ASSOCIATION OF KENYA INSURERS

A GUIDEBOOK ON RETIREMENT BENEFITS SECTOR IN KENYA

FREE COPY

THE ASSOCIATION OF KENYA INSURERS (AKI)

The Association of Kenya Insurers (AKI) is the umbrella body for insurance industry. It was registered under the Societies Act in 1987.

AKI is responsible for promoting cooperation among its members, protecting, and prompting the members' common interests, raising awareness about insurance, market research, and capacity building.

Our mission is to champion an enabling environment that promotes growth and excellence in the insurance industry.

The Association is governed by a Board of Directors made up of CEOs from member companies. The Board executes its mandate through Board Committees, Life Insurance Council, General Insurance Council and Technical Committees.

At the time of publishing this Guidebook, the Association had 54 members (Insurance companies) and 5 associate members (Reinsurance companies).

www.akinsure.com

DISCLAIMER

It is noted that a Guidebook of this kind may not cover all retirement benefits aspects in detail. While we have endeavored to provide accurate and up to-date information, the content contained or made available through this booklet is for informational purposes only. It is not intended to and does not constitute legal advice.

The information provided in this Guidebook is current as at the date of publication and is based on the current Laws of Kenya.

This Guidebook includes links to other resources or websites, which are provided for your convenience. We have no control over the content, nature, or availability of those sites.

This Guidebook was published in September 2024.

CONTENTS

To the Reader,

This Guidebook has been developed by the Association of Kenya Insurers (AKI) with the aim of providing guidance on the Retirement Benefits Sector. This publication is especially informative for Scheme Administrators, Scheme Trustees, members of a Retirement Benefits Scheme and the public.

Retirement benefits are a long-term investment to provide one with a comfortable life after an active work life.. Therefore, it is critical to understand the role and purpose of a retirement benefits scheme and the input of key stakeholders in the management of the Scheme with the end goal of providing sufficient income in retirement.

This Guidebook has been divided into five chapters. It sets the stage by highlighting the industry milestones, the legislative landscape of Retirement Benefits Schemes and the key stakeholders in this space. It also looks at the classification of Retirement Benefits Schemes and the taxation models. And finally, it outlines the governance requirements and details the roles and responsibilities of Trustees.

While this Guidebook has provided as much information as possible, a reference list of information sources has also been shared for further reading.

The structure and operations of Retirement Benefits Schemes can be complicated. In this guidebook, we have endeavoured to simplify the operational terms used and how they work.

The compilation of this Guidebook has been a collaborative effort led by the AKI Retirement Benefits Committee I extend my sincere appreciation for the time and effort invested to transform this Guidebook from concept to reality.
Special thanks to the Guidebook Sub-Committee:

1. Christopher Losialoi - Kenindia Assurance Company Limited
2. Christine Karoki – Old Mutual Life Assurance Kenya Limited
3. Catherine Kang'ata - Jubilee Life Insurance Limited
4. Paul Rege - Madison Life Assurance Kenya Limited
5. Martin Mathai - APA Life Assurance Limited

I would also like to express gratitude to the AKI Secretariat team, whose close collaboration and support played a crucial role in bringing this publication to fruition.
A heartfelt thank you to:

1. Pauline Gathuri
2. Sylas Ochieng
3. Hazel Kingóri
4. Wanjiku Muriithi

We believe this Guidebook will provide you with a good foundation and reference point as you journey towards a successful retirement.

E-mail us via info@akinsure.com with your feedback.

T.M. GICHUHI
Executive Director
Association of Kenya Insurers

Foreword by Retirement Benefits Authority

Building a Resilient Retirement Sector

The retirement benefits sector in Kenya has made remarkable strides over the past two decades. With the enactment of the Retirement Benefits Act in 1997 and the establishment of the Retirement Benefits Authority (RBA) in 2000, a strong legal framework was created to safeguard the retirement savings of Kenyans.

Since then, Assets Under Management (AUM) have grown exponentially, rising from Ksh 40 billion in 2000 to an impressive Ksh 1.9 trillion by June 2024. These assets now represent approximately 13% of the country's GDP. Pension coverage has also significantly expanded, reaching 26% of the labor force in 2024, up from just 12% in 2000.

However, there remains more to accomplish, as outlined in the National Retirement Benefits Policy launched in August 2024. This policy highlights key strategic pillars, including harmonizing the legal and regulatory framework, expanding pension coverage to include informal sector workers, enhancing governance and sustainability, improving portability of benefits, increasing medical coverage during retirement, and fostering the adoption of new technologies to drive innovation, efficiency, and responsiveness within retirement benefits schemes.

Achieving the goals in this policy requires collaborative effort from all stakeholders in the retirement benefits sector. The RBA cannot achieve this vision alone. As the umbrella body for Life Insurance companies, the Association of Kenya Insurers (AKI) plays a critical role in educating trustees, administrators, and the public on retirement benefits.

As of June 2024, guaranteed funds managed by Life Insurance companies hold Ksh 404.6 billion, making up 22.29% of the total Ksh 1.9 trillion in pension assets under management. Notably, 677 of the 1,036 registered schemes have invested in guaranteed funds, underscoring the importance of prudent investment options in securing members' retirement benefits.

Trustees and administrators are pivotal in managing retirement benefit schemes, ensuring financial security for members upon retirement. This guidebook is a comprehensive resource aimed at supporting trustees, administrators, and members in navigating the retirement benefits landscape. It underscores the importance of compliance, governance, and member-cantered outcomes.

I extend my appreciation to the Association of Kenya Insurers for this valuable publication. It complements the existing knowledge on retirement benefits in Kenya and strengthens our shared commitment to a sustainable, transparent, and member-focused retirement benefits sector.

Mr. Charles Machira
Chief Executive Officer
Retirement Benefits Authority

Foreword by Insurance Regulatory Authority

A Secure Retirement through Insurance

Retirement is time to reap the rewards of a lifetime of work and enjoy the fruits of our labour. However, to achieve a comfortable and sustainable retirement requires careful planning and foresight.

Insurance plays a vital role in safeguarding retirement aspirations as it enables individuals to maintain their lifestyle and meet medical expenses. Life Insurance Companies have been licensed by the Insurance Regulatory Authority (IRA) to offer a pooled retirement solution under the deposit administration product.

Data collected by IRA in 2023 shows that Deposit Administration is the biggest contributor to the Life Insurance Business accounting for 36 percent of the total written premium. The total Life Fund for Deposit Administration, personal pension and annuity business totalled Ksh481.03 billion according to the IRA 2023 annual audited statistics.

This publication serves as a valuable resource for understanding the various retirement benefits options available. It provides insights into the different types of retirement benefit plans, their benefits, and considerations for selecting the most suitable coverage.

The Insurance Regulatory Authority is committed to promoting financial literacy and protecting the interests of policyholders and beneficiaries. We encourage individuals to explore the information presented in this publication and seek guidance from qualified professionals to make informed decisions about their retirement planning.

I would like to commend the Association of Kenya Insurers for uniting the industry to produce such an invaluable publication. This guidebook is timely, as we navigate the changing landscape of financial planning, Retirement security is essential to our overall well-being, and by making proactive plans today, we set ourselves on a path toward financial independence and lasting peace of mind.

Mr. Godfrey Kiptum
Insurance Commissioner and CEO
Insurance Regulatory Authority

CHAPTER 1: THE RETIREMENT BENEFITS INDUSTRY IN KENYA

1.1 State of the industry before 1997

The retirement benefits industry in Kenya has evolved over time from the days when scheme and member records where manually kept in voluminous files that could take up an entire office.

Prior to the enactment of the Retirement Benefits Act, 1997, the retirement benefits sector was regulated by fragmented legislation, mostly Trust and Income Tax Laws and primarily for the purpose of tax exemption. Without a specific body or regulations to set industry standards, pension schemes adopted different styles of operation leading to serious challenges in the administration of the sector.

The early arrangements of Retirement Benefits Schemes set up by Employers/Sponsors included gratuity, Retirement Benefits Schemes, pay as you go system, Employee Ownership Scheme etc. None of these arrangements had set standards, harmonized regulations and even independence of governance.

During this era, historical problems featured prominently across several existing established Retirement Benefits Schemes in the following areas.

a) **Administration**- where there was poor record keeping leading to underpayment and exposure to risks, non-disclosure of fees for different services including trustee allowances and a lack of standards in scheme documentation such as administration agreements, service level agreements and investment policies among others.

b) **Investments**- there was a prevalence of concentrated investment risks, forced investment in sponsor/employer related instruments and limited investment knowledge amongst scheme trustees.

c) **Funding/Contributions remittances** – saw rampant underfunding by sponsors, late remittance of contributions and in some cases unilateral termination of scheme by the sponsor/employer.

d) Benefits settlement processes were unclear and subjective, and this led to delays.

e) Fiduciary duties were not properly defined. There was lack of disclosure and accountability for example scheme books were audited at the discretion of the employer and there was a lack of separation of funds from employer's assets.

f) Low appreciation of retirement benefits which also meant low levels of penetration.

With the lack of elaborate legislation specific to retirement benefits regulation and supervision, coupled with concerns about the design and financial viability of certain schemes in the country; the interests of retirement scheme's members and their beneficiaries were not sufficiently protected.

In March 2002, the retirement benefits assets recorded in the country was a paltry KES 60 billion, but the narrative has since changed with the entry of the Retirement Benefits Authority (RBA), as at June 2024, there was over KES 1.9 trillion of assets registered in the industry.

Along this journey, there have been ups and downs that the industry has experienced which led to the introduction of coordinated legislation and regulations as well as setting up a regulatory institution specific for streamlining the industry, stirring growth, effectiveness, and protection of scheme members benefits.

1.2 Current Legislations in Retirement Benefits Industry.

The Retirement Benefits Sector is legislated by several laws. In this section we capture the major laws.

The Retirement Benefits Act No. 3 of 1997

The Act was assented to on 22nd August 1997 and was operationalized on 20th November 1997.
This Act was enacted to establish a Retirement Benefits Authority (RBA) for the regulation, supervision and promotion of Retirement Benefits Schemes and the development of the retirement benefits sector. This Act may be cited as the Retirement Benefits Act in many other citations including this guidebook. With the passage of time, other amendments have been made to address gaps and emerging issues.

The National Social Security Fund Act, 2013

The National Social Security Fund Act, 2013 become law in December 2013. The Act came into force in January 2014 however, it suffered a legal setback, and some sections of the Act were suspended until February 2023 when the suspension was lifted giving way to the implementation of the Act. The 2013 Act repealed NSSF Chapter 258, which is referred to as the Old Provident Fund.

The Act established two funds for the purpose of social security, namely-

a) The pension fund and
b) The (new) provident fund

Membership of the pension fund is mandatory for all employed persons, while membership in the new provident fund is only for self-employed persons, exempt persons, or retired persons. Members of the old provident fund under NSSF Chapter 258, were automatically enrolled in the pension fund established by National Social Security Fund Act, 2013.

Employment Act, 2007

The Employment Act, 2007 declares and defines the fundamental rights of employees, it provides for basic conditions of employment of employees, it regulates employment and provides for matters connected to employment. This law also has provisions on pension schemes.

Trust Law in Kenya

Like any other common-law countries, Kenya is largely dependent on laws that are founded on the Laws of England. Trusts in Kenya are created under the Trustees Act or the Trustees (Perpetual Succession) Act (Cap.164).

The Income Tax Act

The Income Tax Act (cap 470) revised edition, 2021 provides for registration of staff Retirement Benefits Schemes for the purpose of tax exemption to the agreed limits.
With this registration, each scheme is required to file audited accounts at the close of the scheme financial year.

1.3 Classifications in the Retirement Benefits Sector

The retirement benefits sector can be classified as public, private, and statutory. These categories address different segments of society as explained below.

Public Service Retirement Benefits Schemes

The Public Service Retirement Benefits Scheme caters only to public service employees. These schemes are governed through various laws and regulations, government circulars and directives. These include the National Treasury Circular No. 18 of 2010, and Salaries and Remuneration Commission Gazette Notices of 2017 for State officers, the Retirement Benefits Act 1997, the Income Tax law, and Trust Deed and Rules, which are State Agency specific.

Other circulars and statutes include- Pensions Act; Pensions Increase Act; Widows' and Children's Pensions Act; Parliamentary Pensions Act; Presidential Retirement Benefits Act; Public Service Superannuation Scheme (PSSS) Act; and National Social Security Fund (NSSF) Act, 2013.

The Government has since independence operated a non-contributory pension scheme referred to as the Public Service Pension Scheme. The Scheme was fully financed through the Exchequer, meaning the employees were not contributing to the scheme.

In 2010, through the National Treasury Circular No. 18, it became a requirement that all government pensions schemes become contributory. This resulted in the enactment of the Public Service Superannuation Scheme Act, 2012. The Act established the Public Service Superannuation Scheme (PSSS) now referred to as the New Contributory Scheme, where both the Government (employer) and the employees contribute to the scheme.

State Statutory Scheme

The National Social Security Fund Act No. 45 of 2013 establishes that the National Social Security Fund provides social security for all workers and self-employed persons and their dependents.
The NSSF Act Cap 258 of 1965, now repealed, created a mandatory Social Security Provident Fund for workers in Kenya. The Act only covered workers in the formal economy and made benefit payments in lump sum.

