/3<sup>rd</sup> and the 2/3rds is used to purchase an annuity or income drawdown.

### (ii) 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.

### (iii) Retirement on ill health

- This is retirement due to ill health and does not have age restrictions and a member can opt to collect his/her entire benefits

## Death Benefits

### (i) Death Lump sum

- Equal to three times a member's last annual salary

### (ii) Fund Credit (member's account)

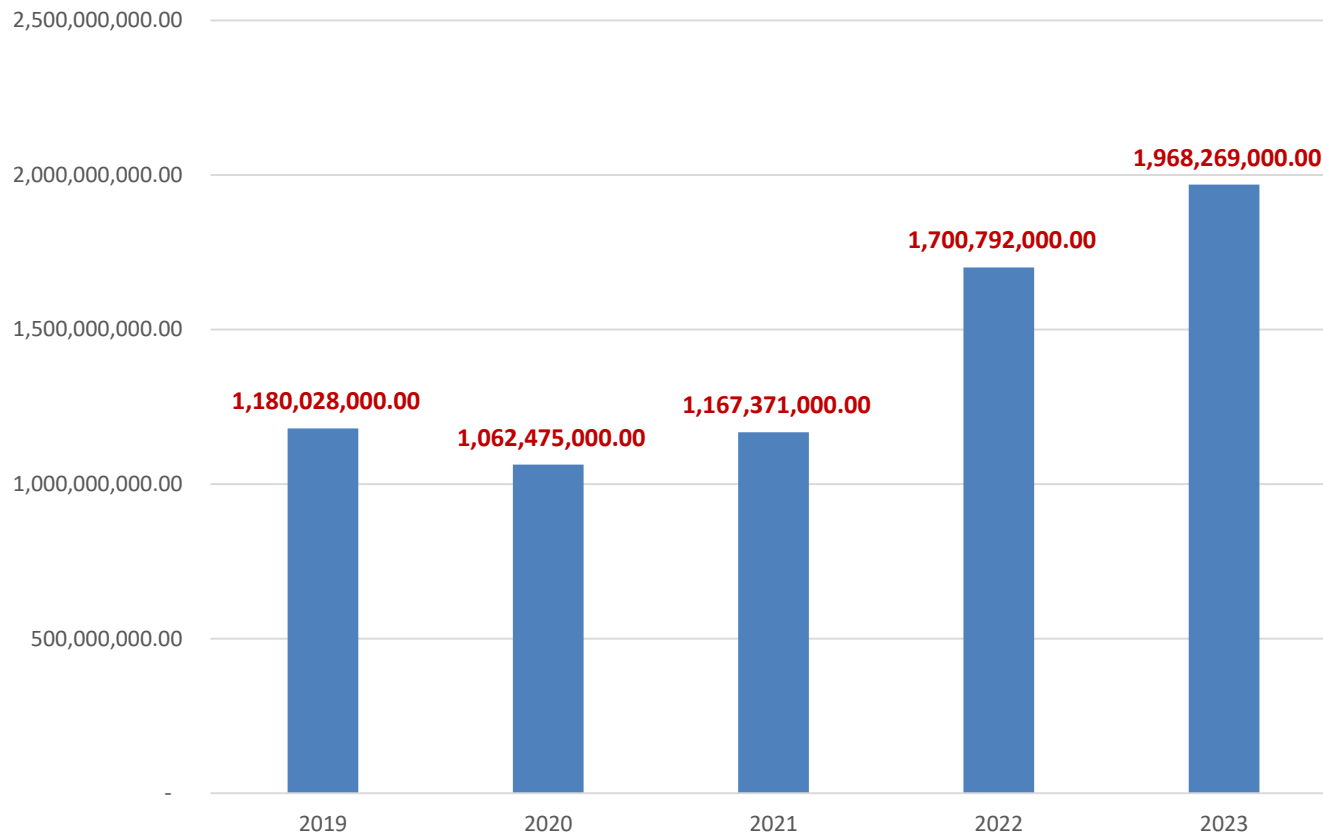
- Member's fund credit is used to purchase an annuity or income drawdown for the surviving beneficiaries.

