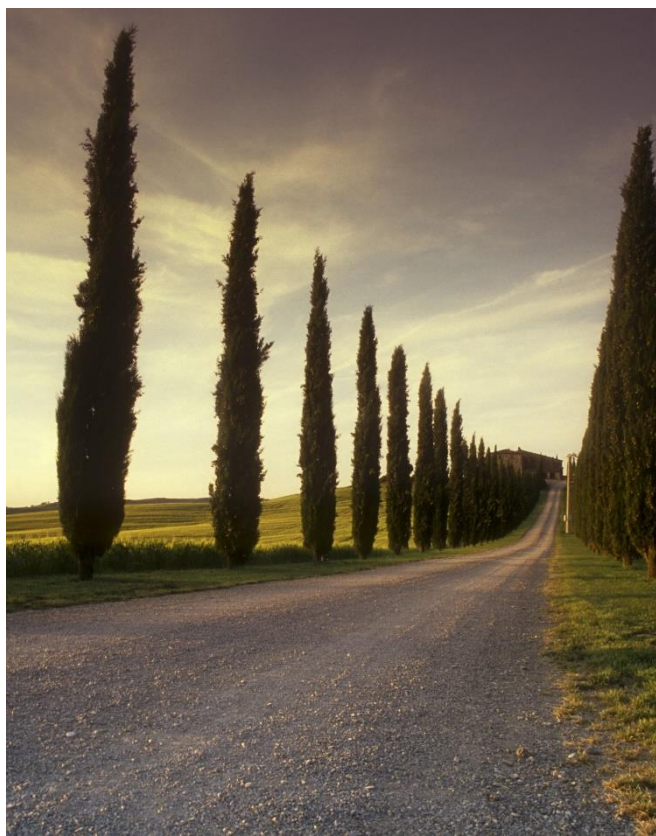




# RESEARCH DISSEMINATION FORUM



## THE EIGHTH PENSIONERS' AND RETIREES' SURVEY 2022

**5<sup>TH</sup> OCTOBER 2022**

*Sarova Panafric Hotel, Nairobi*



## AGENDA

- ❑ INTRODUCTION
- ❑ OBJECTIVES & SCOPE
- ❑ METHODOLOGY
- ❑ DEMOGRAPHY
- ❑ KEY FINDINGS QUANTITATIVE
- ❑ KEY FINDINGS QUALITATIVE
- ❑ RECOMMENDATIONS



## INTRODUCTION

- ❑ Main purpose of pension systems is to provide income security in retirement.
- ❑ The pension policies should protect members and retirees & guarantee decent livelihoods in retirement.
- ❑ The policies seek, out of their incomes, to smoothen consumption over their life cycle: examining income adequacy, insuring against risks that may erode this.
- ❑ Therefore well being of retirees is critical to researchers.
- ❑ Regular Pensioners Survey is important to understand retirees' welfare

## OBJECTIVES

Overarching objective:

Established the retirement experience of our pensioners, their living standards conditions, challenges & their overall wellbeing, with a special focus on their health management.

Specific objectives:

- ❑ Undertake a situational analysis of pensioners including their demographic profiles.
- ❑ Examine determinants of their overall well-being – their needs & economic factors influencing their welfare.
- ❑ Examine how the pensioners manage their health – health care needs.
- ❑ Identify interventions, policy or otherwise, that could improve their

## SCOPE

- ❑ The survey covered pensioners who were members of occupational schemes and retired in the last five years.
- ❑ RBA focused on occupational retirement benefits schemes since it forms the bulk of retirement schemes in Kenya.
- ❑ Picked retirees in the last 5 years: 2016 – 2020
- ❑ The list of Administrators had a total of **17,927**
- ❑ List trimmed to **6,234** [after removing duplicate names, those without contacts. Contacts are for interviews].

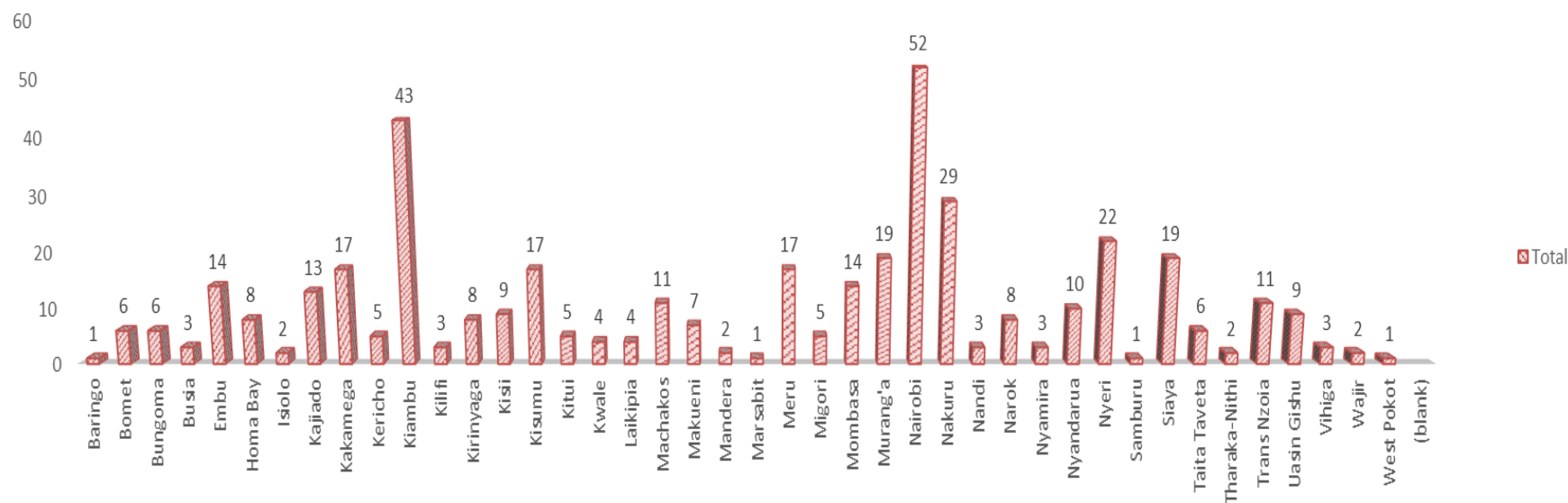
A close-up photograph of a wooden pencil with a sharpened lead tip resting on a piece of paper. The paper features a line graph with a grid. The y-axis has labels for 50 and 100. The x-axis has labels for '93 and '98. The graph shows a line that fluctuates and generally trends upwards. The background is slightly blurred.

