

EMERGING REGULATIONS IN THE PENSION INDUSTRY

RETIREMENT BENEFITS STRUCTURE



Established Under Law

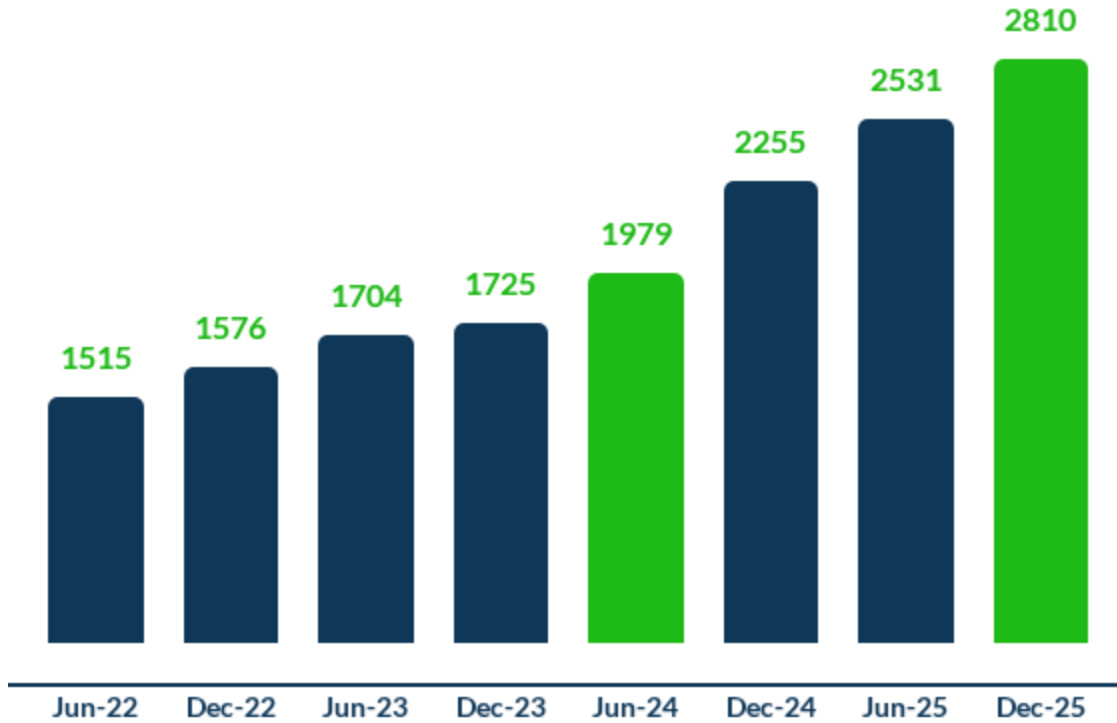
- ✓ **Act of Parliament:** Retirement Benefits Act 1997
- ✓ **RB Structure:** Established under trust
- ✓ **NSSF:** Mandatory Public Pillar
- ✓ **Public Service Superannuation Scheme:** For Civil Service/Discipline Force



Scheme Categories

- ✓ **Occupational Schemes:** Employer-based (Net Assets: Kshs 1,293B)
- ✓ **Umbrella Schemes:** Participating employers (Net Assets: Kshs 197B)
- ✓ **Individual Pension Plans:** Open to all (Net Assets: Kshs 149B)
- ✓ **NSSF Assets:** Approx. Kshs 476.8B

INDUSTRY SUMMARY & GROWTH



Half Year Growth: 11%

Item	Amount (Ksh. Billion)
Fund value June 2025	2,530.71 B
Additional Contributions	157.06 B
Investment Income & Gains	122.87 B
Total	2,810.64 B

RBA'S STATUTORY MANDATE



Regulate & Supervise

Schemes & Service Providers within the industry to ensure compliance and stability.



Develop & Promote

Advancing the retirement benefits industry through strategic development initiatives.



Protect Interests

Safeguarding the interests of members and sponsors against risks and mismanagement.



Approve Trustees

Formal approval of Trustee Remuneration and oversight of governance bodies.



Advise Government

Advising the CS, National Treasury on national policy and implementing government directives.

ESG CATEGORIZATION

Environmental (E)

Climate change, carbon emissions, air/water pollution, biodiversity, deforestation, energy efficiency, waste management, and water scarcity.

Social (S)

Customer satisfaction, data protection, privacy, gender and diversity, employee engagement, community relations, and human rights.

Governance (G)

Board composition, audit structure, bribery and corruption, executive compensation, lobbying, and whistleblowing.

RESPONSIBLE INVESTING

- ✓ Strategic Plan 2024-2029: Promoting sustainable and diversified investment.
- ✓ IFRS S1 & S2: Mandatory disclosure effective January 1, 2027.
- ✓ Shift from 92% concentration in four asset classes to alternatives and green finance.
- ✓ Goal: Maximize returns while ensuring ESG compliance.

Global Assets: USD 56.6 Trillion (67% GDP)

Kenya Assets: KSh 2.9 Trillion (13% GDP)



NSSF BACKGROUND: OLD VS NEW

Old NSSF (1965)

- ✓ Provident Fund structure.
- ✓ Contributions: 10% (5% EE + 5% ER).
- ✓ Max contribution: Kshs 400 total.
- ✓ Benefits: Lump sum (Not sustainable).