## Withdrawal Benefits (resignations/terminations)

- Members who withdraw from the Scheme after attaining 50 years, the benefits payable as per normal retirement
- Members who are less than 50 years can be paid 50% of their retirement accrued benefits contribution plus accrued interest. The remaining 50% is payable to them once they attain age 50 or they can transfer to another scheme
- When a member relocates permanently, they can be paid their total accrued benefits

# BENEFITS PAID

**Total Benefits paid for the last five years have been growing as reflected below:**



## **Changes to the benefits & contributions structure**

**There were no changes to the benefits and contributions structure and the contributions rates during the year remained as follows:-**

- Employer 20% of basic salary**
- Employee 10% of basic salary**

## **Unremitted Pension contributions**

- **The unremitted contribution as at 30.06.2023 was Kshs. 6.161 billion.**
- **The Sponsor has been remitting the 10% employee portion of contributions faithfully**
- **The Trustees are following up with the Sponsor to make good of the outstanding pension contributions for retiring or exiting members as the Scheme has continued to pay the accrued benefits fully for the retiring/ exiting members.**
- **Despite the unremitted contributions being 31% of the scheme's fund value, the Scheme has continued to pay the retiring/exiting members efficiently and in a timely manner.**
- **Members are reminded to request for their accrued benefits in good time so that there are no delays in processing**
- **The Trustees will continue to put pressure on the Sponsor to hasten preparation of a revised feasible remedial plan as required by RBA so that the Scheme operations are not adversely affected.**

# **Retiring Members**

**The Trustees have always ensured that all retiring members are promptly paid their pension lump sum (1/3<sup>rd</sup> of their total benefits) from the Scheme immediately they retire. The 1/3<sup>rd</sup> will be subject to tax except for persons who are 65 years and above.**

**The other 2/3<sup>rds</sup> can be forwarded to an Insurance company chosen by the retiring member for purchase of annuities (regular payment similar to pension) or a member can purchase Income Drawdown from a registered Income Drawdown provider. The 2/3<sup>rds</sup> amount is not taxable.**

**Before members settle for an annuity or IDD provider, they are advised to seek quotations from the various companies in the market. Once a member has made a commitment to an annuity or IDD provider, they can not pull out as it is for life in the case of an annuity or ten(10) years in the case of IDD.**

**Members retiring should visit the Secretariat way before their retirement date so as to be able to receive their retirement benefits ONE day after the retirement date. The Secretariat requests for funds from the custodian only after a member has written and requested for their benefits. Transfer of funds from custody account is done at least once a month.**

# **Members Portal**

- **The implementation of the pension administration software is at an advanced stage.**
- **Members will now access their members' statements for 2022/2023 through the members portal. Members can also update their beneficiary details online.**
- **Members will be inducted in due course on how to access and navigate through the members portal.**
- **Members need to keenly study their statements and raise any issues with the secretariat.**

## **Education to members**

- **In February 2023, the scheme organized physical education meetings in all campuses**
- **The Scheme also held retirement planning webinars for the different cadres of staff in May 2023**
- **Members are encouraged to attend pension meetings as and when they are invited as it will help them to plan and prepare adequately for retirement**



## **Nomination of Beneficiaries Form**

**Once again we wish to remind the members to ensure they fill/ update the nomination of beneficiary forms in the members portal**

**This will guide the Trustees in deciding on the distribution of benefits to beneficiaries whenever deaths of members occur while they are in active service. Undue delays occur in processing of benefits for beneficiaries when a member passes on without having filled or updated the beneficiary form.**

**Members are free to update the beneficiary forms as frequently as they wish at their convenience.**

**Rule 2(a)(ii) of the Trust Deed and Rules allows members to contribute Additional Voluntary Contributions to enhance their take home retirement benefits**

**AVCs are paid in full when a member retires**

### **Post Retirement Medical Contributions**

**Members can also make additional voluntary contributions towards Post Retirement Medical Fund. From January 2024, the contributions towards the post retirement medical scheme will enjoy a post-retirement medical fund relief which shall be 15% of the amount of contribution paid or KES 60,000 per annum, whichever is lower.**

# **Trustees Remuneration Policy**

- **Every three years, members are required in an AGM to approve the Trustees remuneration policy as per the RBA Regulations**
- **In May 2023, RBA issued new guidelines on Trustees remuneration which have to be implemented by May 2024**
- **The Trustees have circulated the new Trustees Remuneration Policy for members approval**
- **It will be effective in the next financial year**

## **Outlook**

- **The Trustees will continue to monitor the changes in the macro environment and align its investment strategies to take advantage of investment opportunities as well as mitigate against the investments risks**
- **The Trustees will ensure the pension administration software is fully implemented so as to be able to get full advantage of the software in Real Time**
- **The Trustees will continue to put pressure on the Sponsor to hasten the preparation of the feasible remedial plan that will ensure the unremitted pension contributions are paid**

# **Appreciation**

**On behalf of the Board, it is my pleasure to thank the Sponsor and all our stakeholders for their unwavering support to the Scheme as it navigates through the challenging economic and investment environment.**

**I also wish to thank my fellow Board members for their selfless contribution and support during the year, the Secretariat for working tirelessly to ensure prudent management of the day to day operations of the Scheme; and to you, our members, thank you for your continued support, encouragement and continuous feedback.**

**MERRY CHRISTMAS AND A PROSPEROUS BLESSED NEW  
YEAR 2024  
GOD BLESS US ALL**