# KEY SURVEY FINDINGS QUANTITATIVE

# DEMOGRAPHICS

Count of 1. Place of residence

## COUNTY OF RESIDENCE



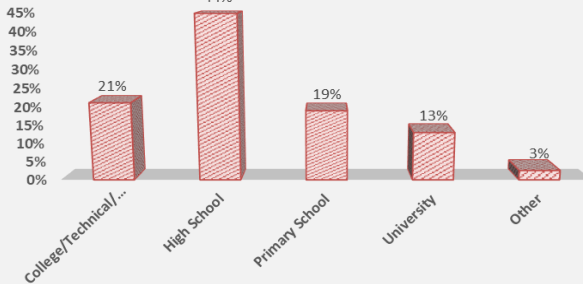
1. Place of residence

- ❑ 424 Pensioners were interviewed out of a sample of 602 - response rate of 70.43%.
- ❑ Retirees from 42 counties with the majority from Nairobi & Kiambu were interviewed.



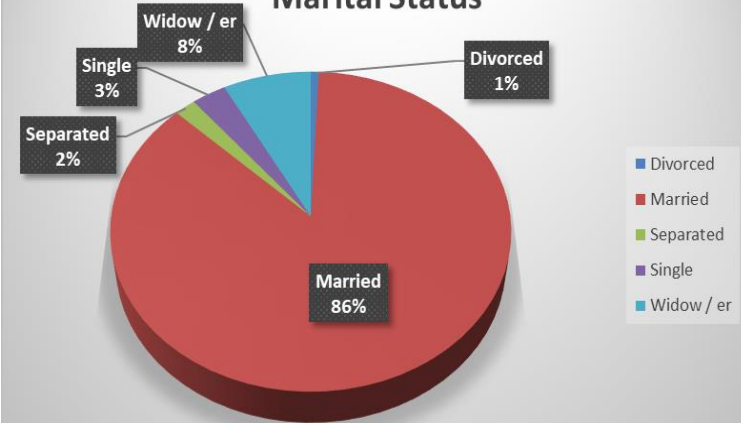
## DEMOGRAPHICS

### LEVEL OF EDUCATION

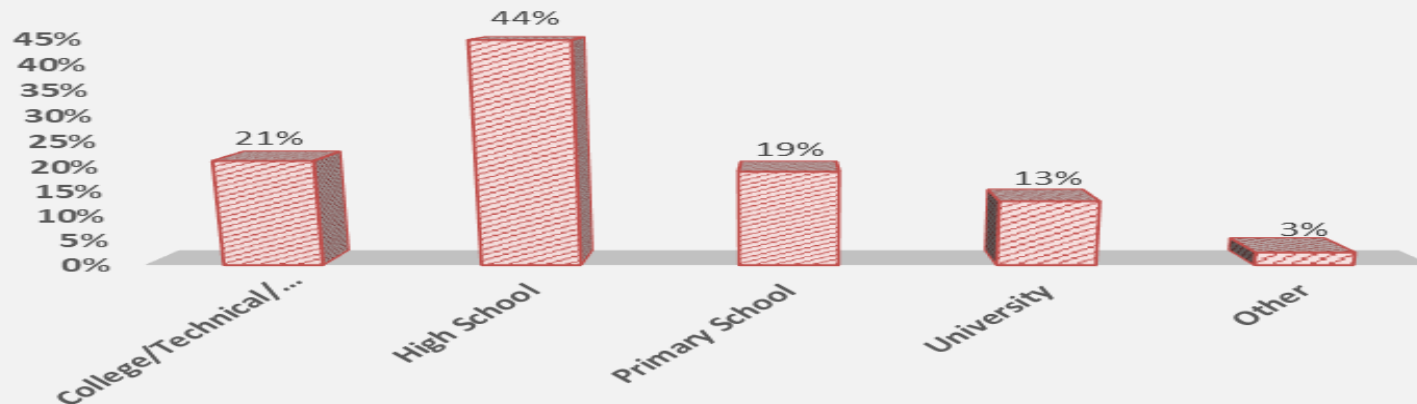


Age by Gender distribution					
Age Group	Male	Female	Total	% of total	
50-59 Years	71	36	107	25%	
60 - 69 Years	229	81	310	73%	
70 - 79 Years	4	3	7	2%	
Total	304	120	424		
% of Total	72%	28%			Marital status
Religion	Education level				