Private Retirement Benefits Schemes

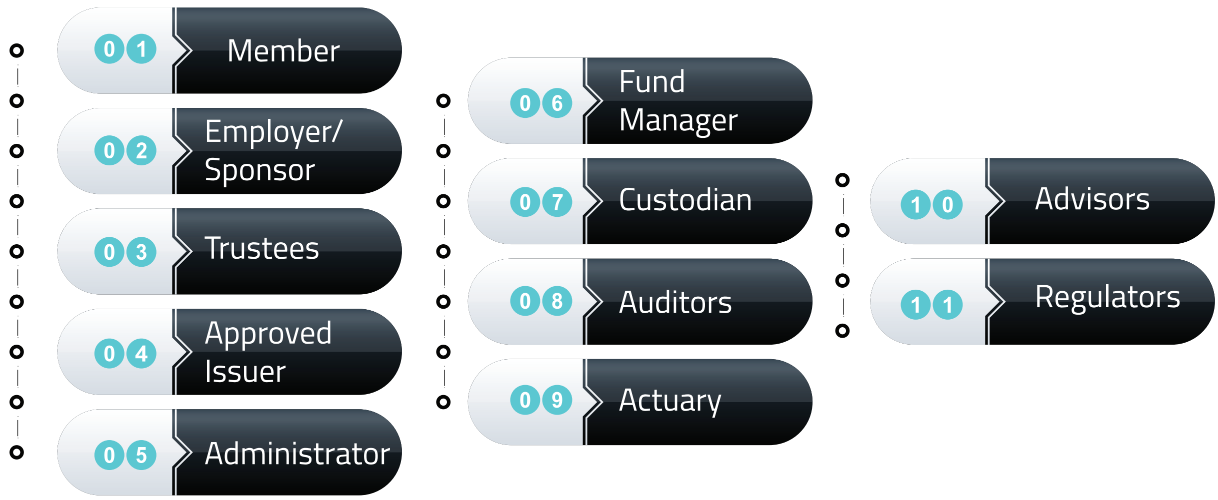
Private Retirement Benefit Schemes are discretionary schemes set up by sponsors as provided for in the Retirements Benefits Act. This Guidebook focuses on Private Schemes.

1.4 Retirement Benefits Sector Stakeholders

A stakeholder in the retirement benefits sector is a party that has an interest in retirement benefits business and can either affect or be affected by the same.

Retirement benefits stakeholders are the different players in the sector who are there either as primary or secondary players, consumers, or service providers. There are many stakeholders who carry out various roles that need to be fulfilled in compliance with the laws and regulations of retirement benefits.

The following list highlights the key stakeholders.



i. Member/ Beneficiaries

As per the Retirement Benefits Act, "member" means a member of a retirement benefits scheme and includes a person entitled to or receiving a benefit under a retirement benefit scheme.

Note: In this Guidebook, we use the term Member to include beneficiaries of Schemes.

There are three categories of members.

a) **Active members:** This is a member who actively participates and whose contributions are continuously being remitted to the Scheme.

b) **Dormant member:** This is a member whose contributions have ceased to be remitted to the Scheme and has not accessed their benefits from the Scheme.

c) **Deferred member:** Is a member of a Scheme who has accessed the allowable part of their funds before attaining the retirement age as provided for in the regulation. The remaining benefit in the Scheme becomes accessible on retirement, death or can be transferred to another registered Retirement Benefits Scheme.

ii. Employer/Sponsor

"Sponsor" means a person or corporate entity that establishes a retirement benefits scheme.

The regulations state the sponsor shall be:
(a) A company.
(b) A co-operative.
(c) Partnership.
(d) Associations.
(e) Societies; or
(f) any other legal entity as may be appropriate:

Provided that where any of the legal entities are regulated, they must meet the requirements of their primary regulator.

iii. Trustee

A Trustee is an individual or corporation that holds legal ownership of the scheme on behalf of members. They are responsible for the overall governance and strategic direction of the retirement benefits scheme.

They oversee the management and administration of the scheme assets and ensure compliance with legal and regulatory requirements.

iv. Approved Issuer

This is a Life Insurance company, licensed by the Insurance Regulatory Authority (IRA), to offer a pooled retirement solution under the Guaranteed Fund. They are allowed to collect and invest funds on behalf of Trustees. This is managed under the deposit administration contract.

v. Administrator

"Administrator" means a licensed person, or a corporate entity appointed by Trustees to provide administration services as per the Retirement Benefits (Administrators) Regulations, 2007. There shall be an administration agreement between the Trustee and the Administrator.

The Administrator roles can broadly be described as:

- Charged with handling the day-to-day running of the Retirement Benefits Scheme in accordance with the Retirement Benefits Act and Regulations, Scheme Trust Deed and Rules and any other relevant legislation in force.
- Compute member benefits.
- Issue member statements.
- Guide the development of scheme documents.
- Liaison with all other appointed service providers.

In the event of the Scheme winding up or to manage a mismanaged scheme, RBA appoints an interim administrator.

vi. Fund Manager

A Fund Manager is a company incorporated under the Companies Act which is empowered under written law, memorandum and Articles of Association or any other instrument constituting it or defining its power to carry out fund management services.

A fund manager can also refer to a person charged with the responsibility of investing scheme funds. There shall be a fund management agreement between the trustee and the fund manager.

The Fund Manager is registered by the Retirement Benefits Authority and/or Capital Markets Authority. Upon appointment by the Scheme Trustees, they shall broadly be responsible for the following.

- Management of assets of the Scheme for the purpose of investment in accordance with the schemes investment policy and scheme rules.
- Provide advisory services on the investment of the Scheme funds
- Disseminating information concerning assets available for investment of Scheme funds.
- Issue instructions to the custodian on member benefits payment and other scheme expenses as instructed by the Scheme Trustees.

vii. Custodian

A custodian is an individual or corporate responsible for holding and managing Scheme assets on behalf of Trustees. There shall be a custodial agreement between the Trustee and the Custodian.

The roles of a Custodian in a Retirement Benefits Scheme are broadly outlined below.

- Safe keeping and custody of Scheme assets and documents.
- Settlement and clearing of financial transactions and transfer of asset titles.
- Financial asset servicing – collection of income from the financial assets the Scheme owns.
- Reporting and communication to the Trustees and various stakeholders.

viii. Auditors

An Auditor is an individual or a corporate entity registered as a member of the Institute of Certified Public Accountants of Kenya. The Auditor is responsible for reviewing the financial accounts of the Retirement Benefits Scheme within an appropriate period.

A Scheme is required to appoint an auditor within three months of registration.
Any appointment shall be notified to RBA for approval within thirty days from the date of appointment.

The RBA may refuse to approve the appointment of an auditor or revoke its approval of an auditor. The auditor concerned shall vacate office as an auditor of the scheme and the trustees shall appoint another auditor subject to approval by the RBA.

ix. Actuary

An actuary is a certified fellow of a professional actuarial body as defined in the Act. They are specialized in managing and assessing risk, they ensure long term viability of a Retirement Benefits Scheme. The Authority may, from time to time, require a Scheme to be reviewed by an actuary for adequacy of benefits, distribution of surplus or funding of deficit.
The process undertaken by the actuary in risk and returns assessment is called valuation.

x. Advisors

To manage the Retirements Benefits Scheme, the Trustees will from time to time hire the services of advisors such as investment advisors, legal advisors and other consultants based on the specific scheme's needs. These services are offered under clear service level agreements that will be executed by and overseen by Trustees on behalf of members.

xi. Regulators

A regulator is a body mandated to supervise a particular industry or business activity. During management of Retirement Benefits Schemes, the Trustees and other stakeholders interact with various regulators as highlighted.

The Retirement Benefits Authority (RBA)- This is the primary regulator for Retirement Benefits Schemes in Kenya.

The functions of RBA include but are not limited to:

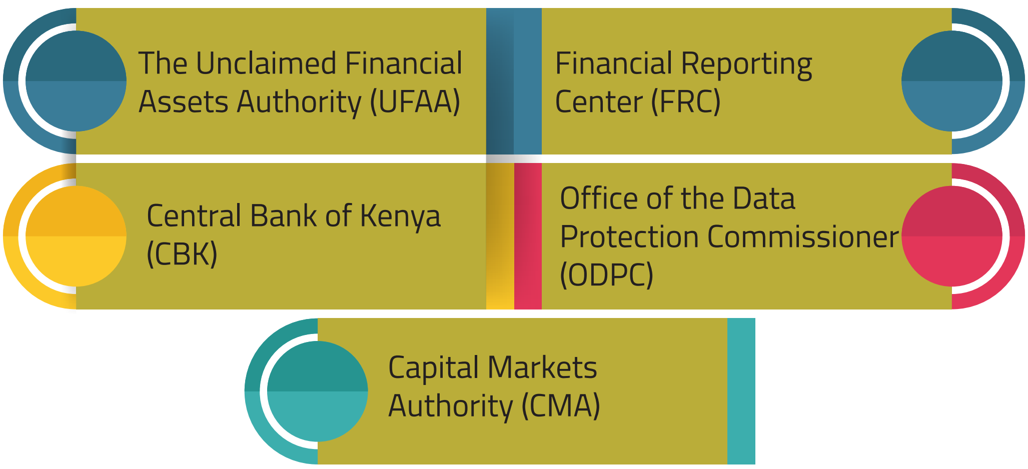
(a) Regulate and supervise the establishment and management of Retirement Benefits Schemes.
(b) Protect the interests of members and sponsors of retirement benefits sector.
(c) Approve Trustees' remuneration approved by members during the annual general meeting after every three years.
(d) Promote the development of the retirement benefits sector.
(e) Advise the Minister on the national policy to be followed regarding Retirement Benefits Schemes and to implement all Government policies relating to the Schemes.

The Kenya Revenue Authority (KRA)- is responsible for registration of Retirement Benefit Schemes to enjoy tax exemptions and reliefs. Additionally, they are responsible for the collection of taxes applicable to the Retirement Benefits Schemes.

The Insurance Regulatory Authority (IRA)- Regulates Life insurance companies who provide Retirement Benefits Schemes with Guaranteed Fund services as approved issuers.

There are other regulatory bodies that may interact with the Retirement Benefits industry stakeholders.

These include but are not limited to.



If Not Now, When?

Get A Retirement Plan!

CHAPTER 2: RETIREMENT BENEFIT SCHEMES IN KENYA

Retirement Benefits Schemes are arrangements governed by law under which members are entitled to benefits in line with its structure and existing regulations.

Retirement Benefits Schemes have several objectives, among them are:

- Provision of financial security to retirees to alleviate old age poverty.
- Provision of savings for medical expenses after retirement
- Provision of financial relief to the dependants of a deceased member in line with the scheme rules.
- Employee benefits which employers offer to retain and attract labour.

Retirement Benefits have varying characteristics, and this chapter will break down the different classifications, the types of Schemes and the types of Retirement Income products available in the Kenyan market. This chapter shall also review the National Social Security Fund (NSSF) and detail the contracting out process.

This Guidebook shall focus on private Retirement Benefits Schemes and provide contracting-out process requirements under NSSF ACT, 2013.

2.1 Classification of Retirement Benefits Schemes

Retirement benefits classification involves grouping or categorizing Retirement Benefit Schemes according to specific criteria or characteristics. This categorization aids in the organization and distinction of different types of retirement schemes, facilitating a clearer understanding and navigation of the retirement benefits landscape for individuals, employers, and regulators.

Classification of schemes is important for several reasons: -

i. Establishing a framework for legal and regulatory guidelines, enabling the targeted application of specific laws, regulations, and tax guidelines.
ii. Enhancing clarity in communication, achieved through detailed explanation of features, eligibility criteria, and benefits.
iii. Customizing benefit offerings to suit the specific needs of distinct groups or demographics.
iv. Aiding in the management and assessment of associated risks linked to financial stability, investments, and funding options.
v. Enabling comparison and benchmarking of funds by utilizing metrics such as costs, investment performance, and other relevant factors.

In this Guidebook, the classification will be categorized according to funding type, funding structure, product type, investment type, and benefit type.

1. Funding type

a. **Contributory retirement schemes** are where both employee and employer make regular contributions. These contributions usually are a percentage of the employee's salary, which are invested to grow over time.

b. **Non-contributing retirement schemes** are where the employer takes full responsibility for the employees' retirement benefit. Only the employer contributes to the scheme, the employees have no obligation to contribute. However, it is important to note that an employee can choose to voluntarily contribute towards their fund.

2. Funding structure

a. **Defined Benefit Schemes:** This type of retirement Scheme guarantees a specific benefit amount to the employee upon retirement. The employer is thus responsible for funding the Scheme, and the benefit amount promised at inception to the employee is based on a prescribed pension factor, the employee's salary, years of service amongst other factors. The formula is set in the Trust Deed and Rules of the scheme. The employer bears the investment risk as well as the funding risk.

   This type of scheme has periodic actuarial reviews to track and confirm that the current funding level to the scheme is in line with meeting the promised future benefit. With the unpredictable global economic environment, defined benefits schemes have faced funding challenges and thus there has been a shift in the past decade to convert defined benefits schemes to defined contribution schemes.

b. **Defined Contribution Schemes:** This type of retirement benefit scheme is primarily funded by both the employee and employer. The scheme trust deed and rules define the portion each party is to contribute either as a fixed amount or as a per centage of the employee salary. The benefit payable to the member in such a scheme is the accumulated amount from contributions and investment income less any deductions.

