



**UNIVERSITY OF NAIROBI  
PENSION SCHEME 2007**

**ANNUAL GENERAL  
MEETING**

**28<sup>TH</sup> NOVEMBER 2024**

## **Introduction**

- **I take this opportunity to welcome all Members to the 2023/2024 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, Block A, 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**

## **Changes from Treasury Circular No. 9/2024**

- **On 10<sup>th</sup> July 2024, the National Treasury issued circular No. 9 of 2024 to guide the registration and management of public service retirement benefits schemes and ensure equity in sharing the cost of funding schemes benefits between the employer and employees in the public sector**
- **The University of Nairobi Council adopted the National Treasury circular for implementation on 28<sup>th</sup> August 2024 and has requested the Board of Trustees to amend the Trust Deed and Rules to incorporate the following:-**
  - (i) That all permanent employees are eligible to join pension schemes.**
  - (ii) That Employees on fixed contract terms of service can voluntarily join and contribute to the pension scheme.**
  - (iii) That Employers may remit monthly accrued gratuities to retirement benefits on behalf of their employees.**
  - (iv) That no employee shall receive pension and gratuity at the same time**
- **The Board of Trustees is in the process of amending the Trust Deed and Rules in compliance with the circular**

## **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**

# **Trustees Elections**

**The term of three member elected trustees ended on 9<sup>th</sup> April 2024. The following were elected through a successful online election and will serve for a three year term effective 10<sup>th</sup> April 2024:-**

- 1. Prof. Joseph Ivivi Mwaniki representing Academic Staff**
- 2. Ms. Sylvia Shallyne Obulinji representing Non-Academic staff**
- 3. Mr. Francis Kyalo Kivindu representing Non-Academic staff**

**The first term for Prof. Caren Angima , a Trustee representing Academic Staff will be ending on 9<sup>th</sup> May 2025. The Scheme will organize for online elections appropriately.**

# Composition of the Board of Trustees

The composition of the Board of Trustees in 2023/2024 was as follows: -

<b>Prof. Caren Angima</b>	<b>Trustee Rep. Academic Staff, (<i>became Board Chairperson in May 2024</i>)</b>
<b>Dr. Parmain Narikae</b>	<b>Trustee Rep. UoN Council</b>
<b>Ms. Carren Omwenga</b>	<b>Trustee Rep. UoN Council</b>
<b>Mr. Ahmed Abdullahi</b>	<b>Trustee Rep. UoN Council</b>
<b>Prof. Ivivi Mwaniki</b>	<b>Trustees Rep. Academic Staff (<i>appointed as a Trustee on 10<sup>th</sup> April 2024</i>)</b>
<b>Ms. Sylvia Obulinji</b>	<b>Trustees Rep. Non-Academic Staff (<i>appointed as a Trustee on 10<sup>th</sup> April 2024</i>)</b>
<b>Mr. Francis Kivindu</b>	<b>Trustees Rep. Academic (<i>appointed as a Trustee on 10<sup>th</sup> April 2024</i>)</b>
<b>Prof. George Gitau</b>	<b>Trustee Rep. Academic Staff (<i>discharged as a Trustee and Chairman 9<sup>th</sup> April 2024</i>)</b>
<b>Prof. Stephen Kiama</b>	<b>Trustee Rep. UoN Council(<i>discharged as a Trustee on 2<sup>nd</sup> August 2024</i>)</b>
<b>Ms. Hannah Mukua</b>	<b>Trustee Rep. Non- Academic Staff (<i>discharged as a Trustee and Chairman on 9<sup>th</sup> April 2024</i>)</b>
<b>Mr. Meshack Juma</b>	<b>Trustee Rep. Non- Academic Staff (<i>discharged as a Trustee on 9<sup>th</sup> April 2024</i>)</b>