### Marital Status



### LEVEL OF EDUCATION



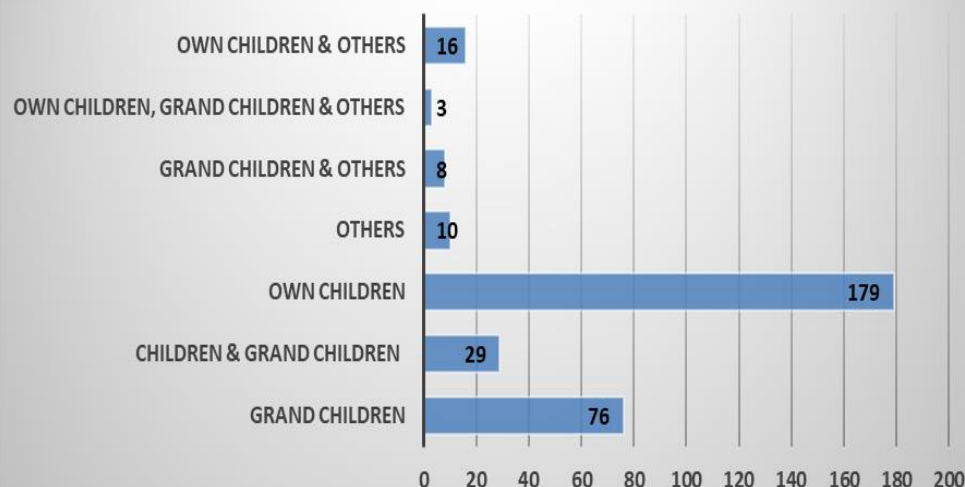




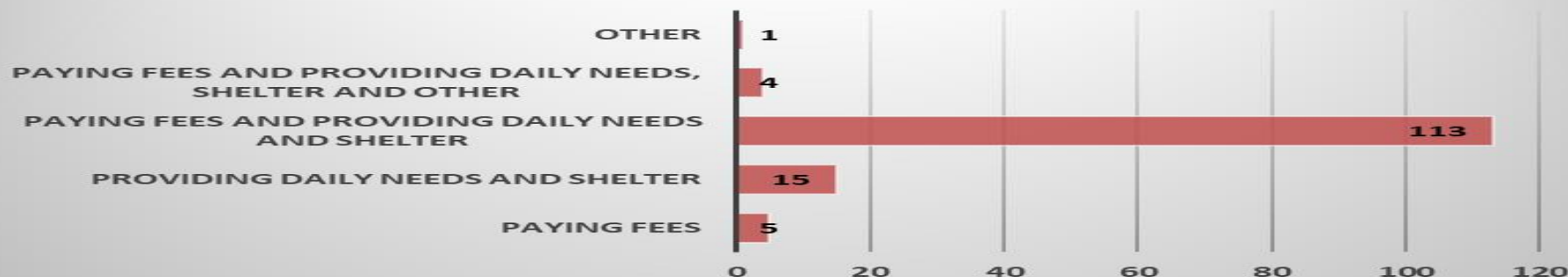
# DEPENDANTS

	Yes	No
<b>Dependents</b>	<b>88%</b>	12%
<b>Under 5 years</b>	171	
<b>6 - 10 years</b>	178	
<b>11 - 15 years</b>	240	
<b>16 - 20 years</b>	246	
<b>21 - 25 years</b>	284	
<b>Over 25</b>	<b>377</b>	
<b>Total Count</b>	<b>1496</b>	

## Relationship with dependents below 18 years



## Support provided to dependents who are not own children



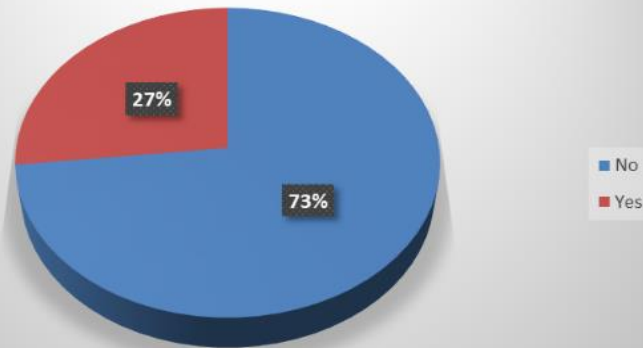


## DEPENDANTS- KEY FINDINGS

1. The 88% of the retirees interviewed had a total of 1496 dependents who were still relying on them for support.
2. The highest number of dependents, 377, was in the age category 25 years. This could indicate the state of job scarcity in the country that was further exacerbated by the Covid\_19 pandemic.
3. The number of responsibilities have increased for the retirees taking care of their grandchildren.
4. The responsibilities include payment of school fees, health care, household expenditures among others

# ADEQUACY OF BENEFITS

Where the savings adequate for retirement



## ADEQUACY OF BENEFITS

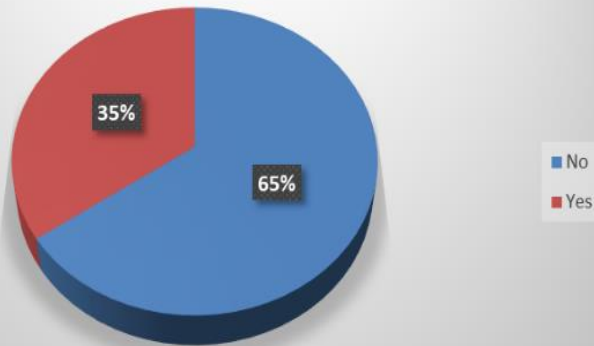
		No	Yes
scheme type	I do not Know	90%	10%
	Pension Scheme	77%	23%
	Provident Fund	68%	32%
Gender	Female	71%	29%
	Male	74%	26%
Dependents	No	69%	31%
	Yes	74%	26%
Other Income	No	77%	23%
	Yes	67%	33%