New NSSF (2013 Act)

- ✓ Pension Fund structure.
- ✓ Contributions: 12% of Earnings (6% EE + 6% ER).
- ✓ Monthly pensions for long-term security.
- ✓ Tier I & Tier II structure.

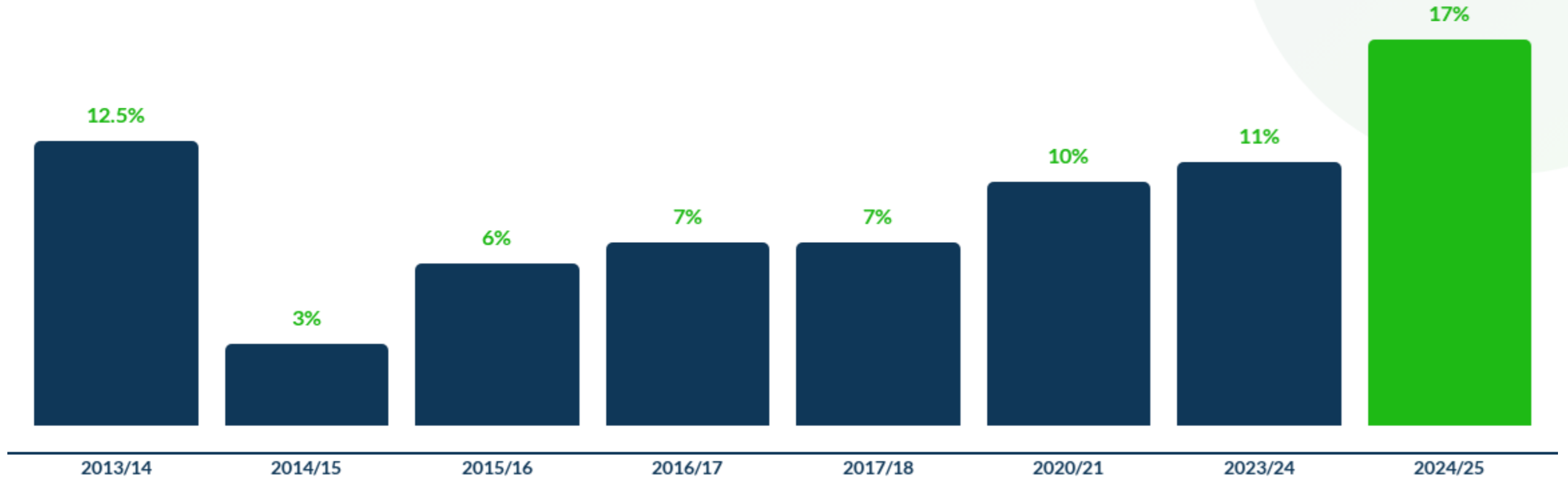
County Pensioners Association appeal pending in Supreme Court; matter referred to Court of Appeal for fresh determination.

CONTRIBUTION RATES PROGRESSION

Year	Lower Earnings Limit (LEL)	Upper Earnings Limit (UEL)	Max Contribution (ER + EE)
Year 1 (2023)	6,000	18,000	2,160
Year 2 (2024)	7,000	36,000	4,320
Year 3 (2025)	8,000	72,000	8,640
Year 4 (2026)	9,000	108,000	12,960
Year 5 Onwards	9,000 (as gazetted)	144,000	17,280

**UEL assumptions based on the year 2013 as base. Calculation: Tier I (6% of LEL) + Tier II (6% of Balance up to UEL).*

NSSF PERFORMANCE HISTORY



10 Year Average: 5.00% Gross Interest

5 Year Average: 4.00% Gross Interest

DATA PROTECTION ACT 2019

- ✓ **Origin:** Constitution Article 31 (Right to Privacy).
- ✓ **Purpose:** Regulate processing of personal data and protect individual privacy.
- ✓ **Data Subject Rights:** Right to correction or deletion of misleading info.
- ✓ **Compliance:** Register with ODPC as Data Controller & Processor.
- ✓ **Policies:** Schemes must have Data Retention, Breach, and Privacy policies.



ANNUITY VS INCOME DRAWDOWN

Feature	Income Drawdown	Annuity
Income Flexibility	Highly Flexible (Adjust anytime)	Fixed / Limited
Control of Funds	Full ownership retained	Capital surrendered
Investment Growth	Potential for higher returns	No growth (priced in)
Longevity Protection	Risk of running out (10-yr limit)	Guaranteed for life
Estate/Inheritance	Passed to beneficiaries	Limited options
Best For	Active, informed retirees	Risk-averse retirees

PRMF: Members may utilize max 10% of benefits to set up post-retirement medical funds.

THANK YOU



Dignity in Retirement



5th Floor, Crescent Business Centre (CBC), Parklands, Nairobi.
P.O Box 48179 -00100, GPO Nairobi, Kenya

Call: +254 719 560 656, +254 740 257 777, +254 11 1052230
Email: insurance@finnettrust.com | info@finnettrust.com