3. Product type

a. **Occupational schemes** are stand-alone Retirement Benefits Schemes established by an employer and related companies as part of employee benefits. The funding structure can either be defined benefits or defined contribution.

   In this scheme type, the Employer is the sponsor of the Scheme. They have the responsibility of appointing Trustees at inception who then become the legal owners of the scheme as a Board of Trustees. Trustees can either be a corporate (an organization) or individuals working in the company.

b. **Umbrella Schemes** are established by a sponsor for the benefit of providing employers with a platform where they can join in as a participating employer as opposed to setting up a stand-alone Scheme.

These Schemes are considered as alternative solutions to occupational schemes as they offer various advantages to employers including.

i. The cost of administering and managing the scheme is shared amongst participating employers resulting in savings.
ii. An expanded array of investment options is available.
iii. They enjoy the benefits of economies of scale in investment.
iv. They empower employers to provide retirement benefits to their staff, even if they lack the resources to independently manage such schemes.

However, this scheme type does come with some drawbacks, as employers have limited control over the scheme's investment options and management.

c. **Individual Retirement schemes** are established by a sponsor for the benefit of providing individuals with a platform to independently save for their retirement. They encourage individuals to save for retirement as they afford the same benefits as employer-based schemes in terms of tax advantages and fund investment performance. Access to benefits in individual schemes is currently flexible and not tied to terms of service.

The above-mentioned types of schemes are voluntary in establishment and are an enhancement to the retirement benefits provided for under the National Social Security Fund Act, 2013.

4. By Investment Type

a. **Guaranteed Schemes:** - In this type of Scheme, the value of the capital and a minimum interest is guaranteed.

This is a statutory fund under the Insurance regulations and thus only offered by Approved Issuers under a pooling arrangement, where funds are combined irrespective of the product type. (Occupational, umbrella, individual schemes) into one guaranteed fund.

The Approved Issuer then manages the pooled fund in accordance with the Retirement Benefits Act and the Insurance Act.

Within the Retirement Benefits Act, the guaranteed fund is listed as an asset class that a retirement scheme can invest in 100 per cent.

The Trustees of participating Schemes are issued with a Deposit Administration Policy as title of their sectional asset ownership within the pooled fund.

Features of a guaranteed fund.

- The fund offers guarantees against loss of the capital invested and a minimum return is assured to the Trustees.
- The Trustees transfer the risk of investment to the Approved Issuer who has control of the investments.
- The risk profile is conservative to moderate.
- The Retirement Benefits regulations exempt Schemes fully invested in guaranteed funds from appointing a separate Custodian and Fund manager.

b. **Segregated Schemes:** - The Scheme is designated as a market-indexed fund with an investment profile tailored to the Scheme membership and investment profile. In this type of Retirement Scheme, the value of the fund, plus interest earned, is not guaranteed.

The Trustees retain ownership and control over the investments and assets, bearing the responsibility for investment risks, which extends to the members.

The Trustees collaborate with the Scheme's fund manager to establish an investment strategy aligned with the Investment Policy Statement.

Notably, there exists no guarantee for either capital or income.

c. **Hybrid Schemes –** This Scheme will constitute a combination of both a segregated component and a guaranteed fund component. This hybridization is recognized where the member has a proportion of their fund in either of the investment options based on their risk appetite.

The choice of hybridization as an investment option, rests with the Scheme Trustees. It is projected that as the markets and financial management solutions evolve, hybridization will devolve to member level for investment decision.

5. Benefit Type

The determination of the benefit type is done by the retirement scheme sponsor upon set up and registration.

a. **Provident Fund:** - A provident fund provides a lumpsum payout of the accumulated fund to a member upon retirement. A member is however at liberty to choose to apportion part of the funds to an annuity purchased from a life insurance company or invest in an income drawdown Fund.

b. **Pension Fund:** -This fund provides both a pension and partial lumpsum benefit upon retirement. The member can access up to a maximum of one third of the fund in cash (lumpsum), while the remaining two thirds is converted to either an annuity purchased from a Life Insurance Company or is invested in an Income Drawdown Fund.

2.2 Types of Retirement Benefits Schemes in Kenya

While developing this Guidebook, we took cognizance of the fact that while there may be global similarities in retirement schemes, the laws regulating Retirement Benefits Schemes vary from country to country.

In Kenya, retirement schemes are established under irrevocable trust, and they are under the stewardship of Trustees. The Trustees are expected to manage the assets of the scheme in the best interest of the members of the trust.

It is also worth noting that a Scheme can also be formed by an Act of Parliament.

There are five types of Retirement Benefits Schemes in Kenya namely-

a) Occupational Schemes
b) Umbrella Schemes
c) Individual Schemes
d) Civil Service Schemes
e) National Social Security Fund (NSSF).

a. Occupational Schemes

These are Retirement Benefits Schemes established by employers voluntarily for the benefit of their employees. They are referred to as employer based stand-alone schemes which are established for a specific organization and or its' associated organizations. The employer is the founder or sponsor of the Scheme. The Scheme's affairs are governed by Trustees, who are the legal owners of the Scheme.

Some of the key decisions made by the sponsor when establishing a scheme are; -

i. The funding structure which can either be Defined Benefit or Defined Contribution.
ii. The funding type which would either be contributory or non-contributory.
iii. Benefits structure which determines if the scheme will be a Provident Fund or a Pension Scheme.
iv. Investment structure which is a determination on whether the scheme investment will be in a Guaranteed, Segregated, or a Hybrid Fund.

Features of an Occupational Scheme

- It is an employer sponsored stand-alone scheme which is registered with the Retirement Benefits Authority.
- Participants of the Scheme can either be from a sponsor or its' associated organizations.
- Scheme expenses are borne by the Scheme itself or in some cases the sponsor. However, sponsor borne expenses should be disclosed in the Scheme Financial statements.
- Trustees bear personal and collective responsibility to ensure the scheme is compliant with the provisions of relevant Acts and Regulations.
- Trustees are allowed to achieve their mandate through delegated authority.
- Currently, Trustees are certified through Trustees Development Program of Kenya (TDPK).

**Read more in the Retirements Benefits (Occupational Retirement Benefits Schemes) (Amendment) Regulations, 2021*

b. Umbrella Schemes

These are Retirement Benefits Schemes with membership from several independent employers. Majority of the umbrella schemes are domiciled in arrangements set up by a service provider who is the founder of the scheme. The participating employers join an already existing scheme through a Deed of Adherence, and they formulate Special Rules which are unique and are binding to their respective employees. The Deed of Adherence should be read together with Scheme Trust Deed and Rules.

Umbrella Schemes are suitable for employers who wish to provide retirement benefits to their employees without establishing a stand-alone scheme because of the following compelling reasons; -

i. Relatively lower cost of establishment and subsequent management of the Scheme in comparison to a standalone scheme. Costs are shared among several employers.
ii. It allows the organisation to outsource the management of the Scheme therefore allowing the employer to focus on their core mandate.
iii. It allows the organisation to transfer regulatory and compliance risk of managing a Scheme to the Umbrella Scheme Trustees.
iv. It is relatively easier for an employer to provide a retirement benefits scheme through an existing Umbrella Scheme than it is to establish a standalone scheme.

Features of an Umbrella Scheme

- Multiple employers participate in the Scheme.
- The costs of managing the Scheme are shared among participating employers.
- Trustees and the appointed service providers handle all compliance work thus allowing employers to focus on their core mandate.

**Read more in the Retirements Benefits (Umbrella Retirement Benefits Schemes) (Amendment) Regulations, 2021*
**A list of Umbrella Schemes registered by the Retirement Benefits Authority is available on the AKI website.*

c. Individual Retirement Benefits Scheme

Individual Retirement Benefits Schemes are established to serve as a savings platform for individuals seeking to accumulate retirement benefits. It aims to establish a self-sponsored retirement plan which provides flexibility in contribution amounts and frequency, along with access to benefits as stipulated by legislation.

They are also an ideal option for consolidation of deferred Retirement Benefits due to the direct control an individual has over their account.

The founder of the scheme is required to appoint a Trust Corporation to offer trusteeship services to the Scheme.

**For more details, refer to the Retirement Benefits (Individual Retirement Benefits Schemes) (Amendment) Regulations, 2021*
**A list of registered Individual Retirement Benefits Schemes is available on the Retirement Benefits Authority website. A list of Retirement benefits Schemes affiliated with Life Insurance companies is available on the AKI Website.*

d. Civil Service Scheme

The Civil Service Scheme was established under the Pension Act, Chapter 189. The Act makes provisions for grants and regulates payment of pensions, gratuities, and other allowances in respect of public service officers under the Government of Kenya.

The Scheme has been non-contributory since inception, in 1963, and is fully financed by the Government. The pension benefits are therefore paid from the Consolidated Fund on a "Pay-As-You Go" basis.

The Scheme faces several limitations which include the following: -

- The benefits are not portable.
- Employees who leave service before attaining age 50 do not qualify for pension or any other benefits.
- The scheme does not allow employees' voluntary contributions.
- There is no investment income.
- The scheme is expensive to the government and therefore not sustainable.

To address these limitations, the Public Service Superannuation Scheme Act, 2021 established the Public Service Superannuation Scheme (PSSS). The PSSS commenced on 1st January 2021 as a defined contributory scheme. Consequently, there were no new entrants into the Civil Service Scheme from when the PSSS commenced.

Under the PSSS, the employer contributes 15% of employee's basic salary while the employee contributes 7.5% of their basic salary with an option of making additional voluntary contributions.

The Scheme membership is derived from civil servants, teachers, and the disciplined services personnel (National Police Service, Prison Service and National Youth Service). Membership of PSSS comprises the following categories.

i. Employees serving on permanent and pensionable terms of service and aged below 45 years as at 1st January 2021.
ii. New employees who joined employment in public service on permanent and pensionable term of service from 1st January 2021.
iii. Employees aged 45 years and above as of 1st January 2021 who opted to join PSSS.
iv. Employees whose services were transferred to the County Government and are currently covered under the PSSS will proceed as per the above provisions.

e. The National Social Security Fund (NSSF)

The National Social Security Fund provides a platform for workers and employers to make contributions monthly as stipulated in the Act and Regulations. The contributions are remitted during the worker's productive years with an objective to provide a benefit at old age or other benefits provided for in the Act.

Kenya's Constitution provides that every person has a right to social security. The State is therefore mandated to take legislative, policy and other measures which include setting standards to help achieve the progressive realisation of the rights provided for in the Constitution.

If you find your savings are scanty and need a boost, it's time to enroll in an individual pension plan registered by RBA.

With a bit of smart planning, you'll avoid the stress of kutafuta more money in your golden years. Remember, “Save smart, retire happy!”

@RBAKenya, rbakenya RetirementBenefitsAuthorityKE

www.rba.go.ke | Email: info@rba.go.ke | Toll Free No: 0800720300

The National Social Security Fund Act, 2013

The National Social Security Fund Act, 2013 become law on 24th December 2013. Its implementation kicked off in February 2023 thereby repealing NSSF Chapter 258 of 1965 which was referred to as the Old Provident Fund.

The 2013 Act established two funds for the purpose of social security, namely-

a) **The pension fund and**
b) **The new provident fund**

Membership to the pension fund is mandatory for all employed persons, both the employer and employee make equal contributions to the Fund. Membership to the new provident fund is only for self-employed persons, exempt persons, or retired persons. Members of the old provident fund under NSSF Chapter 258, were automatically enrolled in the pension fund established by National Social Security Fund Act, 2013.

The objectives of the NSSF as detailed in the Act are:

i. Provide basic social security for its members and their dependants for various contingencies as provided under the Act.
ii. Increase membership coverage of the social security scheme.
iii. Improve adequacy of benefits paid out of the scheme by the fund.
iv. Provide a full opt-out at Tier II level of contribution for employers who have or are contributing to pension schemes approved and registered by the Retirement Benefits Authority.
v. Incorporate into the Fund, self-employed persons so they can access social security for themselves and their dependants.
vi. Operate and manage a scheme that is value-adding to its members by;
    a) Ensuring that the Fund and its social security systems are sustainable and affordable.
    b) Retain the Old Provident Fund for the purpose of dealing separately with liabilities, obligations, assets and any matters or issues connected therewith to avoid transferring the same to the new provident fund.
vii. Ensuring that the liabilities of the Old Provident Fund are settled within five years from the commencement of the New Provident Fund and the closure of the Old Provident Fund.

viii. Undertake any other action or adopt any measures allowed by the Act to achieve any, or all the specified objectives and for the effective enforcement and application of this Act.

Key terms defined in the NSSF Act:

Lower Earnings Limit – means the amount gazetted by the Cabinet Secretary from time to time as the average statutory minimum monthly basic wage for the top urban centres, second tier urban centres and rural areas.

Member – means a person who is registered as a member of the Provident Fund or Pension Fund pursuant to the Act.

National Average Earnings- means for each financial year, the average wage earnings per employee as published by Kenya National Bureau of Statistics in the Economic Survey for the prior year.

Tier I Contributions – means for any month, contributions in respect of pensionable earnings up to the lower earnings limit.

Tier II Contributions – means for any month, contributions in respect of Pensionable Earnings above the lower earnings limit.

Upper Earnings Limit - subject to the Third Schedule, for each financial year means the level of earnings equal to four times the national average earnings.

The NSSF Act, 2013, Third Schedule, defines progression of contributions to the pension fund as shown below.