## **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.**

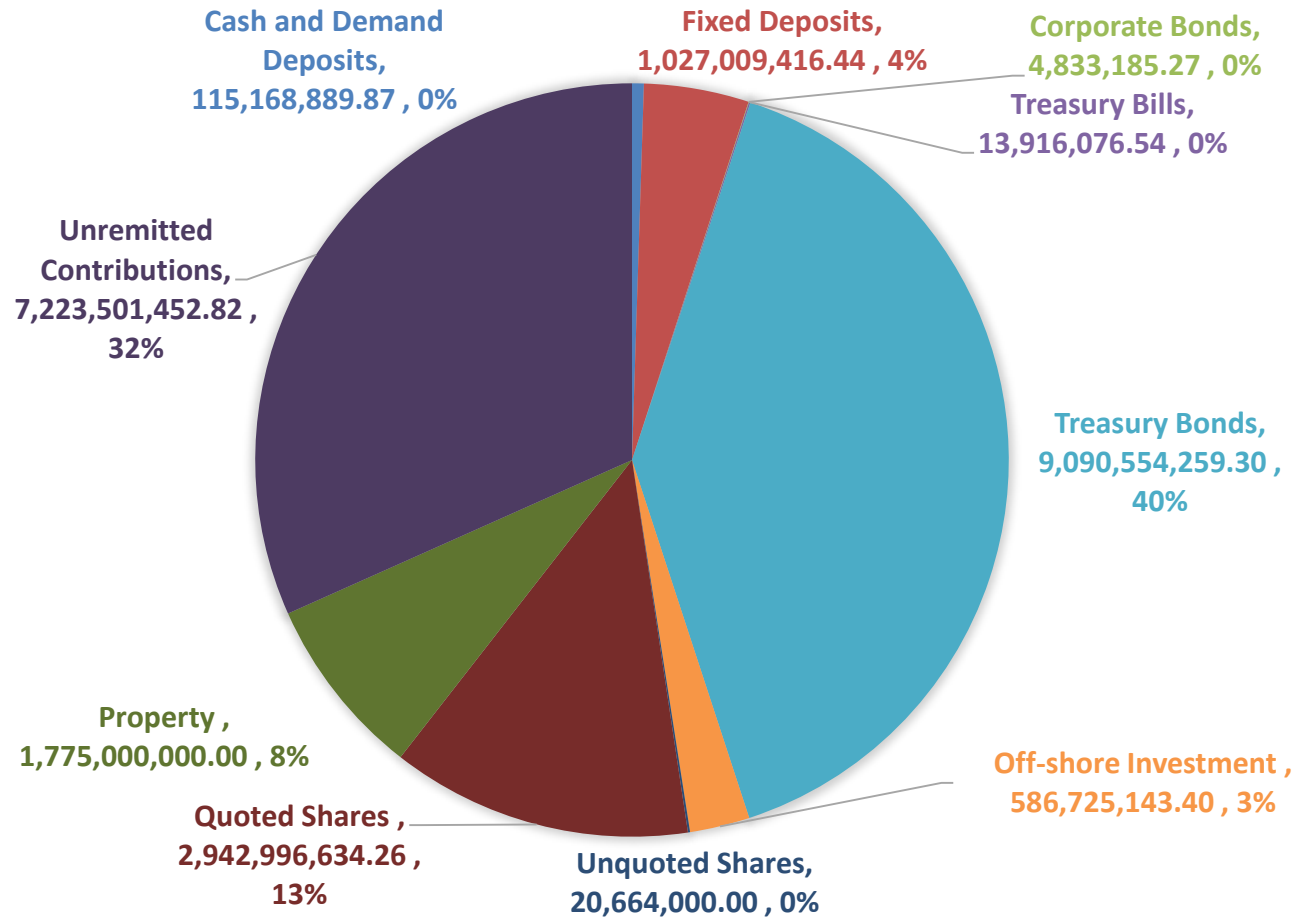
**The Trustees maintain two fund managers so as to ensure the Scheme gets the best possible return as this creates a healthy competition amongst the fund managers.**

**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 (includes unremitted contributions) as at **30<sup>th</sup> June 2024** was **KShs. 22,800,369,057.90** up from KShs. 21,418,322,399.43 for the previous year ended **30<sup>th</sup> June 2023**. Except for the unremitted contributions, all other investments as reflected in the pie chart below were within the RBA guidelines.