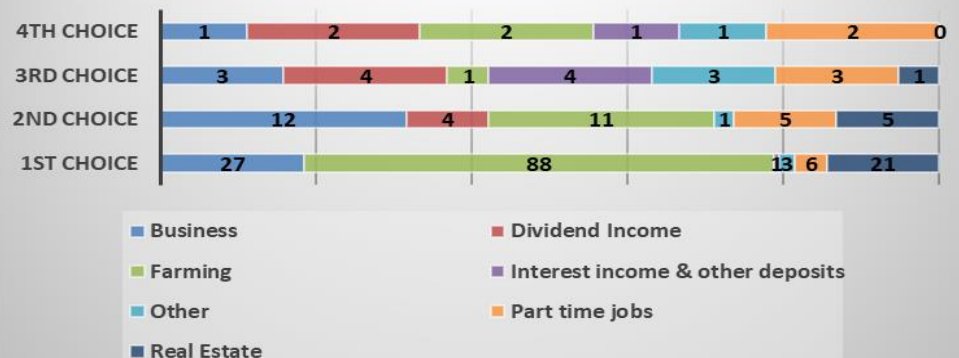


# SOURCES OF INCOME

availability of any other source of income before retirement



Ranking of the four most important sources of income



	1st Choice (Kes.)			2nd Choice (Kes.)		
	Farming	Business	Real Estate	Farming	Business	Real Estate
Average	20,768	32,375	54,458	23,363	14,316	19,400
Maximum	120,000	250,000	190,000	150,000	30,000	50,000
Minimum	2,000	1,000	3,630	4,000	800	12,000



## EXAMPLES OF FARMING ACTIVITIES

**Poultry farming**



**Tea farming**

**A retiree in his farm**

**Pig farming**



## EXAMPLES OF BUSINESSES OWNED BY RETIREES

**School uniform business**



**Curio shop**



**Hardware**



**Posho Mill**



**Gym**



## ADEQUACY OF BENEFITS and INCOME - KEY FINDINGS

1. A Majority, 73% of the respondents believed the savings were not adequate for retirement so most of them, 65% of respondents, supplemented their benefits with additional sources of income.
2. Income from business and real estate had much higher earnings on average than farming which was ranked as the 1<sup>st</sup> source of income.
3. Respondents who ranked business as a first choice having an average monthly income of Kes 32,375 and those who ranked real estate having an average monthly income of Kes. 54,458 compared to those who ranked farming, as a most important source having an average income of Kes. 20,768 Kes.

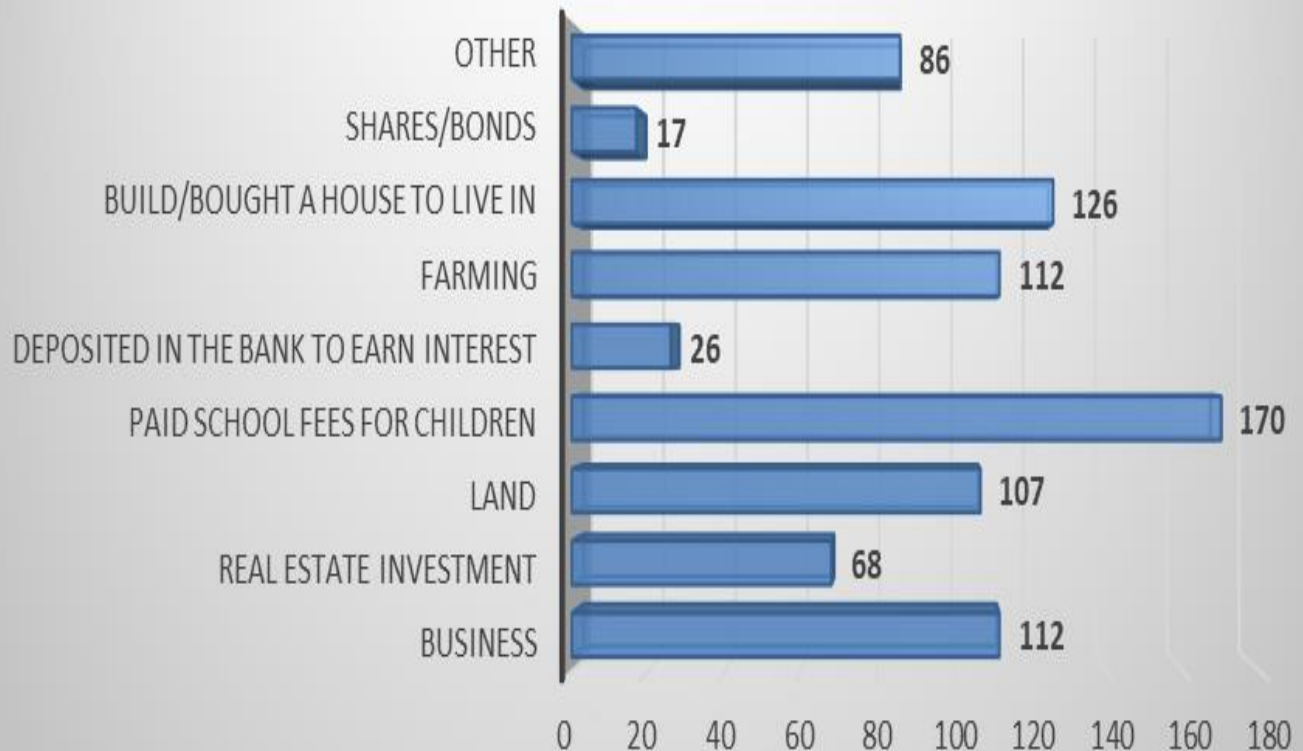




# HOW RETIREES UTILISED THEIR LUMP SUM PAYMENT



How did you spend the lumpsum amount paid at retirement





# RETIREMENT HOMES FOR THE RETIREES



## RETIREMENT PLANNING – KEY FINDINGS

1. Only 30% of the retirees interviewed had attended a retirement planning training
2. 82% of the retirees who attended the training were satisfied with the adequacy of the training
3. 86% of the retirees who attended the training mentioned that the training had an impact in their retirement





