

*“An inclusive, secure &
growing retirement benefits
sector”*

ANNUAL GENERAL MEETING

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

Jackson Nguthu
2nd December 2022



AGENDA

- ❑ The role of RBA
- ❑ Your Scheme
- ❑ Recent changes in the sector
- ❑ Emerging issues in pension Sector



THE ROLE & OBJECTIVES OF RBA

REGULATE

Establishment
and
management
of retirement
benefits
schemes

PROTECT

Interests of
scheme
members
and
sponsors

PROMOTE DEVELOP- MENT

Retirement
benefits
industry

ADVISE

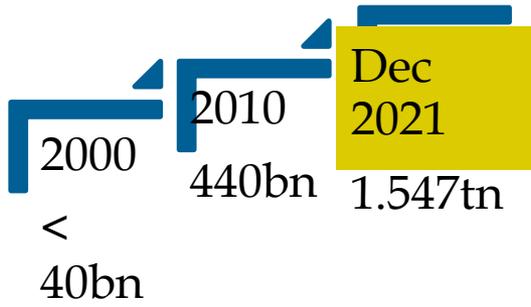
Cabinet
Secretary,
Treasury on
national
policy
relating to
the
industry

IMPLEMENT

All
government
policy
relating to the
industry

SUMMARY INDUSTRY PERFORMANCE

Assets: KSHS



Registered Service Providers

2001

Managers: 11
Custodians: 10
Admins.: n.a

2022

Managers: 24
Custodians: 12
Admins.: 29

Strategy
June
2024

2.4tn



Members: >3 Mn

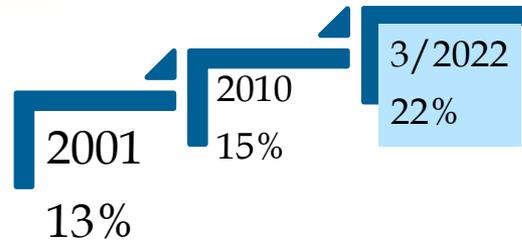
Schemes: 1,058



Trustees:

Over 6000
Min. 3, 4
Max. 9

Coverage: % Labour Force



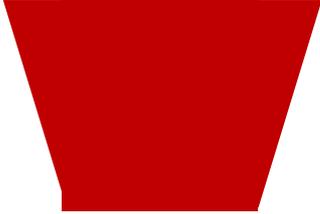
Strategy
June
2024

30%



YOUR SCHEME

- All statutory returns have been submitted
- Investments have complied with the Investment guidelines
- Trustees have complied with the disclosure requirements of the Good Governance Guidelines for Pension Schemes
- Issues of concern:
 - *Unremitted contributions of Kshs 5,625,843,305 (Sept 22)*
 - *This is 26% of the Fund assets*
 - *No remedial plan from Trustees and Sponsor*



RECENT REGULATORY UPDATES

PRUDENTIAL REGULATIONS CHANGES - I

2018-2020 Under Implementation

- ✓ 2018 **PRMF** Updates – 10% Benefits or AVC (ER may match) to a Fund
- ✓ 2018-19 **Sanctions** – Various e.g. late submissions, Contributions
- ✓ 2020 (2021 Sept) **Mortgage Regn.** – 40% max 7m or Purchase Price
 - complete House, ready for occupation
 - Can add AVC up to 100%
 - Can access joint benefits with spouse, per scheme rules
 - Encumbrance of Title

Court ruling of 23rd November 2022 has declared the amendment and Regulations unconstitutional

PRUDENTIAL REGULATION – KEY CHANGES - II

2021 Under Implementation

- ✓ **Appointment of KRA as Agent** – Trustees seek approval to appoint KRA as an agent to collect and recover unremitted contributions, interests, and penalties. Section 53B of the Act; KRA empowered to:
 - issue a 21-day notice to the defaulting employer
 - serve employer and the employers bank with an agency notice;
 - attach the bank accounts of the defaulting employer; and,
 - remit the attached funds to the Scheme, within thirty days.
 - charge cost of the recovery to the defaulting employer.
- ✓ **50% Preservation rule** reinstated i.e. 50% of Accrued benefits
 - Previously was 100% own contribution and 50% of employer's contribution AVC still allowed 100% withdrawal



PRUDENTIAL REGULATION - KEY CHANGES - III

2022 Under Implementation

- ✓ Legal Notices 71, 72, 73 and 74. Gazette Supplement No, 70 dated 14th April 2022. Effective date 4th April 2022.
 - ✓ Net rate of return credited to the member's account- as part of the minimum disclosures in financial statements and part of the AGM agenda.



PRUDENTIAL REGULATION - KEY CHANGES - III

Upcoming Regulations

- i. Corporate Trustee Regulations : CT required to register with RBA
- ii. Stand-Alone Post-Retirement Medical Schemes Regulations
- iii. Income draw down Regulations



Performance of schemes as at 30th June 2022

GROSS RETURNS		
	1 year	3 year
Average for 140 schemes	0.58%	6.93%
UON Pension Portfolio 1	-1.57%	6.97%
UON Pension Portfolio 2	-0.07%	8.26%

Emerging issues pension industry....

- Mortgage Regulations amendments; *tax treatment & incentives/ Quashing of the amendments to section 38*
- Post Retirement medical Funds : *taxation of contributions*
- Income Drawdown Regulations; (16; 18Bn)
- Governance guidelines; w.i.p AML, Trustees Remuneration guidelines
- Change of employment terms- P&P to contract;
- Unremitted contributions by most state corporations



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