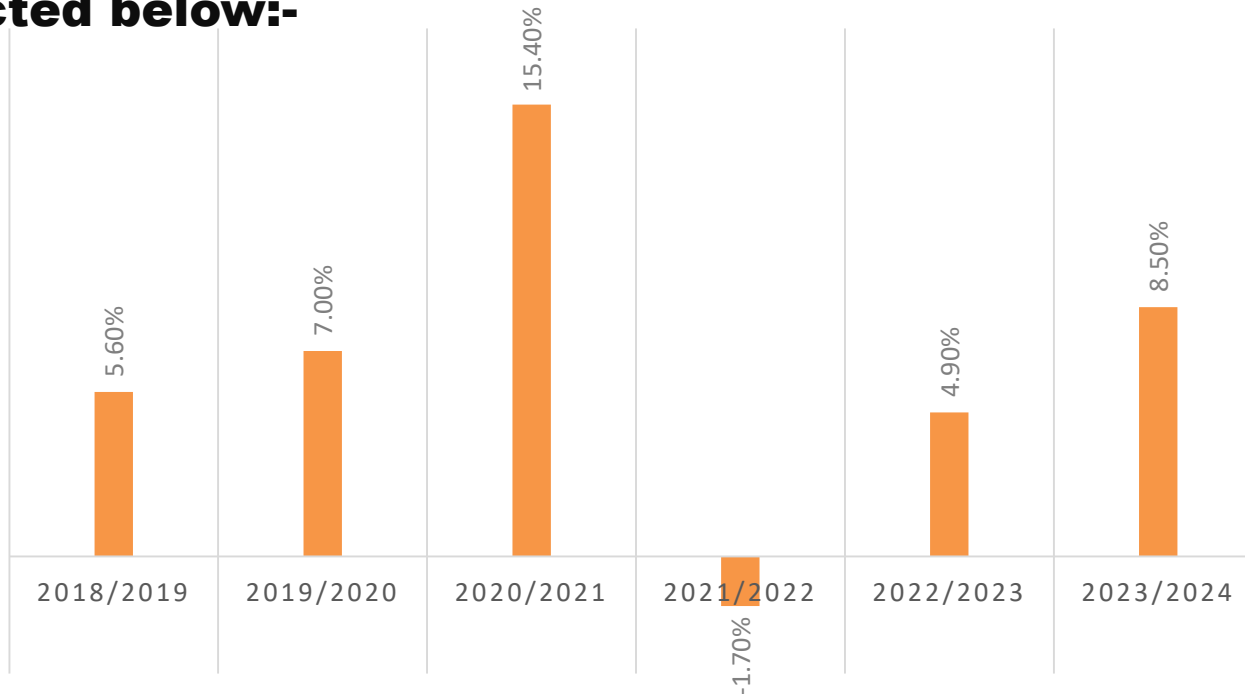




# Rate of Return

**In the year ended 30<sup>th</sup> June 2024, for registered contributions, the Trustees declared a rate of return of 8.5% p.a. up from 4.9% p.a. for the year ended 30.06.2023.**

**For the unregistered contributions, the Trustees declared a rate of return of 6.4% p.a. up from 2.2%p.a for the year ended 30.06.2023. Over the years, the rate of return has been as reflected below:-**



# 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) **(this may change after the current CBA is implemented)**
- A member is paid a cash lump sum of 1/3<sup>rd</sup> and the 2/3<sup>rd</sup>s 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 basic 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 are 1/3<sup>rd</sup> cash lumpsum and 2/3<sup>rd</sup>s purchase of annuity or income drawdown
- 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 pension scheme
- When a member relocates permanently, they can be paid their total accrued benefits