Year	Lower Earnings Limit (LEL)	Upper Earnings Limit (UEL)
Year 1	KES 6,000.00	50% National Average Earnings
Year 2	KES 7,000.00	1 times National Average Earnings
Year 3	KES 8,000.00	2 times National Average Earnings
Year 4	KES 9,000.00	3 times National Average Earnings
Year 5	Lower Earning Limit as provided by regulations	4 times National Average Earnings

The Lower Earnings Limit (LEL) provides the Tier I contributions and the Upper Earnings Limit (UEL) provides for the contribution for Tier II.

Implementation of the Third Schedule is guided by the following:

- The Lower Earning Limit and Upper Earnings Limit shall, for the first four years after commencement date (February 2023), be in accordance with the table in the third schedule.
- National Average Earnings at the time of publishing the Guidebook stood at Ksh36,000.00.
- As per the Third Schedule, Lower Earning Limit shall be for each year the amount gazetted by Cabinet Secretary from time to time as the average statutory minimum monthly basic wage for the top urban centres, second tier urban centres and rural areas for the year.

The illustration below shows computation of Tier I and Tier II contribution for a five-year period commencing in 2023 in line with the Lower and Upper earnings limit set in the Third Schedule above.

	Tier I		Tier I Total	Tier II		Tier II Total	Total NSSF per month (Tier I & Tier II)
Year	Employer	Employee	Total	Employer	Employee	Total	Employer
Year 1	360	360	720	720	720	1,440	2,160
Year 2	420	420	840	1,740	1,740	3,480	4,320
Year 3	480	480	960	3,840	3,840	7,680	8,640
Year 4	540	540	1,080	5,940	5,940	11,880	12,960
Year 5 onwards	Lower earnings limit as provided in regulations (2a)			4 times National Average Earnings			

The NSSF Act, 2013 requires all employers to deduct and remit Tier I and Tier II contributions to NSSF. However, if an employer is part of a retirement scheme registered with the Retirement Benefits Authority (RBA) to receive Tier II contributions, they can apply for a Contracting-out Certificate from the RBA. This certificate allows Tier II contributions to be invested in that Scheme which may be an Occupational, Umbrella or Individual Retirement Benefits Scheme.

Contracting - Out Process

Regulation 21 of the NSSF Act, 2013 along with the provisions of the NSSF (Contracting Out by Employers) Regulations, 2014 provide for the contracting out procedure.

The Regulations provide that an application shall include the following: -

a. A duly completed application in the prescribed form.
b. The name and address of the employer
c. The name of the scheme to which the application relates.
d. The categories or descriptions of the employees intended to be included in the certificate and those intended to be excluded and the reasons thereof.
e. Confirmation that notification was given in accordance with Regulation 5.
f. The list of employees together with their National Social Security Fund registration numbers.
g. The effective date of the intended contracting-out.
h. The name and address of the Trustees and Administrator of the Scheme to which the application relates.
i. A resolution by the employers' board or governing body on the contracting-out application and the desired date of contracting-out.

j. An undertaking by the employer that it will comply with the obligations concerning minimum payments.
k. A resolution by the Scheme Trustees accepting to receive Tier II Contributions into the Scheme as assets and to exercise fiduciary responsibility over the discharge of the obligations in respect of Tier II contributions as provided for in the Act.
l. An undertaking by the Administrator that it will comply with the provisions of the Act and the Regulations in relation to the administration of protected Rights in the scheme.
m. For the Scheme existing prior to the date of making the application, a deed of amendment to the Trust Deed and Rules amending the rules to conform with requirements of the Act and the Regulations in relation to contracting out.
n. For a new Scheme which the employer wishes to establish for the purposes of contracting out, a Trust Deed and Rules with the rules conforming with the requirements of the Act and these regulations in relation to the contracting out.
o. A reference Scheme Test Certificate in respect of the scheme to which the application relates; and
p. The employer's National Social Security Fund registration number.

Upon submission of the above documents, the RBA will issue the employer with a Contracting out Certificate.

2.3 Documentation and Guidelines to establish a Retirement Benefits Scheme

To operationalize a Retirement Benefits Scheme, the following documents are required.

1. Trust Deed and Rules

The Trust Deed and Rules serve as the legal cornerstone upon which the Retirement Benefits Scheme is established. This document outlines the framework within which the scheme operates, dictating its rules, regulations, and objectives. Its parties consist of the Trustees, who act as the legal owners of the scheme, the Sponsor, who establishes the scheme as an irrevocable trust, and the Members, who are the primary beneficiaries of the Scheme.

Within the Trust Deed and Rules, various provisions are made to govern the scheme effectively. It sets out eligibility criteria for membership and participation, defining who can join and under what conditions. Contribution rates and mechanisms for both members and sponsors are specified, detailing how funds are contributed to the scheme. Additionally, the types and conditions of benefits provided, including retirement, death, and disability benefits, are outlined. Administrative procedures and recordkeeping requirements are established to ensure smooth operation and management of the scheme. Lastly, compliance and reporting obligations are defined to ensure adherence to legal and regulatory requirements, promoting transparency and accountability within the scheme.

a) Deed of Adherence

The Deed of Adherence is a legal agreement through which an organization formally adheres to an existing Retirement Benefits Scheme. By signing the deed, the organization agrees to assume the role of a sponsor as outlined in the Trust Deed and Rules of the scheme. This includes committing to fund the scheme according to specified contribution rates and mechanisms, maintaining the scheme as an irrevocable trust, and complying with all rules and regulations set out in the Trust Deed and Rules. The deed formalizes the sponsor's rights, obligations, and responsibilities within the scheme and ensures compliance with legal and regulatory requirements.

b) Deed of Appointment and Removal of Trustees

The Deed of Appointment and Removal of Trustees is a legal document that formally releases the retiring Trustee or Trustees from the Retirement Benefits Scheme and appoints a new Trustee or Trustees to the Scheme. It outlines the terms of the appointment, including the start date and any conditions or restrictions. This document establishes the validity date of the appointment and ensures that the appointed individuals are legally recognized as Trustees of the scheme.

2. Service Level Agreements

A Service Level Agreement (SLA) is a formal contract that outlines the expectations, responsibilities, and performance standards between Trustees (who manage the pension scheme) and service providers (such as administrators, investment managers, or advisers).

The SLA sets the foundation for a well-functioning Retirement Benefits Scheme by defining roles, obligations, and quality benchmarks. It ensures clarity, accountability, and effective collaboration.

The typical structure of an SLA includes but not limited to

- Introduction and purpose of the SLA and this has two parts.
  - **Objective:** Defines the purpose of the SLA, establishing the framework for the relationship between the Trustees and the service provider
  - **Scope:** Clearly defines the services to be provided by the service provider.

- Performance standards and Metrics: Specifies measurable targets (e.g., response time, accuracy) that the service provider must meet.
- Responsibilities: Outlines the duties of both trustees and service providers.
- Review and Reporting: Describes how performance will be monitored and reported.
- Compliance and Security: Defines regulatory framework which is the legal basis of the contract. It also stipulates the data protection and security measures integral to confidentiality and integrity of scheme information.
- Dispute Resolution: Includes procedures for resolving disagreements and how to enable continuous improvement for future success.
- Legal enforceability: Ensures that the SLA is legally binding.
- Jurisdiction: The geographic boundaries within which the SLA is applicable.
- Terms and termination will provide for the duration of the contract as well as how either party can terminate the contract.
- Appendices: Includes any supplementary information, such as detailed service descriptions, contact lists, and additional policies or guidelines.

A robust service level agreement is essential for effective pension scheme management, fostering trust, and ensuring quality service delivery. By defining precise roles, responsibilities, and performance standards, an SLA helps prevent misunderstandings and disputes, fostering a collaborative environment.

3. Administration Agreement

An administration agreement is a formal agreement that outlines the terms and conditions governing the relationship between Trustees and the appointed Administrator.

- It defines the scope of services, responsibilities, and performance expectations.
- The contract ensures transparency, accountability, and effective collaboration.
- Has an effective date when the contract commences.
- It is integral to providing.
  - o Risk management by reducing misunderstanding, disputes, and service failures.
  - o Provides member confidence in the management of the Scheme.
  - o Efficient operations and timely service delivery.
  - o Compliance with regulatory stipulations and enforces industry best practice.

The structure of an Administration Agreement will be: -

- Introduction and Purpose
  - o Objective: Clearly states the purpose of the contract, setting the framework for the relationship between the Trustees and the service provider.
  - o Scope: Describes the services to be provided, including any specific tasks or responsibilities related to the administration of the Retirement Benefits Scheme.

- Roles and Responsibilities

- Service Standards and Performance Metrics
  - o Service Levels: Defines the standards and benchmarks for service delivery, such as timeliness, accuracy, and quality of services provided.
  - o Performance Monitoring: Details how the service provider's performance will be measured and reported, including the frequency and format of performance reports.

- Compliance and Risk Management
  - o Regulatory Compliance: Ensures that the service provider adheres to all applicable laws, regulations, and industry standards.
  - o Risk Management: Describes the processes for identifying, assessing, and mitigating risks associated with the administration of the retirement scheme.

- Communication and Reporting
  - o Communication Protocols: Establishes the procedures for communication between Trustees and the service provider, including points of contact and escalation paths.
  - o Reporting Requirements: Specifies the types of reports required, their frequency, and the information they should contain.

- Conflict resolution and arbitration: Outlines the steps for addressing and resolving any issues or disputes that may arise during the administration of the scheme.

- Contract Duration and Renewal: Defines the length of the contract, the process for renewal, and any conditions for amendments.

- Terms and Termination: Outlines other terms and conditions and it also provides for termination process to be followed by both parties.

Administration of the Retirement Benefits Scheme remains the ultimate responsibility of the Trustees though delegated and outsourced.

4. Fund Management Agreement

This is a contractual agreement between Trustees and a fund manager. It stipulates investment mandates and provides for investments limits in different asset classes. Investment mandates must be aligned to the Investment Policy Statement submitted to the Authority. The agreement provides for the fees payable to the fund manager.

5. Custodial Agreement

This agreement defines the responsibilities of a Scheme Custodian. These responsibilities include but are not limited to; receiving assets of the Retirement Benefits Scheme, safe custody of title documents, monitoring compliance on investment mandates given to investment manager by the Trustees, collection of investment income and maturity proceeds and preparation of reports on portfolio holdings and transactions. The agreement also outlines the fees paid to the custodians for the services offered.

6. Deposit Administration Policy

This is a contractual document issued by an Approved Issuer to Trustees for scheme funds invested in a guaranteed fund arrangement.

This contractual agreement has important clauses that bind the Trustees and the Approved Issuer. Some of the important clauses are policy data, determination of return on investment, guaranteed rate, fee structure, provision of fund statements, contributions, benefits calculation, termination of the contract, arbitration among others.

7. Investment Policy Statement

Trustees are expected to have in place an Investment Policy Statement outlining how the scheme funds will be invested for maximum benefit of the members.
It is prepared by a registered Chartered Financial Analyst, Actuary, Investment advisor or Fund manager and is valid for 3 years.

The investment policy should define the following: -

01 How the scheme funds are to be managed
02 Asset/ portfolio mix
03 Portfolio diversification
04 Categories & subcategories of investment
05 Investment restrictions
06 Rebalancing
07 Rate of return objectives
08 Reporting requirements

8. Good Governance Policies

Through Legal Notice No. 193 of 2018, the RBA issued the Guideline on Good Governance Practices in the management of Retirement Benefits Schemes. These guidelines provide a framework for Trustees to formulate and adopt policies that are applied in the prudent management of scheme assets.

The good governance polices include.

- Risk management policy
- Code of conduct policy
- Conflict of interest policy
- Data policy
- Scheme communication policy
- Trustee remuneration policy
- Board evaluation policy
- Procurement policy
- Induction and skills development policy

2.4 Retirement Income Products

Retirement Income products serve to aid members of Schemes attain financial security in retirement. With the accumulated retirement savings, a Scheme member typically has three options unless otherwise specified in the Scheme's Trust Deed and rules regarding the design of scheme benefits.

Members of a provident fund have the liberty to utilise any or none of the accumulated savings to purchase the products outlined below. While pension scheme members can access up to one third of their accumulated savings in cash, the remainder can be converted to any of the products below.

i. The Retirement Annuity

This is a periodic (monthly, quarterly, bi-annually, or annually) pay out to the member for the rest of their lives or for a predetermined period. In the Kenyan market, this product is offered by Insurance Companies through a guaranteed annuity product.

In its simplest form, an annuity is a series of regular payments, either fixed or variable that are payable for a specified period or for the rest of the members life. Annuities may also vary depending on the timing of the periodic instalment settlement. Here below are some classifications of annuities:

- **Level annuity** is an annuity contract that pays you the same amount of regular income, while a variable annuity pays varying amounts to the annuitant.
- Annuities payable over a specified period is referred to as a **Fixed Term Annuity** (or an **Annuity Certain)** whereas an annuity pegged on the happenings of certain events provided for in the contract is referred to as **Variable Term Annuities.**
- An annuity whose periodic payment is dependent on the annuitant's life is referred to as a **Life Annuity.**
- An annuity that is payable at the beginning of the purchase period is referred to as an **Immediate Annuity** whereas that which is payable at the end of the pre-determined period is referred to as an **Annuity Due**.
- A **Deferred Annuity,** on the other hand, can be an Annuity Certain or an Annuity Due, whose installment settlements are set to start at a specific future time from the date of purchase of the annuity.