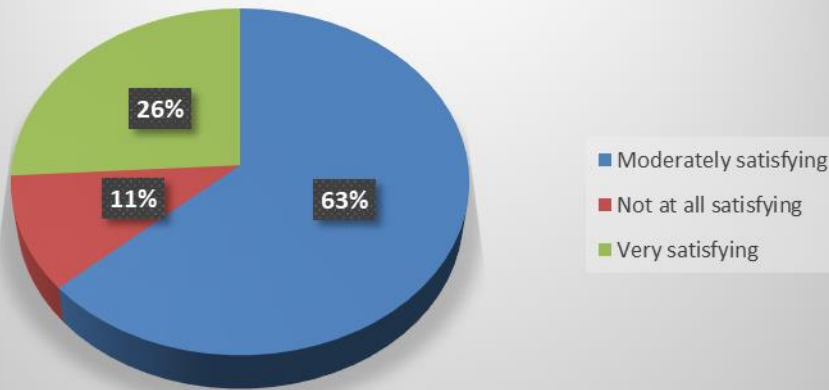
## RETIREEES' WELLBEING- KEY FINDINGS

Statement that best describes your life in retirement

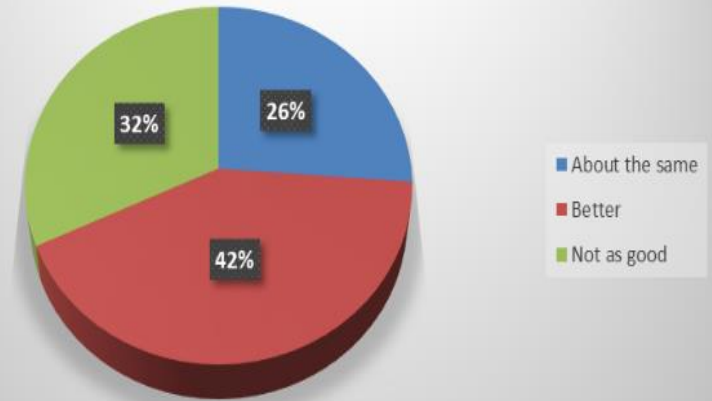


## RETIREEES' WELLBEING – KEY FINDINGS

Best description of how your retirement has turned out to be.



How has been your retirement years compared to the years just before you retired?



**42% of the respondents felt that their life was better after retirement compared to the years just before retirement. 32% felt that life after retirement was not as good while 26% felt that their life was about the same**



## RETIREEES' WELLBEING – KEY FINDINGS

1. 63% of the respondents felt that their retirement had turned out to be moderately satisfying while 26% were very satisfied.
2. Only 11% of retirees were not satisfied with how their retirement turned out to be.
3. It is notable that of the 3 categories the percentage of those who were not satisfied at all was higher for those without another source of income and those who did not receive a pension.

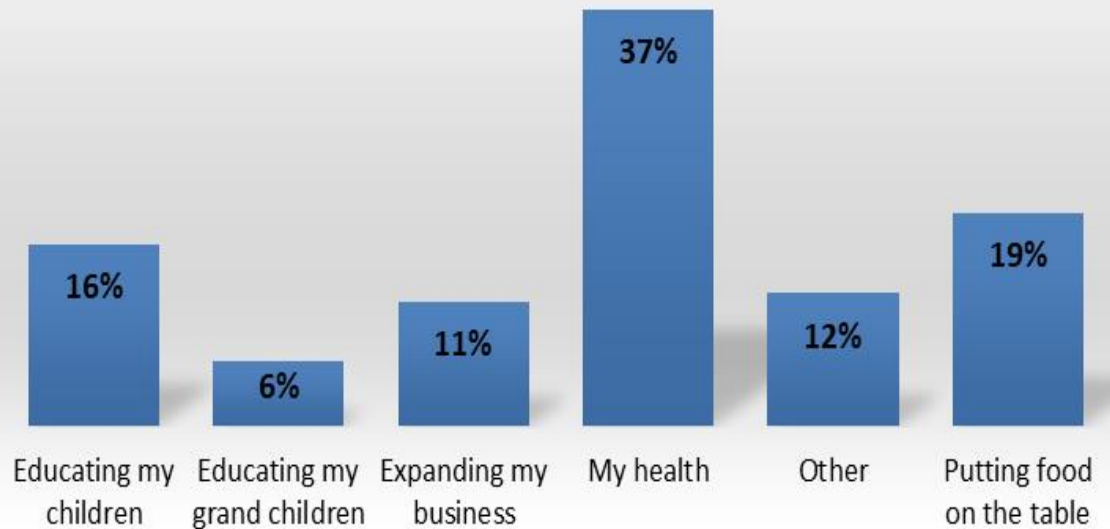


## RETIREEES' HEALTH NEEDS- KEY FINDINGS



IT IS  
HEALTH THAT  
IS REAL  
WEALTH  
AND NOT PIECES  
OF GOLD  
OR SILVER.  
-MAHATMA GANDHI

What is the most important thing in  
your life?