## **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**

- Unremitted pension contributions as at 30.06.2024 stood at Kshs. 7.2 billion (32% of the total fund value).
- The Sponsor has been remitting the 10% employee portion of contributions faithfully but the Sponsor portion has continued to accumulate.
- Interest on the unremitted contributions for the year 2023/2024 was KShs. 576 million, charged at the rate of 8.5%. This will be added to the balance on the unremitted contributions in the year 2024/2025.
- The Trustees will continue to put pressure on the Sponsor to clear the unremitted contributions or prepare a revised feasible remedial plan as required by RBA so that the Scheme operations are not adversely affected.
- Despite the unremitted contributions being 32% of the scheme's fund value, the Scheme has continued to pay the retiring/exiting members efficiently and in a timely manner.
- The agreement between the Sponsor and the Board of Trustees is that the Sponsor would pay the unremitted contributions for all exiting members so that the members are paid their total pension dues.
- The Sponsor has not kept this promise despite the Board of Trustees paying the full pension dues to exiting members.
- To date, the amount has accumulated to **Kshs. 652.3 million**.
- The Retirement Benefits Authority (RBA) guidelines requires that members should only be paid what has been remitted.
- **The Trustees have requested the Sponsor to immediately clear the Kshs. 652.3 million of unremitted contributions already paid to members who have already exited.**
- **If the Sponsor does not clear outstanding amount of Kshs. 652.3 million immediately, the Board of Trustees may be forced to implement the RBA guideline of paying retirees only what has been remitted to the Scheme**
- This will help safeguard the sustainability of the Scheme.

# **Retiring Members**

- **The Trustees have always ensured that all retiring members are paid promptly 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 2/3rds 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 five (5) 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 dues without delay.**
- **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.**

# Resignations/Terminations

- **All members who resign or are terminated are expected to get clearance from the Sponsor before their pension dues are processed by the Scheme.**
- **This will ensure that no person who has resigned or has been terminated because of fake certificates is paid**

## **Members Portal**

- **The implementation of the pension administration software is at an advanced stage.**
- **Members can now access their members' statements for 2023/2024 through the members portal.**
- **Members can also update their beneficiary details online.**
- **Members induction on how to access and navigate through the members portal will be done**
- **Members need to keenly study their statements and raise any issues with the secretariat.**

## **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.**



## **Additional Voluntary Contributions (AVCs)**

- **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 enjoy a post-retirement medical fund relief which is 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.**
- **The Scheme has in place an approved Trustees Remuneration which will be in place until June 2027 as members' approved it in the AGM held on 30.11.2023.**
- **The policy stipulates that remuneration is payable only for the following meetings**
  - (i) **Board of Trustees Meetings – maximum of six (6) meetings per year inclusive of the Annual General Meeting;**
  - (ii) **Investment & Finance Committee meetings- maximum of six (6) meetings per year;**
  - (iii) **Administration & Communications Committee meetings- maximum of six (6) meetings per year;**
  - (iv) **Audit & Risk Committee meetings- maximum of six (6) meetings per year;**
- **Trustees are allowed to attend conferences related to the scheme business for a duration that shall not exceed five days in each year. The number of days excludes the dates for the Trustee Development Programme Kenya training. Stakeholder sensitization forums held by the Authority shall not be considered as trainings.**
- **Trustees are paid subsistence allowance as follows:-**
  - (i) **For Nairobi, Kisumu, and Mombasa, the maximum payable to Trustees is twenty thousand shillings before tax per day**
  - (ii) **For other towns, the maximum payable to Trustees is fifteen thousand shillings before tax per day**

# Trustees Remuneration Policy (continued)

## Sitting Allowance Payable before tax

**\*The Chair of the Board is not allowed to sit in any of the three (3) sub committees of the Board.**

Type of meeting	Allowance (KShs) subject to tax (Per person/ per meeting)		
	Chairman	Member	Co-opted
Board of Trustees Meeting/Annual General Meeting	40,000*	25,000	25,000
Investment & Finance Committee meeting	20,000	20,000	20,000
Administration & Communication Committee meeting	20,000	20,000	20,000
Audit & Risk Committee meeting	20,000	20,000	20,000

# **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 liaise closely with the Sponsor to either clear the unremitted contributions or hasten the preparation of the feasible remedial plan.**
- **The Trustees will continue to push the Sponsor to remit the Kshs. 652.3 million immediately.**
- **Going forward, the Sponsor may be required to remit the unremitted amount of a member before that member is paid so as to ensure sustainability of the Scheme.**
- **The Trustees will keep the members posted on the progress.**

# **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; the service providers for their dedicated service and to you, our members, thank you for your continued support, encouragement and continuous feedback.**

**MERRY CHRISTMAS AND A PROSPEROUS BLESSED NEW  
YEAR 2025  
GOD BLESS US ALL**