Retirement Annuities are mostly purchased out of the lump sum benefit accumulated in a Retirement Benefits Scheme. They are ideally immediate life annuities. Most Retirement Benefits Schemes' Trust Deed and Rules provide that a retirement annuity will incorporate a guaranteed period during which time, the annuity settlements are payable irrespective of whether the annuitant is alive or dead.

However, a retiree can enhance the annuity to suit their circumstances as at the time of purchase. It is important to note that every enhancement comes at an additional cost, and this results in a reduction of the ultimate periodic payment.

Here below is a schedule of the various parameters involved in the pricing of an annuity and their effect on the periodic payment to the retiree.

Annuity Pricing Considerations

Pricing Parameters	Effect on the Retirement Income
Age at purchase	The older the retiree, the higher the benefit payment. • The rationale is that younger persons have a longer estimated period of payment after retirement hence a lower annuity amount in comparison to an older person when considering the same accumulated benefit.
Annuitant's Sex	Males receive a higher annuity benefit than females of the same age. • Mortality rates show that females live longer than males, this means that females have a longer period of payment.
Prevailing interest rates	High interest in the market translates to higher annuity payout. • The long-term interest rates current at the time of purchase determine the return to be applied in the annuity pricing and consequently paid to the annuitant.
Retirement accumulated benefit (Purchase price).	The higher the purchase price, the higher the annuity payout.
Joint Life Annuities	Enjoining a spouse has the effect of reducing the annuity payable. • Where a retiree as an annuitant chooses to enjoin the life of their spouse in the retirement annuity provision, the annuity then promises to settle the instalment payments based on the last survivor.
Guaranteed period	A longer guarantee period attracts more premium than a shorter one thus resulting into reduced annuity value. • This is the period within which the annuity is paid for certain irrespective of whether the annuitant is alive or not. Therefore, on death of the annuitant within the guarantee period, the remaining retirement income to the end of the guarantee period is payable to the nominated beneficiary(s).

ii. The Income Drawdown

This is an alternative to the Retirement Annuity. In an Income Draw Down, retirees have the option to withdraw income from their accumulated retirement fund subject to the contractual limits, with the remaining balance staying invested and continuing to generate investment returns.

The retiree choses the amount subject to the maximum allowable percentage per year. This allows the retiree to vary the income to suit their needs. The retiree can also inject additional funds from other registered Retirement Benefits Schemes.

- Withdraw the fund balance as a lump sum benefit – subject to netting off any taxes that may be applicable; or
- Transfer the fund balance to another Income Drawdown Plan of choice.

Where the product is invested in a Guaranteed Fund under a deposit administration contract, a minimum annual bonus rate is guaranteed. The undrawn fund credit continues to earn annual bonuses arising from performance of the underlying assets of the Guaranteed Fund.

In the event of a member's demise, the full outstanding fund balance of the investment shall be paid to the nominated beneficiary net of applicable taxes.

iii. Cash Lumpsum

For the case of a Provident Fund, the retiree is entitled to receive a lump sum cash benefit equivalent to 100% of the accumulated fund at retirement. This will be paid in full and will be the final settlement of the Member's benefit entitlement from the Scheme.

The challenge with this option is that the Member then assumes the longevity risk associated with outliving the benefit after retirement as well as the investment risk associated with management of the lump sum benefit.

To address this challenge, it is custom to have a Provident Fund's Trust Deed and Rules to provide members with an option to apply a portion of their accumulated lump sum benefit towards the purchase of a Retirement Annuity or applying the same to an Income Drawdown Plan.

iv. Other Forms of Service Compensation

There are other forms of compensation to employees which might not be expressly termed as retirement benefits but are nonetheless compensation for service. They include.

- Gratuity benefits
  - Which is usually a defined benefit compensation derived as a factor of an employee's length of service or salary or a combination of the two.

- Employee share option plans
  - Which is an agreement to transfer certain shareholding as compensation to employees based on the performance of the company and often distributed dependent on the level of seniority within the company.

- The 13th Salary take-home
  - Which is compensation equivalent to one month's salary, usually payable to all employees and is either dependent on the performance of the company or applicable as a standard benefit at the end of the year.

Suffice to note that the above list of benefits is not exhaustive.

Legal Notice Number 82 of 2010 introduced a provision allowing transfer of gratuity benefits to a Registered Retirement Benefits Scheme, offering tax-free benefits up to annual contribution limits, currently set at KSh240,000 per employee per year. Employers can transfer gratuity entitlements into such schemes, providing tax advantages to employees. This provision doesn't change gratuity taxation but permits deductions for transferring gratuities. Traditionally, gratuities are taxed over five years, retroactively. However, Section 5(4) now applies the tax-free allowance to previous taxable years, aligning with Section 5(2) of the Retirement Benefits Act.

CHAPTER 3: TAXATION OF RETIREMENT BENEFITS SCHEMES

The Government, through the Income Tax Act, provides tax incentives for any savings remitted and accumulated within a registered Retirement Benefits Scheme. These incentives are by way of tax exemptions on contributions and on lump sum benefits accumulated through the registered scheme.

Upon exit from the Scheme at retirement, the accrued benefits are paid to the member in form of a retirement income. The retirement income settlement may be a lump sum, a regular pension, or a mix of the two options.

The current legislation in Kenya provides for the following payable benefits which are outlined in the Scheme Trust Deed and Rules.

Benefit	Description
Retirement Benefit	Payable to the member who retires upon attainment of retirement age.
Emigration Benefit	Payable to Scheme member emigrating from Kenya with no intention of returning to reside in the country.
Invalidity Benefit	Payable when a member suffers physical or mental disability which is considered by the medical board to be a permanent total incapacity.
Death/Survivor's Benefit	Payable to dependants upon the death of the member of the scheme
Withdrawal benefit	Payable under any other reasons not listed in the above four scenarios.

3.1 Taxation Models

A Retirement Benefits Scheme is considered one of the most tax efficient avenues for saving. The world over, there are two notable taxation models that have been adopted in the treatment of retirement benefits.

- **Exempt – Exempt – Tax (EET)- which refers to:**
  - Exemption from taxation on the contributions being remitted into the scheme for investments.
  - Exemption from taxation on the investment income that has been generated by the tax-exempt contribution; and
  - Taxation of the retirement benefit, accumulated from the tax-exempt contributions and income, upon access by the Member.

¤ **Tax – Tax – Exempt (TTE) which refers to:**

» Remittance of contributions derived from already taxed income.

» Taxation of the investment income that has been generated by these contributions derived from the already taxed income; and

» Exemption from taxation of the retirement benefit accumulated upon access by the Member. Income Tax General Provisions

Income Tax General Provisions

The Income Tax Act CAP 470 provides that all income is subject to taxation. Section 3 (1) of the Act provides that.

> "... a tax to be known as income tax shall be charged for each year of income upon all the income of a person, whether resident or non-resident, which accrued in, or was derived from Kenya".

The Act further specifically provides for taxation of retirement benefits in Section 3 (2) (c) as.

> "...gains or profits from pension, charge or annuity and any withdrawals from, or payment out of, a registered pension fund or registered provident fund or a registered individual retirement fund is taxable in Kenya."

Section 8 (4) further provides for the instances and extent to which pension benefits are exempt from income tax thus:

> "Notwithstanding Sec 3 (2) (c), the first Ksh300,000 of the total pensions and retirement annuities received by a resident individual from a registered fund or NSSF in a year of income shall be deemed to be income not chargeable to tax."

Retirement Benefits Schemes qualify for tax exemption as an incentive to facilitate their adoption and promote their establishment.

As a mandatory condition for legal operation and recognition, a Retirement Benefit Scheme must be registered by the Retirement Benefits Authority (RBA). However, for the scheme to benefit from tax exemption as outlined in the Income Tax Act, registration or an application for tax exemption must be submitted to the Commissioner of Domestic Taxes (The Commissioner). This granted tax exemption status enables members of a Retirement Benefits Scheme to contribute tax-free savings, within statutory

limits, and accumulate tax-free returns from the investment of these savings. In the scenario where an employer contributes alongside the member under a contract of employment, any unused allowable tax-free savings by the member are treated as a tax-deductible expense for the employer in terms of taxation.

Section 8 (5) of the Income Tax Act provides for the various elaborate tax-exemptions that a registered scheme is entitled to.

3.2 Tax on Contributions

Upon registration by the Commissioner, Section 22 (A) (1) of the Income Tax Act provides for deductible contributions from a Member's taxable income to a registered Retirement Benefits Scheme.

The deduction in respect of contributions of an employee in a year shall be limited to the lesser of –

(a) the sum of the contributions made by the employee to registered funds in the year, or

(b) Thirty per cent of the employee's pensionable income in the year, or

(c) Two hundred and forty thousand shillings (Ksh240,000) or, where contributions are made to registered funds of the employer in respect of a part year of service of the member, twenty thousand shillings (Ksh20,t000) per month of service.

In the case of a Retirement Benefits Scheme member under an employment contract with an employer-sponsored scheme, the employer's contribution on behalf of the member is not considered a taxable benefit, distinguishing it from many other financial employee benefits. This holds true irrespective of whether the Scheme is registered or not registered with the Commissioner of Domestic Taxes for tax exemption.

In the scenario where an employer is tax exempt but contributes for its employee, the contribution is considered a taxable benefit for the employee. The deductible contribution applies to the combined contributions made by both the employee and the employer to the scheme.

The Retirement Benefits Scheme Administrator must clearly record tax-exempt and non-tax-exempt portions in the records. This is crucial due to the need for clear distinctions during the Scheme's investment, fund accounting, and at benefits settlement.

The following tables demonstrate the allocations for the tax exempt and the taxable contributions in the Member's account once remitted into the Scheme:

Table 1 : Employee only contribution

Monthly Pensionable Salary	Contributions based on maximum Tax Allowable Rate (30%)	Tax Deductible Contributions	Taxable Contributions
50,000.000	15,000.00	15,000.000	--
100,000.00	30,000.00	20,000.00	10,000.00
150,000.00	45,000.00	20,000.00	25,000.00

Note 1:
The Table 1 illustration assumes the maximum allowable tax-deductible rate of 30% on pensionable salary.

Table 2 : Employee and Employer Contributions – scenario for equal employer and employee contributions.

Monthly Pensionable Salary	Contributions based On maximum tax Allowable rate (30%)	Employee	Employer	Employee		Employer	
		15%	15%	Non Taxable Contributions	Taxable Contributions	Non Taxable Contributions	Taxable Contributions
50,000.00	15,000.00	7,500.00	7,500.00	7,500.00	--	7,500.00	--
100,000.00	30,000.00	15,000.00	15,000.00	15,000.00	--	5,000.00	10,000.00
150,000.00	45,000.00	22,500.00	22,500.00	20,000.00	2,500.00	--	22,500.00

- *Note 2:*
The Table 2 illustration assumes the maximum contribution rate of 30% on pensionable salary split equally at 15% for both the Employee and the Employer contribution.

Additional Notes
- *Note 3:*
Any contributions made with respect to an employee that does not exhaust the limit, the balance may be considered as a tax-deductible expense on the Employer.

- *Note 4:*
Where an Employer is not liable to taxation, any contributions in excess of the deductible contribution limit by Employer and Employee shall be considered taxable income to the Employee.

- *Note 5:*
It is important to mention that the statutory provision for tax-free retirement savings applies to the Member. An Employer is only eligible to application of its contributions as a tax-deductible expense to the extent of the provision not used up by the member.

3.3 Tax on Investment Income

When a Retirement Benefits Scheme is registered with the Commissioner for tax exemption purposes, the income derived from the investment activities of the tax-exempt contributions is exempt from taxation. This is as provided for under Paragraphs 12, 14 and 15 of the First Schedule of the Income Tax Act.

For a non-tax-exempt Scheme or the portion of the Scheme that is made up of the contributions remitted from already taxed income, it is the income generated by such contributions that is subjectable to tax at the prevailing rates within the year that the income is earned.

3.4 Tax on Benefit Payout

The returns on investments resulting from deductible contributions accumulate without being subject to tax. Nevertheless, when a member realizes these benefits, the accrued amount—comprising the deductible contributions and the associated investment returns this is regarded as taxable income for the recipient member.

Section 8 (5) of the Income Tax Act provides that, for any accumulated benefit accessed as a lump sum shall be subjected to tax. The following shall apply.

a) "The lesser of the first KSh600,000 or the first KSh60,000 per full year of pensionable service with that employer starting on the later of the date the pensionable service began, or, where the employee had previously received a lump sum payment from that same employer, the date the employee's pensionable service commenced after receipt of the lump sum…" shall be accessed free of tax.

b) Where a member withdraws their retirement benefits savings from a registered scheme before the expiry of fifteen (15) years of pensionable service and has not attained 50 years of age, the balance of the lump sum payment after deducting the tax-free amount (as provided in (a) above) is subject to Pay-As-You-Earn (PAYE) using the tax bands below on Table 3.

c) Where a member withdraws after fifteen years (15) years of pensionable service or when a member has attained 50 years of age or is retiring due to ill health, or infirmity of body and mind, the balance of withdrawal after deducting the tax-free amount is subjected to the tax bands below on Table 4.