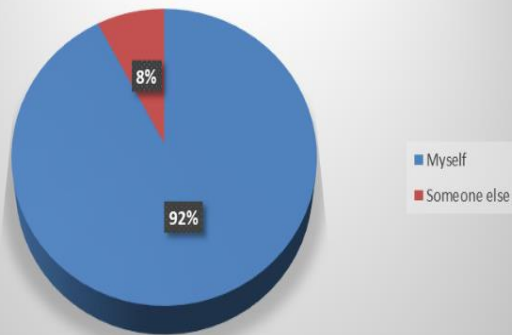




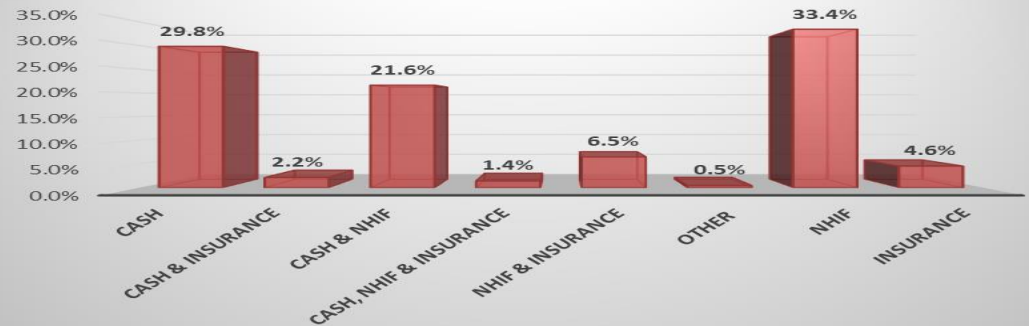


# RETIREEES HEALTH

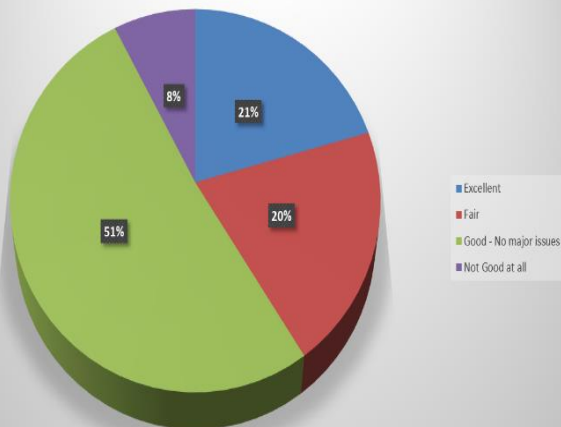
Who pays for your health services?



How do you finance/pay for your health services?



How do you rate your health at present?



How do you rate your health at present?

How do you finance your health services?

Who pays for your medical services

Distribution of relationship with someone else who pays for their health services

Relationship

Frequency

Spouse

19

Own children

5

Government/politicians

3

Church

2

Former scheme

1

Employer

1

Sibling

1

Total

32



## RETIREEES' HEALTH NEEDS- KEY FINDINGS

1. More than half of the retirees, 51% were in good health and had no major issues.
2. 21% rated their health as excellent, while 20% rated their health as fair. Only 8% indicated that their health was not good at all. To finance/ pay for their health services
3. 33.4% of the respondents relied on only NHIF while 29.8 % relied on only cash. 21.6% of the respondents paid using both cash and NHIF. The 0.5% who selected other indicated that they got free services.
4. 92% of the respondents indicated that they paid for their health services themselves. The remaining 8% had their health care being paid for by their spouse, children, siblings, the government/ politicians, Church, former scheme and their employer.



# IMPACT OF COVID ON RETIREES

IMPACT OF COVID ON RETIREES	FREQUENCY	%
My business was affected (Low sales, struggled to pay salaries, high cost of inputs, closure)	154	35%
Not affected	87	20%
Inflation (Tough economy, high cost of living, increase prices of goods)	65	15%
Could not socialize	32	7%
My health was affected	24	6%
Lost jobs	22	5%
My children lost their jobs	17	4%
My family's health was affected	8	2%
I was scared/ stressed	7	2%
Travel restrictions	6	1%
Closed schools	5	1%
Delayed pension	4	1%
My loved ones passed away	3	1%
	434	

## CHALLENGES FACED WHILE RETIRING-KEY FINDINGS

1. 55% of the retirees faced no challenges with their respective schemes.
2. Of those who faced challenges 15% had a challenge of delayed benefits
3. 12 % unpaid benefits due to either underpayment, remittance of contribution
4. 5% had a challenge of poor communication/ lack of information from the scheme
5. 4% were unaware of the benefits calculation.