The following tables illustrate the tax bands described above:

Table 3 : Tax Bands (below 50 years or below 15 years of service)

Tax Bands	Applicable Tax Rate
On the first Ksh288,000	10%
On the next Ksh100,000	25%
On any balance over Ksh388,000	30%

Table 4 : Tax Bands (above 50 years or above 15 years of service)

Expanded Tax Bands	Applicable Tax Rate
On the first Kshs. 400,000.00	10%
On the next Kshs. 400,000.00	15%
On the next Kshs. 400,000.00	20%
On the next Kshs. 400,000.00	25%
On any balance over Kshs. 1,600,000.00	30%

d) Section 8 (5) (c) (f) further provides for the tax exemption of the pension instalment, derived from proceeds of an unregistered Retirement Benefits Scheme, received by way of Retirement Annuity; thus, the total pensions and retirement annuities received by a resident individual from an unregistered pension fund or scheme:

(i) the contributions to which have not been allowed as a deduction under any other provisions of this Act; and
(ii) the income thereof has been taxed.

Further, Paragraph 5 (d) (i) under Head B of the Third Schedule to the Income Tax Act provides for the taxation of the residual pension instalment received by way of a Retirement Annuity, and by extension an Income Drawdown arrangement as well as the residual lump sum benefit after netting off the tax-free amounts provided for under Sections 8 (4) and Section 8 (5). Provided that the tax so deducted shall be final. And, notably, Section 30 of the Income Tax Act states that:

"...a resident individual in receipt of taxable income shall be entitled to a personal relief in this Act referred to as personal relief".

The above provision implies that retirees receiving a pension by way of either an annuity or an income drawdown are therefore entitled to the monthly personal relief on the income tax applicable on their pension instalment settlements

Paragraph 1 under Head A of the Third Schedule provides that the amount of personal relief shall be Ksh28,800 annually.

Taxation illustrations of Benefits Realisation (Payable)

Consider a member with accumulated benefits of Ksh2,400,000 as benefits derived from tax-exempted contributions and a further Ksh1,200,000 derived from non-tax-exempted contributions. Further, suppose that out of the Ksh1,200,000 benefit derived for non-tax-exempted contributions, the interest income is Ksh109,090:

Scenario I

If the member is aged at least 50 years and/or has been in membership of the scheme for at least 15 years, below is the makeup of the tax payable upon the Member's exit from the Scheme

Tax-Exempt (Registered[1]) Account (Ksh)		**Non-Tax-Exempt (Unregistered[2]) Account (Ksh)**	
Gross Registered Benefits Payable:	2,400,000.00	Gross Unregistered Benefits Payable:	1,200,000.00
Tax-Free Registered Benefits:	600,000.00[3]	Tax-Free Unregistered Benefits:	1,090,909.09
Net Taxable Registered Benefits:	**1,800,000.00**	**Net Taxable Unregistered Benefits:**	**109,090.91**
Tax on the first 400,000 @ 10%	40,000.00	**Total Tax Payable on Unregistered Benefits:**	**32,727.27**
Tax on the first 400,000 @ 15%	60,000.00		
Tax on the first Ksh. 400,000 @ 20%	80,000.00	**Net Unregistered Benefits Payable**	**1,167,272.73**
Tax on the first Ksh. 400,000 @ 25%	100,000.00		
Tax on the balance Ksh. 200,000 @ 30%	60,000.00		
Total Tax Payable	**340,000.00**		
Net Registered Benefits Payable	**2,060,000.00**		
Total Gross Lump Sum Benefit Payable	3,600,000.00		
Total Tax Payable i.r.o the Lump Sum Benefit	372,727.27		
Total Net Lump Sum Benefit Payable	**3,227,272.73**		

Note1. Schemes that are registered by the Commissioner of Income Tax for tax exemption are referred to as Registered Schemes. The contributions, falling within the tax allowable limit, that are remitted to such schemes are referred to as Registered Contributions. The Benefits accumulated through the Registered Contributions are therefore referred to as Registered Benefits.

Note 2. Schemes not registered by the Commissioner of Income Tax for tax exemption are referred to as Unregistered Schemes. The contributions, remitted to such schemes or those that are more than the tax allowable limit are referred to as Unregistered Contributions. The Benefits accumulated through the Unregistered Contributions are therefore referred to as Unregistered Benefits.

Note 3. The Ksh600,000 is derived as Ksh60,000 for each year of pensionable service capped at the maximum allowable Ksh600,000.

Scenario II

If the member is aged less than 50 years old and has been in membership of the scheme for less than 15 years, say 5 years, below is the makeup of the tax payable upon the Member's exit from the Scheme:

Tax-Exempt (Registered) Account	
Gross Registered Benefits Payable	2,400,000.00
Tax-Free Registered Benefits	300,000.00[4]
Net Taxable Registered Benefits	**2,100,000.00**
Tax on the first Ksh 288,000 @ 10%	28,800.00
Tax on the first Ksh 100,000 @ 25%	25,000.00
Tax on the balance Ksh 1,712,000 @ 30%	513,600.00
Total Tax Payable	**567,400.00**
Net Registered Benefits Payable	**1,832,600.00**
Combined Account	
Total Gross Lump Sum Benefit Payable	3,600,000.00
Total Tax Payable i.r.o the Lump Sum Benefit	600,127.27
Total Net Lump Sum Benefit Payable	**2,999,872.73**

Non-Tax-Exempt (Unregistered) Account	
Gross Unregistered Benefits Payable	1,200,000.00
Tax-Free Unregistered Benefits	1,090,909.09
Net Taxable Unregistered Benefits	**109,090.91**
Total Tax Payable on Unregistered Benefits	**32,727.27**
Net Unregistered Benefits Payable	**1,167,272.73**

Note 4. The Ksh300,000 is derived as Ksh60,000 for each of the five (5) years of membership in the Scheme.

In conclusion, the taxation calculation scenarios show that to enjoy maximum benefits from one's savings, it is better to save for longer and access your benefits when above 50 or 60 years of age.


If Not Now, When?
Sherehe Ni Sawa, But Plan For An Easy Future Now
AKI
ASSOCIATION OF KENYA INSURERS
Consult an Accredited Insurance Provider Today
www.akinsure.com

CHAPTER 4: GOVERNANCE OF RETIREMENT BENEFITS SCHEMES

Governance refers to the system of rules, practices, processes, and structures through which an organization or a community is directed, controlled, and managed. It encompasses the mechanisms and principles that determine how decisions are made, how authority is exercised, how actions are monitored and how accountability is maintained.

Governance is a fundamental aspect of any organized entity, whether it's a government, a corporation, a non-profit organization, a community, or even a Retirement Benefits Scheme.
Governance can take many forms depending on the nature of the entity and its purpose. In this guidebook, we will focus on governance of Retirement Benefits Schemes. We will delve into the framework, general practice and the legislative environment that supports and promotes good governance of schemes.

Good governance in Retirement Benefits Schemes' is an essential element in ensuring that.

i. Schemes can deliver on the benefits promise.
ii. Trustees effectively discharge their core responsibility which is to safeguard the members retirement benefits.
iii. Minimize compliance costs.
iv. Enhance efficiency.
v. Effective management of the schemes' overall risks and to ensure that they are within acceptable threshold.
vi. Establish and maintain minimum standards of best practices in the governance of schemes.
vii. Utilization in separation of roles and evaluation of performance of trustees and appointed service providers
viii. Enhance effective decision making.

4.1 Key elements of the Governance framework

a) Retirement Schemes as Trusts

A Trust establishes a legal entity where Scheme assets are managed separately from the assets of the sponsor. This is a layer of protection in the event the sponsor ceases to be a going concern.
Trusts provide a legal framework for Trustees to manage and invest funds/scheme assets on behalf of the members without the interference of the sponsor.
The scheme as a Trust safeguards the member benefits out of reach of any creditors or attachments.

b) Trustee Responsibilities and Duties

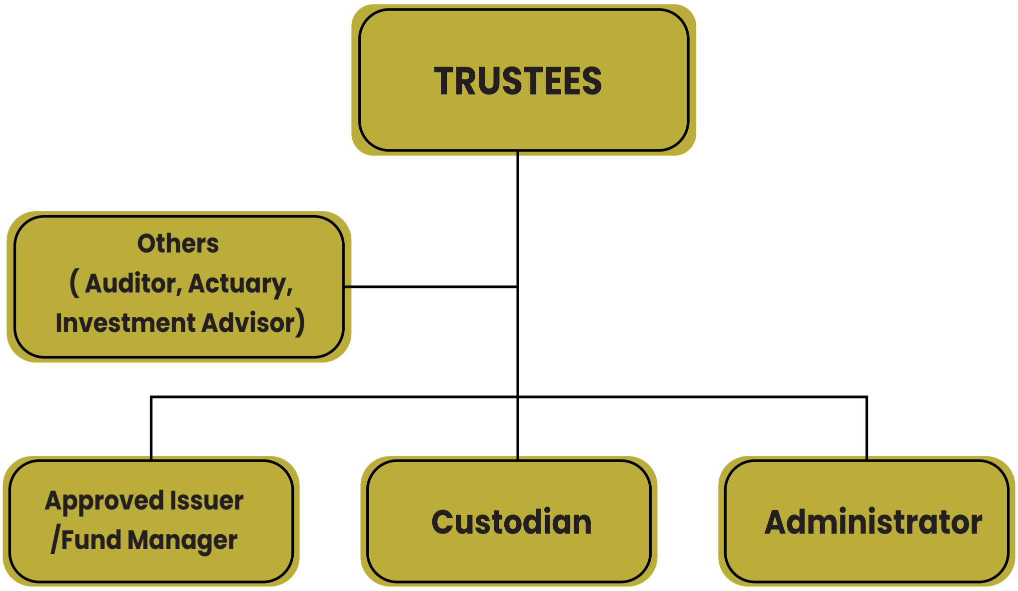
The Trustees have been conferred discretionary powers to effectively discharge their fiduciary responsibilities which are outlined in the Retirement Benefits Act, 1997, and its regulations and enshrined in the Trust Deed and Rules of the Scheme. These can broadly be outlined as.

- Governance
- Strategic direction of scheme
- Decision making

c) Structure and Design of the Scheme

Diagram 1 provides for the structure of a Retirement Benefits Scheme that depicts the separation of roles. This separation ensures effective governance, accountability, and protection of beneficiaries' interests with the aim of achieving checks and balances, mitigating conflicts of interest, appropriate assignment of responsibilities, and efficient and effective management of the scheme's operations and assets.

Diagram 1: Structure and design of the Scheme



The key stakeholders are appointed by the Trustees to ensure that each role they have is professionally managed for the benefit of the members and to ensure general compliance of the Retirement Benefits Scheme.

4.2 Governance Framework Application

A Governance framework is crucial for proper management of a Retirement Benefits Scheme, which provides systems and controls that formalize operations and institute mechanisms by which stakeholders are held accountable in the delivery of services to the Scheme.
Proper governance is evidenced by structures, processes and policies that are in place for efficient management and oversight of a Scheme.

The Retirement Benefits Regulations, and the Good Governance Guideline, has provided for a framework through which trustees and service providers implement and promote proper standards of conduct and sound governance practices. It also ensures that trustees exercise their fiduciary duties effectively and diligently.

4.3 Regulatory Framework and Compliance

The goal of the regulatory framework is to establish order, promote fairness, protect the well-being of scheme beneficiaries and sponsors, and create an environment conducive to sustainable growth and development of Retirement Benefits Schemes. This can be achieved through the following:

4.3.1 Scheme Registration

Registration of a Retirement Benefits Scheme establishes.

a. Legitimacy as it is operating in accordance with the law and regulatory requirements set by the Retirement Benefits Authority (RBA) and other associated regulators.
b. Trust and confidence among members, employers/sponsors, and other stakeholders. It signifies that the scheme is recognized and overseen by a regulatory authority, providing assurance regarding its legitimacy, governance, and adherence to established rules and regulations.
c. Oversight and protection by which the Authority monitors the scheme's activities, governance, and financial health thus protecting the interests of scheme beneficiaries.
d. The ability to legally receive and manage contributions and make benefit payments in accordance with the Retirement Benefits Act and its regulations.

Currently, registration in Kenya is a two-step process.

i. Registration by Retirement Benefits Authority which issues a scheme registration certificate. This allows a scheme to begin operations in compliance with the Retirement Benefits Act and subsidiary regulations.
ii. Registration by the Commissioner of Income Tax at Kenya Revenue Authority who issues a Tax Exemption certificate. This allows beneficiaries of a scheme to qualify for tax reliefs. However, this registration is not a mandatory requirement but is highly recommended.
As a Tax paying entity, Retirement Benefits Scheme also have Personal Identification (PIN) Certificates

4.3.2 Reporting

Reporting is a feedback mechanism used by Trustees and stakeholders to continuously update and track scheme performance in line with the scheme's objectives. This not only adds value to statutory reporting for regulatory compliance, but also provides trustees with valuable guidance for informed decision-making.
Reporting will be evidenced in the form of disclosures whose examples are listed below.

I. Annual Financial Statements: Retirement Benefits Schemes are required to prepare and submit annual financial statements to the RBA within three (3) months from the end of the financial year. These statements provide comprehensive disclosure of the Scheme's financial position, and changes in net assets. In addition, financial statements are filed with KRA within six months from the end of the financial year of the scheme.

II. Scheme Annual Administration and Operations Report: this report is prepared to provide an overview of the scheme's operations, performance, and governance. The annual report typically includes information on membership, contributions, investments, benefit payments, and any significant events or changes that have occurred during the reporting period.