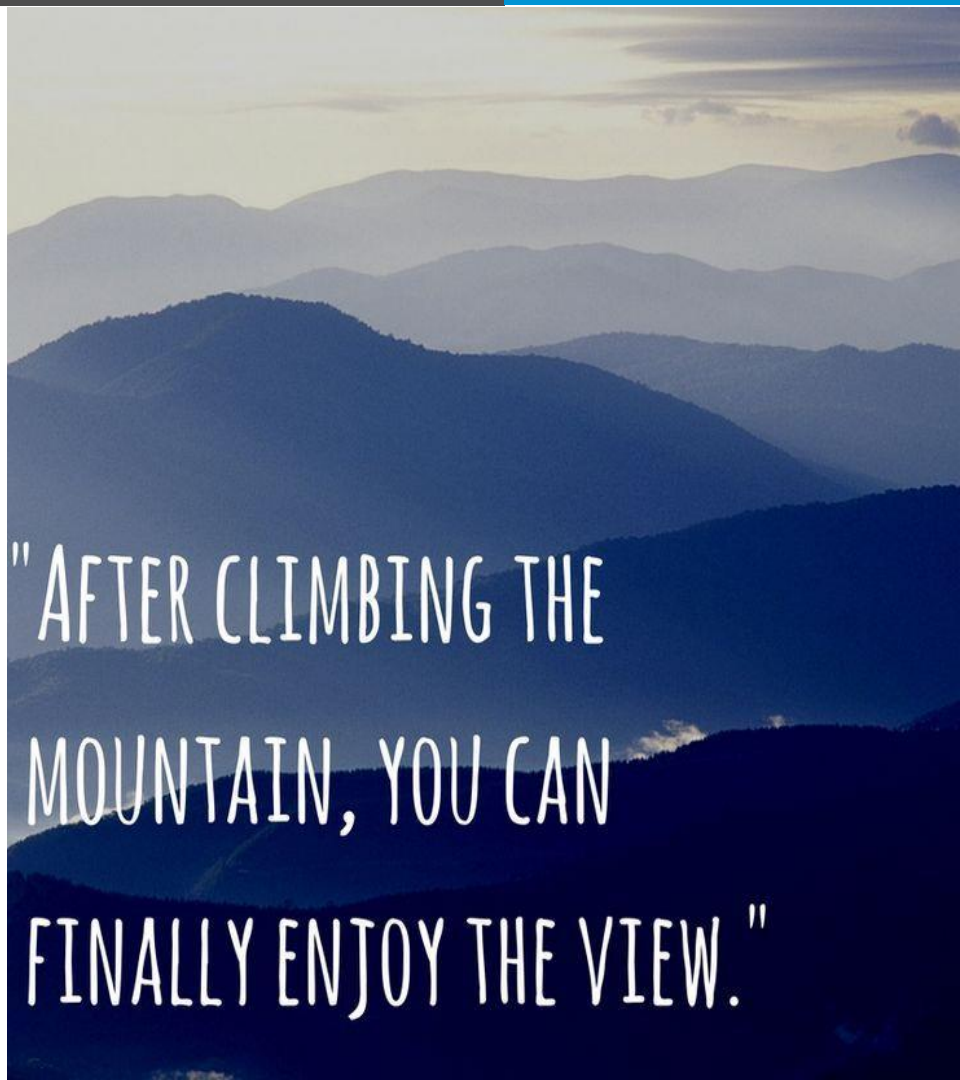
CHALLENGES FACED WHILE RETIRING	FREQUENCY	%
No challenge	237	55%
Delayed benefits	65	15%
Unpaid benefits	50	12%
Poor Communication	20	5%
Unaware of benefit calculation	17	4%
Low benefits	14	3%
High taxation	11	3%
No increment	11	3%
AGM meetings not central, delayed	3	1%
Count	428	

## RECOMMENDATIONS BY RETIREES TO ADDRESS CHALLENGES

1. RBA should intervene in cases of unpaid and delayed benefits
2. RBA should enforce remitting of contributions by employers
3. Payment of benefits should be done in time.
4. Increase in contribution percentage.
5. The full amount of benefits should be paid without taxation.
6. Adequate civic education should be provided on saving and the type of schemes.
7. Employers should have loose rules on where their employees should save.
8. Some members (retirees) should be appointed to the board of the schemes to represent their challenges.
9. Employers' contributions should be checked regularly by the schemes to avoid defaults.

## ADVISE FROM RETIREES TO MEMBERS

- Increase your pension contributions.
- Begin saving early for retirement.
- Have more than one source of income while still working
- Research adequately on types of schemes before saving.
- Invest your lumpsum in assets that appreciate in values
- Build a house for retirement

A photograph of a mountain range with a quote overlaid. The mountains are layered, with the closest ones in dark blue and the distant ones fading into a hazy, light blue. The sky is a pale, hazy blue with some light clouds. The quote is written in a white, hand-drawn style font.

"AFTER CLIMBING THE  
MOUNTAIN, YOU CAN  
FINALLY ENJOY THE VIEW."



A close-up photograph of a wooden pencil with a sharpened lead tip resting on a piece of paper. The paper features a line graph with a grid. The y-axis has labels for 50 and 100. The x-axis has labels for '93 and '98. The graph shows a line that starts at a low point, rises sharply, and then fluctuates. The background is slightly blurred, showing more of the graph and the pencil's body.

# KEY SURVEY FINDINGS QUALITATIVE





## PERCEPTIONS ABOUT RETIREMENT- KEY FINDINGS

For most of the retirees, the word retirement meant freedom to run personal errands without being monitored or supervised. Some of the notable quotes from the participants included:

*“When you are employed, you have to retire. Initially I got a challenge adjusting since I was used to waking up early and going to work then going for lunch at 12.30pm”.*

*“I thought that when I go into retirement, I would die. However, this feeling went away when I was taken to Mombasa for a seminar on retirement planning. I came to understand that it is simply a change which is normal”.*

*“Retirement means being free from monitoring even in the system logins. When I approached 55 years of age, I became lazy at work. I felt like retirement had set in and when it finally came, I celebrated. The only challenge I had in reduced income”.*

## PLANNING FOR RETIREMENT – KEY FINDINGS

Some retirees had planned for their retirement by investing during their working life hence they were assured of an income stream during retirement while others started planning for their retirement late in life after being

*“I got a lot of training and lessons from my father who was still working and would encourage us to save while working. I also got a lot of encouragement from colleagues”.*

*“I was lucky to have attended a pre-retirement training organized by my employer. I was also running some side hustles (Businesses) which enabled me to plan well for retirement. I come from central Kenya, but I’m stuck here in Kisumu even after retirement because of the connections I built while working here. Unfortunately, my husband passed on before I retired so I control my time”.*



## PLANNING FOR RETIREMENT – KEY FINDINGS

1. Prior to making these investments, some trustees sought professional help from financial advisors, Agricultural officers, while others got their advice from colleagues, mentors and family members.
2. Some participants who shied away from experts or financial advisors due to perceptions that they would be conned. One of the participants mentioned that she was conned Kes. 200, 000 from a person who introduced himself as an investment advisor.
3. The retirees pointed out that there was need for employers to prepare employees early enough rather than waiting until a few years or months to retirement.
4. Employers to also ensure that the duration of the workshop is extended and have counsellor in place to help the retirees.