III. Actuarial Valuation Reports: Defined benefits retirement schemes are required to conduct actuarial valuations periodically. The actuarial valuation report assesses the financial sustainability of the scheme and determines the funding levels and contribution rates required to meet the scheme's obligations. The report should be prepared by a qualified actuary and submitted to the Authority.

IV. Stakeholders reporting-These are reports provided to stakeholders in a retirement scheme to provide additional information.

Schemes are required to have a communication policy that details out how to pass on relevant information to stakeholders.

4.3.3 Training, certification, and performance score cards

a. The Retirement Benefits Authority has approved the Trustee Development Program Kenya (TDPK) as the mandatory certification and training course for Trustees.
b. Professional service providers are required to have minimum qualifications in accordance with the service that they offer the Scheme. For example, auditors must be registered by the Institute of Certified Public Accountants of Kenya (ICPAK).
c. The Board of Trustees develop performance scorecards to assess their performance and that of service providers. These scorecards are based on the Good Governance Guidelines and any other regulatory requirements set from time to time. In addition, the service providers' performance scorecards are also aligned with their service level agreements and any other contractual documents. These scorecards measure various aspects such as investment returns, overall member satisfaction, compliance with regulatory requirements, financial stability, governance practices, and administration efficiency.

4.3.4 Governance Policies and Procedures

In management of a Retirement Benefits Scheme, the Trustees are expected to prudently manage the assets of the Scheme and ensure general compliance with legislation. Therefore, there is a need to have a structured framework that promotes proper standards of governance and sound practices.

Through Legal Notice No. 193 of 2018, the RBA issued the Guidelines on Good Governance Practices in the management of Retirement Schemes. These guidelines provide a framework for Trustees to formulate and adopt policies and procedures that are applied in the prudent management of scheme assets.

The policies and procedures to be established are:

i. Risk management policy.
ii. Code of conduct policy
iii. Conflict of interest policy and register
iv. Scheme strategic plan
v. Data policy
vi. Scheme communication policy
vii. Trustee Board Charter
viii. Trustee remuneration policy
ix. Board evaluation policy
x. Procurement policy
xi. Induction and skills development policy

The Authority uses "disclose, apply, or explain" approach to ensure compliance with the Guidelines.

Trustees, Administrators, Trust Secretaries are responsible for ensuring compliance with these guidelines and shall report to members in the Scheme's audited financial statement on the scheme governance disclosure as provided in the Guidelines. In the event of non-compliance, the Authority will require remedial plans to be committed to by Trustees.

Below are the general provisions of the Good Governance Guidelines Practices in the management of Retirement Schemes.

i. Structure, roles, and processes of Board of Trustees - It expounds on the roles, responsibilities, and accountability of trustees. This includes defining the structure of various committees, such as an investment committee and risk management committee, and specifying their mandates and decision-making processes.

ii. Code of Conduct and Ethics that sets out the expected values and ethical standards of behavior for trustees, and service providers. This code will address issues such as conflicts of interest, confidentiality, transparency, and fair dealing to ensure that all involved parties act with integrity and in the best interest of beneficiaries.

iii. Transparency, accountability, and disclosure - The Trustees establish and maintain a member communication system that is accessible and timely to allow members to engage with them and service providers. This extends to providing information in a language that members can understand.

iv. Risk Management Policy- Provides Trustees with a structure for identifying, assessing, and mitigating risks that impact the retirement scheme's operations and financial health. The policy should cover areas such as investment risk, operational risk, compliance risk, among others.

v. Implementation, Oversight, and compliance- To ensure that the scheme complies with relevant laws, regulations, and guidelines. This provides a structure for monitoring and reporting on compliance, handling regulatory inquiries, and maintaining necessary licenses and registra tions. This is upheld through regular reviews of all stakeholders.

vi. Member representation and participation- This provides for members representation in the Board of Trustees through the elections procedure and Trustees qualifications to serve on the Board.

   In addition, it ensures effective and transparent communication with scheme members through guidelines for member statements, benefit illustrations, annual reports, and other communication channels to keep members informed about their retirement benefits, scheme updates, and important developments.

vii. Relationship between trustees, sponsors and service providers. Trustees are to maintain a positive relationship with the sponsor and service providers for the purpose of creating an enabling environment for good governance and efficient management of the Scheme.
   The Board of Trustees shall define the roles of each stakeholder and provide a framework for contracting Scheme's service providers. In addition, they should identify and manage conflicts of interest that may arise among trustees and service providers.
   The Sponsor is obligated to ensure that the objectives of founding the Scheme are achieved through the Trustees.

viii. Information Technology in Governance of the Scheme. The Trustees are required to implement an information technology policy that outlines, data protection and privacy policies that safeguard Scheme data. This includes data accuracy, compliance with data protection laws, implementing security measures to protect personal information, and defining procedures for handling data breaches or incidents. Trustees should ensure a business continuity plan is in place for the Scheme and service providers.

ix. Investment Policy Statement (IPS) - outlines the scheme's investment objectives, risk tolerance, asset allocation strategy, and guidelines for investment selection and monitoring. The IPS ensures that investment decisions align with the scheme's objectives, consider the risk-return tradeoff, and comply with regulatory requirements.

x. Internal Controls and Audit Procedures: This prescribes control mechanisms and audit procedures to ensure the accuracy, reliability, and integrity of financial reporting and operational processes. This includes segregation of duties, regular internal audits, and external audits conducted by independent audit firms.

Trustees are required to contract a qualified professional to conduct an independent and objective Governance Audit.

4.3.5 Communication and Member Education

This is a crucial aspect to ensure transparency, engagement, and the effective delivery of information to beneficiaries. The Retirement Benefits Authority (RBA) has established guidelines and requirements to promote clear and effective communication between Schemes and their members.

Here are some key aspects of member communication within Retirement Benefits Schemes.

- Annual general meeting- In this Forum, the members receive annual reports from service providers and Trustees. It is also in this session where they vote on matters affecting the Scheme.

- Member Statements – These should be regular and detail the member's contributions, accrued benefits, investment performance, expenses, and any other relevant information. These statements should be provided annually with the leeway to provide them more frequently.

- Benefit illustrations - these help members understand the potential value of their retirement benefits based on different scenarios, such as different contribution levels, investment returns, and retirement ages. These illustrations help members make informed decisions about their Retirement benefits.

- Scheme Rules - members are entitled to a copy of the Scheme Rules. This is usually provided in summary in the member Guidebook.

- Communication Channels- Schemes are encouraged to establish effective communication channels to facilitate member engagement and feedback. This can include regular newsletters, dedicated member portals or websites, email updates, or other means of communication. It is important to utilize clear and understandable language in all communication materials to ensure members can easily comprehend the information provided.

- Member Education- Retirement Benefits Schemes are encouraged to conduct member education programs and workshops to enhance members' understanding of their Retirement Scheme, investment options, benefits, and other relevant topics. These educational initiatives help members make informed decisions about their retirement savings and improve their overall financial literacy.

If Not Now, When?
Your Next Chapter Begins Today
AKI
ASSOCIATION OF KENYA INSURERS
Consult an Accredited Insurance Provider Today
www.akinsure.com

CHAPTER 5: TRUSTEESHIP IN RETIREMENT BENEFITS SCHEMES

All Retirement Benefits Schemes in Kenya are set up as irrevocable trusts. This means that they cannot be modified, amended, or terminated without permission from the Trustees, a court order, or any other law. All the assets and benefits in a Trust are managed by Trustees.

This Chapter will focus on the types of trustees and their roles and responsibilities within a Retirement Benefits Scheme.

What is a Trust?

A Trust is a legal arrangement that provides for a fiduciary relationship in which one party (Sponsor) gives the second party (Trustees) the right to hold or manage title to property or assets for the benefit of a third party (Beneficiary).

The parties to a Trust include -Trustees, beneficiaries, and sponsor/founder.

Benefits of Trusts

i. **Protection and privacy:** Trusts offer protection to the assets themselves; they are legal entities managed by Trustees who will have a fiduciary duty over them, therefore the assets of the Trust are separated from the assets of the sponsor.
ii. **Overcome Privity:** A Trust allows a beneficiary who is not necessarily a part of the Trust (Dependents) to enforce provisions of the Trust in full. This then separates a Trust from a contract, where a third party cannot enforce the provisions of a contract in which he is not party to.
iii. **Tax savings:** Trusts in their formation accrue tax reliefs and exemptions. Thus, registered Retirement Benefit Schemes are eligible for these benefits and thus are an advantageous arrangement for members to save in.
iv. **Transparency:** The set up and operation of Trusts offers transparency. There is clarity of the beneficiaries, asset ownership and distribution, and the Trust documents that provide for governance and controls.

Primarily Trusteeship in a Retirement Benefits Scheme is governed by:

- Retirement Benefits Acts No.3, 1997
- Trustee (Perpetual Succession) Act Cap. 164, revised in 2012.
- The Judicature Act Cap. 8
- Public Trustee Act Cap. 168
- Perpetuities and Accumulations Act, 1984
- Income Tax Act, CAP 470

The Retirement Benefits Act, No.3 1997 sets out the rights, duties, and powers of Trustees, and establishes the procedures for the appointment, removal, and replacement of Trustees as concerns a Retirement Benefits Scheme Trust.

5.1 Types of Trusteeship

Trustees can either be a registered Corporate Body (Trust Corporation/ Corporate Trustee) or a natural person or persons (Individual Trustees).

a) Trust Corporation

A Trust Corporation (Corporate Trustee) is incorporated as a Limited Liability Company registered under the Companies Act Cap 486. The Company should have Trusteeship stated as part of their key business activities in their memorandum and Articles of Association. A Trust Corporation would have registered Directors who will be vetted by the Retirement Benefits Authority when offering Trustee services to a retirement scheme.

A Trust Corporation can act as the sole Trustee or co-Trustee for a Trust. Appointment of the Corporate Trustee in a Retirement Benefits Scheme is the sole discretion of the founder of the scheme. They provide professional Trusteeship services to a retirement scheme.

Trust Corporations are required to be registered with the Authority as guided by the Retirement Benefits Act (RBA Act 22(2) *"No person shall act as a manager, corporate trustee, custodian or administrator unless such person is registered under this Act and holds a valid certificate of registration issued pursuant to the provisions of this Act."*

b) Individual Trustees

These are natural persons elected or nominated to act as a Trustee on behalf of beneficiaries. They can be elected by the members of the scheme or appointed by the sponsor of the scheme.

Trustees are required within the first six (6) months of being appointed to attend the Trustees Development Program of Kenya (TDPK) currently being offered by the College of Insurance. This course is designed to equip the Trustees with the requisite knowledge required in running a retirement scheme.

5.2 Composition of Trusteeship

The Retirement Benefits Act, Regulations and Good Governance Guidelines wholistically provide for the make-up and membership of the Board of Trustees.

Below is an outline of Trusteeship based on the type of Scheme.

i. Occupational Schemes

In the Retirement Benefits (Occupational Retirement Schemes) Regulations, 2021 the Board of Trustees is composed of a minimum of four (4) Trustees and a maximum of nine (9) for a Defined Contributions Scheme. Whereas in a Defined Benefits Scheme, it is composed of a minimum of three (3) and a maximum of nine (9) Trustees. A Trust Corporation can be the sole Trustee or a Co-Trustee.

ii. Umbrella Retirement Benefits Schemes

The founder/sponsor of an umbrella scheme may elect to appoint a Trust Corporation as the sole Trustee or provide for individual trustees.

Section 38(2) of the Retirement Benefits (Umbrella Retirement Benefits Schemes) (Amendment) Regulations, 2020 states that," Where the sponsor elects not to appoint a trust corporation under regulation 16 as a sole trustee, the sponsor shall appoint nine trustees of a scheme of whom,

(a) Five shall be nominated by participating employers from amongst members of the management committee constituted under regulation 18; and

(b) Four shall be nominated by the sponsor, of whom two shall not be employees or directors or have any business relationship with the sponsor and be in good standing in a relevant professional body and approved by the Authority."

iii. Individual Retirement Schemes

In this arrangement, the Sponsor is required to appoint a Trust Corporation as a sole Trustee for an individual retirement scheme.

5.3 Requirements to become a Trustee

In the case of Individual Trustees, the nomination of Trustees is the preserve of:

- Members, for member nominated Trustees; and
- The Sponsor, for sponsor appointed Trustees.

For the member nominated Trustees, the nomination and elections are conducted as per the Scheme's Election Policy.

The Retirement Benefits Act (Section 26) and the Good Governance Guidelines provide for the conduct and good standing of the persons being nominated as follows:

No person shall be a Trustee of any scheme fund if such person;

(a) Has been sentenced to imprisonment by a court of competent jurisdiction for a period of six months of more.

(b) Is adjudged bankrupt.

(c) Was previously involved in the management or administration of a Scheme which was deregistered for any failure on the part of the management or the administration thereof.

(d) Is disqualified under any other written law, or his holding office as such is deemed by the Authority as being, in any way, detrimental to the Scheme.

(e) Does not comply with the guidelines or practice notes issued by the Authority.

Notwithstanding the provisions of subsection (2), the appointment of any person as a Trustee shall be subject to approval by the Authority.

Further, the Retirement Benefits (Good Governance Practices) Guidelines, 2018, under the Code of Conduct stipulates what forms a properly constituted board of Trustees, moral values, and ethical standards that a person must possess to be considered for Trusteeship.

These include:

i. Leadership and integrity.

ii. Commitment and devotion to duty including the ability to explain clearly why he or she wants to be a Trustee and what he or she believes that he or she can contribute to the governance of the scheme.

iii. Prudence; and

iv. Good character as determined through a generally accepted certification process.

A Trustee shall be deemed to be duly appointed upon his or her nomination/election and shall be issued with a letter of appointment by.

a) The sponsor of the Scheme in case of a new scheme, or
b) The Trust Secretary in the case of an existing scheme

The appointment letter will outline the terms of appointment, the expectations of the sponsors and members, and it will also include.

a) The tenure of the Trustee
b) The role and responsibilities of the Trustee
c) The requirement that the Trustee shall adhere to the code of conduct of Trustees of the Scheme
d) The Trustee's expected remuneration in accordance with the Scheme's Trustees Remuneration Policy.

The law does not distinguish between active and passive Trustees, they are fully liable to the members for any adverse outcomes of decisions, or any financial losses incurred even where their duties have been delegated to a third party.

Term of Trusteeship

Trusteeship has a term of three (3) years. The Trustees term can be renewed either by election by the members or re-appointment by the sponsor for another term of three (3) years, i.e. the maximum continuous term a Trustee can serve is capped at six (6) years, except for a Trust Corporation. A Trustee, however, can resign or be removed before their term has expired.

Removal of Trustees from office

The Scheme Rules shall provide the procedure and grounds for removal of a Trustee from office.

A person shall cease to be a Trustee if that person—

(a) Is forbidden from acting as a Trustee in accordance with the provisions of the Act or any other relevant written law.

(b) Fails to undergo statutory training within the period stipulated under the Act or regulations.

(c) Without reasonable cause, fails to attend two consecutive meetings of the Board of Trustees or such number of meetings as may be provided for under the Act.

(d) Resigns by notice in writing to the chairperson or in such other manner as may be provided for in the Scheme Rules.

(e) Is removed from office by the sponsor of the scheme in accordance with the instrument that established the scheme; or

(f) In the case of a Trustee who was elected by members, is removed by the members in accordance with the scheme rules.

It should be noted that the removal of a Trustee from office shall be finalized through a resolution of the Board of Trustees, and where a Trustee has ceased to hold office, the Board of Trustees shall notify the sponsor and members promptly in writing.

Remuneration of Trustees

In the course of their duty, Trustees may draw an allowance as stipulated in the Trustees Remuneration Policy, this is provided by the RBA Guidelines on Trustees' Remuneration Policy and Scheme Expenses that guides on the remuneration and scheme expenses.

In summary, the guidelines provide for Trustees to set a prudent policy on;

- The permissible Trustees remuneration
- The limits of the remuneration depending on scheme size.
- The approval procedure for the remuneration
- The requirements for disclosure of annual remuneration of the Trustees.

5.4 Duties and Responsibilities of a Trustee

a. Fiduciary Responsibility

The primary duty of a Trustee in a Retirement Benefits Scheme is the fiduciary duty of care, loyalty, act reasonably and in good faith and to avoid self-dealing.

Further to this, the Trustees are expected to manage the assets of the Scheme in the best interest of the members. The Trustees are required to conduct their business in line with the set Scheme Policies as required in the Good Governance Guidelines.

The Policies aim to provide a structured way of managing the Retirement Benefits Scheme, guide on the ethical behavior of the Trustees and provide for sub-committees of the Board.

b. Investment of Scheme Funds

The Trustees have overall responsibility for investing the scheme funds as guided by the Retirement Benefits Act No. 17 of 1997 and subsidiary regulations. They should have appropriate knowledge of the principles of funding and investment relating to Retirement Benefits Schemes.

The Trustees, through the Investment Committee, review on a quarterly basis the Scheme's investment performance and apply appropriate measures to mitigate, manage or avoid the risks associated with investments. Therefore, Trustees are required to have a prudent investment policy that details out the investment philosophy, investment limits, the benchmarks the Trustees will use to review the investment performance and acts as a guide to the approved issuer or fund manager as they execute the investment mandate.

c. Duties of Administration

Trustees have the responsibility of properly administering all Scheme affairs some of which include:

- Keeping all proper books and records of account
- Computing and preparing statements of payments of benefits.
- Collecting, keeping, and updating retirement benefits data of each member including maintenance of individual membership records.
- Ensuring that the agreed contributions have been remitted to the custodian.
- Communicating regularly with members
- Providing members with annual membership benefits statements
- Convening an annual general meeting
- Professional preparation of Scheme documents

The Trustees have the discretion of delegating the Administration of the scheme to a qualified Administrator. It should be noted, however, the Trustees cannot delegate their responsibility of decision making.

d. Duty of Trustees to act unanimously

Unless stated otherwise in the Trust Deed, all decisions of the Trustees must be made by all of them. If the rules provide for a majority decision, then that decision binds all the Trustees.

e . Duties in relation to information, Accounts and Audit.

Trustees must not only keep proper accounts and allow the beneficiary to inspect them, but must also on demand, give the member information and explanations as to the investments and dealings with the trust property.

f. Duty to Act in the Beneficiaries Best Interests

It is not enough to act in good faith and with good intentions, if the action is not in the members' interests.

g. Duty to exercise a power in accordance with its purpose.

To exercise powers for the specific purposes for which they were granted. An example to this is power to invest in real estate is not a power to provide housing for members.

h. Duty to exercise power in an impartial manner

Treating all members equitably.

i. Duty of Good Faith.

This means that the Trustees have a duty to avoid dishonesty.

j. Trustee's standard of care

The accepted principle is that Trustees should use such due diligence and care in the management of the trust as an ordinary prudent person of business would use in the management of their own affairs.

k. Trustee's discretion.

This refers to the authority granted to Trustees to make decisions on behalf of the members. Such as in investments and benefits settlement among others.

There are other duties which are outlined in the Retirement Benefits Act and other different legislations.

5.5 Discretionary Powers

Discretionary powers relates to the authority granted to a Trustee to make decisions for and on behalf of the members and dependents of the Scheme.

i. Investments

The Retirement Benefits (Forms and Fees) (Amendment) Regulations, 2020 offers investment guidelines to Trustees of Retirement Benefit Schemes in terms of permissible asset classes to invest in and the limits of exposure to permitted asset classes of investment.

Trustees are required to formulate a guide on the limits per asset class as a proportion of the fund through an Investment Policy Statement (IPS). The IPS guides how much to invest in the asset option and assists the Trustees in monitoring and evaluating the performance of the Fund. Trustees can delegate this duty to a Fund Manager or Approved Issuer.

ii. Payment of benefits

Trustees exercise their power in computing and distribution of benefits as defined in Retirement Benefits Regulations as follows:

a) The amount of retirement benefits payable to a nominated beneficiary.
b) The amount of retirement benefits payable to the children of a member.
c) The apportionment of a lump sum benefit amongst all dependents.
d) The apportionment of a retirement benefit amongst surviving spouses and children; or
e) The reinstatement of a surviving spouse's retirement benefit that had ceased on remarriage.

iii. Delegation of duties to service providers

The Trustees have the discretion to delegate some of the duties above to specialized service providers such as listed below.

1. Approved Issuer
2. Administrator – to manage the administrative duties
3. Fund Manager
4. Investment Advisor
5. Auditor
6. Actuary
7. Property manager
8. Lawyer
9. Any other as deemed necessary.

Appendix
Life Insurance Companies Registered as Approved Issuers

	COMPANY	CONTACTS	EMAIL
1	APA LIFE INSURANCE LTD	0709 912000	customer.service@apollo.co.ke
2	BRITAM LIFE ASSURANCE INSURANCE CO (K) LTD	0703 094000	customerservice@britam.com
3	CIC LIFE ASSURANCE LTD	0703 099200	callc@cic.co.ke
4	EQUITY LIFE ASSURANCE (K) LTD	0765 966727	enquiries@equityinsurance.co.ke
5	GEMINIA LIFE INSURANCE COMPANY LTD	0709 551150	life@geminialife.co.ke
6	ICEA LION LIFE ASSURANCE COMPANY LTD	0719 071 000 0730151000	contactcentre@icealion.com
7	JUBILEE LIFE INSURANCE COMPANY KENYA LTD	+254 100 631582	pensions.bd@jubileekenya.com
8	KENINDIA ASSURANCE COMPANY LTD	0111 101000/600	life@kenindia.com
9	KENYA ORIENT LIFE ASSURANCE LTD	0719 518757 0795271222	info@orientlife.co.ke
10	KENYAN ALLIANCE INSURANCE COMPANY LTD	0709 234000	kai@kenyanalliance.co.ke
11	KUSCCO MUTUAL LIFE ASSSURANCE CO LTD	0703 440440	pension@kusccomutual.co.ke Info@kuscoomutual.co.ke
12	LIBERTY LIFE ASSURANCE KENYA LTD	0711 028000 0731 278 757	corporatesales@libertylife.co.ke libertylife@libertylife.co.ke
13	MADISON LIFE INSURANCE KENYA LTD	020 2864000 0709 922 000	pensionsales@madison.co.ke
14	OLD MUTUAL LIFE ASSURANCE COMPANY LTD	0711 065000	pensionservices@oldmutual.co.ke
15	PIONEER LIFE ASSURANCE COMPANY LTD	0207220000 /108/180/187/195	pensionsadmin@pioneerassurance.co.ke
16	PRUDENTIAL ASSURANCE	0719 075 000	prupension@prudentiallife.co.ke / customer.service@prudentiallife.co.ke
17	SANLAM LIFE INSURANCE LTD	0722 206900	bdlife@sanlam.co.ke
18	THE MONARCH INSURANCE COMPANY LTD	0705 426931 0724 635700	info@monarchinsurance.co.ke

Appendix
OTHER KEY CONTACTS

ASSOCIATION OF KENYA INSURERS	0709 640000	info@akinsure.com
RETIREMENT BENEFITS AUTHORITY	0735 339939 0800 720300	info@rba.go.ke
INSURANCE REGULATORY AUTHORITY	0719 047000	commins@ira.go.ke
NATIONAL SOCIAL SECURITY FUND	0709 583000	info@nssfkenya.go.ke
ASSOCIATION OF RETIREMENT BENEFITS SCHEMES	0733 748952 020 2711461	info@arbs.co.ke

REFERENCES

The References in this Guidebook are largely Laws and Guidelines that govern the Retirement Benefits Sector. All the website links below were accessed for correctness on 1st August 2024.

1. Retirement Benefits Act
   Laws of Kenya Database, Retirement Benefits Act, CAP 197, (1st August 2024), https://www.kenyalaw.org/lex-//inde.xql

2. Retirement Benefits Authority, Retirement Benefits Regulations, (1st August 2024), https://www.rba.go.ke/retirement-benefits-regulations/
   » The Retirement Benefits (Forms and Fees) Regulations 2000.
   » The Retirements Benefits (Managers and Custodians) Regulations 2000.
   » The Retirements Benefits (Minimum Funding and Winding Up of Schemes) Regulations 2000.
   » The Retirements Benefits (Occupational Retirement Benefit Schemes) Regulations 2000.
   » The Retirement Benefits (Tribunal) Rules 2000.
   » The Retirements (Administrators) Regulations 2007.
   » The Retirement Benefits (Transitional) Regulations 2000.
   » The Retirement Benefits (Mortgage Loans) Regulations 2009.
   » The Retirement Benefits (Umbrella Regulations LN 193_2020)
   » The Retirement Benefits (Income Drawdown) Regulation
   » The Retirement Benefits (Individual Pension) Regulation

3. Retirement Benefits Authority, Practice Notes and Guidelines, (1st August 2024) https://www.rba.go.ke/practice-notes-and-guidelines/
   » The Retirement Benefits (Good Governance Practices) Guidelines, 2018
   » Prudential Guidelines No. RBA 002,
   » RBA Guidelines on Trustees' Remuneration Policy and Scheme Expense
   » Practice notes issued by RBA.

4. The Pension Act
   Laws of Kenya Database, Pensions Act, CAP 189, (1st August 2024), https://www.kenyalaw.org/lex//index.xql

5. The National Social Security Fund Act
   Laws of Kenya Database, Pensions Act, CAP 258, (1st August 2024), https://www.kenyalaw.org/lex//index.xql

6. Income Tax Act, CAP 470
   Laws of Kenya Database, Income Tax Act, CAP 470 (1st August 2024), https://www.kenyalaw.org/lex//index.xql

7. Insurance Act,
   Laws of Kenya Database, Insurance Act, CAP 487, (1st August 2024), https://www.kenyalaw.org/lex//index.xql

8. Employment Act
   Laws of Kenya Database, Employment Act, CAP 266, (1st August 2024), https://www.kenyalaw.org/lex//index.xql

9. Trustees (Perpetual Succession) Act
   Laws of Kenya Database, Trustees (Perpetual Succession) Act CAP164, (1st August 2024), https://www.kenyalaw.org/lex//index.xql

10. National Treasury Circulars, Circular on Implementation of Public Service Superannuation Scheme for Civil Servant Teachers and Discipline Services, 20th November 2020 (1st August 2024) https://www.treasury.go.ke/

11. National Treasury, Public Service Superannuation Scheme (PSSS) Guidebook, October 2020. https://www.treasury.go.ke/

ASSOCIATION OF KENYA INSURERS

AKI Centre, Mimosa Rd,
Muchai Drive off Ngong Rd
P.O. Box 45338- 00100 Nairobi, Kenya

Email:
info@akinsure.com

Web:
akinsure.com

Call :
+254 709 640000