## RETIREMENT WELLBEING – KEY FINDINGS

1. All the participants agreed that their life in retirement was much better.
2. A number of them had supplementary income from investments in rental houses, sugarcane farming and other businesses.
3. All the participants noted that their financial status was fairly good.
4. They notified us that their health status was fairly good apart from a few who had partial hearing disability and a minor medical condition.
5. They rated their lives in retirement as satisfying and fulfilling since they were able to manage their businesses and be with their family members.
6. A few members admitted they were making more money in retirement than before retirement.

## MOST IMPORTANT THINGS TO RETIREES

**The participants mentioned the following as the most important things to them in retirement.**

- Life and good health
- Peace of mind
- Freedom that comes with retirement
- Free time to spend with family and do personal things
- Financial stability
- Social connections
- Medical care



## SOCIAL LIFE IN RETIREMENT

*"I spend most of my time in the house since my wife is always out for Chamas. On Sundays, I spend most of my time in church. I was told during pre-retirement training that I need to accept that my wife will not always be with me all the time".*

*"I was warned during training that I should avoid as much as possible involvement in too many community leadership roles and church leadership roles as you might end up being left alone to shoulder some of the financial requirements*

*"There is a challenge of long-distance relationship which makes some spouses to be like strangers to each other after retirement".*

## RETIREMENT HOMES

Most of the participants were not supportive of the idea of taking the retirees to homes for the elderly as this would look like abandoning them. However, one participant held the view that homes for elderly was a good idea to help kill boredom for the older persons.

*"It is not right to abandon somebody who has taken care of you all through your life. I don't support taking the old to homes for the elderly as it is against the teachings of the bible in Ephesians 6: 1-3 which says that caring for your parents adds days into your life".*

*Previously, the family set up was more of community living however, nowadays it's a different set up since even the closest relatives may not take their time to take care of the old people. Therefore, the elderly need company. Hopefully it is something that will be accepted in the future."*



## CARE FROM CHILDREN

- ❑ Most of the participants were of the view that parents (retirees) should not entirely rely on their children for support.
- ❑ Children should only come in to support occasionally when they are able to.
- ❑ Current generation of children are not responsible enough to take care of their elderly parents.
- ❑ Children tend to give more support to their mothers than fathers as they are closer to their mothers while some mentioned that female children tend to give more support to their parents than their male counterparts who sometimes even avoid phone calls from their parents.

***“Teach your children that blessing come from the father and not the mother hence the need for equality”***

***The current crop of children is very difficult to rely on for survival. It is therefore important to plan with your pension and let children only chip in if they are able to”.***

## ADEQUACY OF RETIREMENT BENEFITS

- ❑ Most participants agreed that a pension payment is better than a lump-sum payment. However, they noted that pension alone would never be enough to cover one's expenditure in retirement due to the rising inflation rates.
- ❑ However, they noted that lumpsum benefits is not bad if someone has planned for it. If one is not ready for the lumpsum they should keep it in the scheme until they are ready.

### **Asset inheritance challenges**

- ❑ Asset inheritance by children is a challenge as mentioned by the participants. They held the view that children should never be made aware of the inheritance allocated to them.

## ADVISE TO MEMBERS

The participants noted that the most notably opportunity that comes with retirement was time and space. They recommended the following to make retirement comfortable:

- ❑ Members who are still in employment need to finish some of their responsibilities early enough like educating children.
- ❑ Have investments and businesses in place for additional income
- ❑ Employers need to be encouraged to assist their retirees to acquire medical cover.
- ❑ Pension schemes to consider annual pension increment in line with the cost of living.
- ❑ There is need to identify where you will retire to and build social connection so as not get a revolt or rejection upon retirement.

## ADVISE TO MEMBERS

- ❑ Retirees need to have financial discipline to avoid squandering their pension
- ❑ Employing relatives leads to mismanagement of investments.
- ❑ Being in denial that one has retired can have a negative effect to the family.
- ❑ Embrace skills while still in active employment that can help in retirement.
- ❑ Diversify your business to avoid risks.
- ❑ Start a business while still working in order to continue with the business in retirement. Ensure that you supervise the business to avoid theft from workers.
- ❑ Advise to remain members of Sacco even in retirement in order to enjoy loans facilities since most banks may be unwilling to give loans to pensioners.
- ❑ It is important to have time management skills and a list of priorities to effectively utilize time in retirement.

## PARTING SHOT FROM RETIREES

- *“Don’t be always available when there is a problem. Don’t be Mr or Mrs Available. Idleness is the worst thing at retirement”*

*“Have self-drive, don’t interfere with other peoples’ business”*



## RECOMMENDATIONS

1. RBA needs to make it compulsory for scheme members to attend pre-retirement training between 5 to 10 years before retirement.
2. RBA needs to revise its training to accommodate spouses of the pre-retirees and a special program that targets the youth as well.
3. RBA should ensure that there is continuity in training even after retirement to ensure a smooth transition between employment and retirement.
4. The government needs to look deeply into the issue of medical cover for retirees especially the outpatient limits which are very low for retirees.
5. Pension increment on regular basis to cope with the increasing cost of living should be necessary. There is need to have in the market inflation linked annuities to protect retirees' pension against the rise in inflation.

# RBA contacts

[www.rba.go.ke](http://www.rba.go.ke)

Toll-free line: 0800720300

Email: ([info@rba.go.ke](mailto:info@rba.go.ke) and [complaints@rba.go.ke](mailto:complaints@rba.go.ke))

Online complaints reporting (<http://portal.rba.go.ke/complaints/>)

Whistle blower portal (<http://portal.rba.go.ke/whistleblower/>)

Online submission of statutory returns for schemes and service providers



Facebook, Twitter, Instagram: - @RBAKenya & LinkedIn: Retirement Benefits Authority.