



“ Are you saving for your sunset years?
Live the promise! ”

About Retirement Benefits Authority



Retirement Benefits Authority
Safeguarding your retirement benefits



INTRODUCTION

Retirement Benefits Authority (RBA) is a regulatory body under the National Treasury, established under Retirement Benefits Act.

The Retirement Benefits Act was enacted as part of the on-going reform process in the financial sector in order to bring the retirement benefits industry under a harmonized legislation, to address the many problems that have hitherto faced the industry. The enactment of this Act filled a regulatory vacuum which had existed in Kenya. At the time the Authority came into existence, retirement benefits schemes in Kenya were regulated by fragmented legislation, mostly Trust and Income Tax Laws. The absence of specific retirement benefits regulations allowed schemes to adopt different styles of operation. Commonly, sponsors (employers) dominated the operations of industry while members and beneficiaries were largely marginalized. Cases of sponsors keeping poor records of scheme members funds to the extent of members benefits not being easily determined at the time of retirement were quite rampant. In other instances sponsors fraudulently diverted members contributions into their business interests. As a result, majority of the schemes therefore lacked funds to pay their members on retirement. In the 1990's, the industry was replete with cases of unpaid, underpaid and delayed benefits to entitled members, not to mention cases of outright theft of benefits.

The Authority was thus established to facilitate industry reforms and, most importantly, ensure that members' interests are protected. Schemes are now distinctly separate entities from the sponsors, established under an irrevocable trust and administered by a legitimately appointed board of trustees. Up to 50% of the trustees must be member-nominated. Trustees take full liability for the schemes, and can be prosecuted for any mismanagement. Sponsors remit members' contributions to the scheme account or to the custodian within ten days of the deductions. The funds are then invested by fund managers across a beneficiary's range of investment instruments available in the market to maximize returns at the lowest risk possible. The schemes keep detailed and updated records of members and assets which are independently audited every year.

CORE MANDATE

- (i) Regulate and supervise the establishment and management of retirement benefits schemes;*
- (ii) Protect the interests of members and sponsors of schemes;*
- (iii) Develop and promote the retirement benefits sector;*
- (iv) Advise the Government on matters relating to retirement benefits;*
and,
- (v) Implement all Government policies relating thereto.*

VISION

A dynamic and secure retirement benefits sector.

MISSION

To develop, safeguard and deliver value to the retirement benefits sector through excellence in service delivery.

CORE VALUES

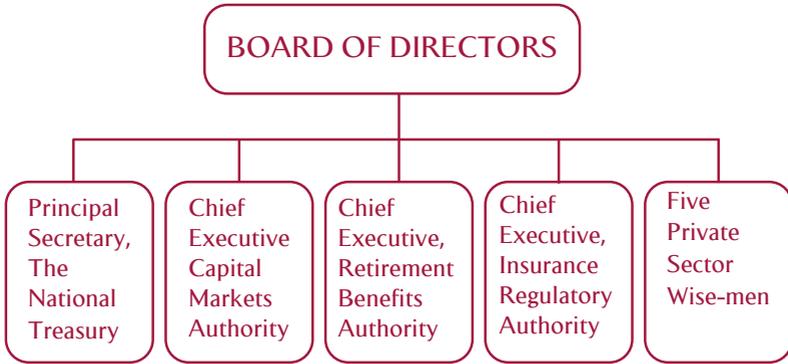
- (i) Firmness and fairness*
- (ii) Transparency and accountability*
- (iii) Innovation and dynamism*
- (iv) Proficiency in quality service delivery*
- (v) Integrity*

QUALITY POLICY

Developing and Safeguarding the Retirement Benefits Sector through:

- 1. Commitment to continued excellence in service delivery;*
- 2. Upholding professionalism, integrity and sensitivity to Stakeholder interests;*
- 3. Operating a quality management system within the framework of iso 9001:2008 standards;*
- 4. Continual improvement of the quality management system.*

GOVERNANCE STRUCTURE OF RBA



RETIREMENT BENEFITS INDUSTRY

The Retirement benefits industry controls over Khs 800 billion worth of assets through over 1200 occupational pension schemes, 33 individual retirement benefits schemes and the National Social Security Fund (NSSF). These schemes together with the Civil Service Pension Scheme provide coverage of 18 % of Kenya's labour force, mostly those in formal employment. In terms of membership, the NSSF has around 67% of the total, followed by the Civil Service Pension Scheme with 22% and occupational schemes taking up 11%. In terms of assets, however, the occupational schemes contribute 61% of total industry assets followed by NSSF with 38%. The Civil Service Pension Scheme is non-funded.

	Civil Service Pension Scheme	National Social Security Fund	Occupational Scheme (employer sponsored schemes)	Individual Schemes
Legal Structure	Act of Parliament	Act of Parliament	Trust Deed	Trust Deed
Membership	All civil servants	Formal sector workers in companies with 5 or more workers	Formal sector workers in companies that have schemes	Individuals formal/informal sector join Voluntarily
Funding	Non-funded	Funded	Funded	Funded
Regulation	Exempt from RBA	Subject to RBA	Subject to RBA	Subject to RBA

RETIREMENT BENEFITS AUTHORITY'S ACHIEVEMENTS

Since its inception 15 years ago, the Authority continues to play a key role in the retirement benefits sector, and has realized a number of achievements:

1. A significant growth of the industry's assets. The industry has assets worth over Ksh.800 billion. The growth has resulted from:
 - (i) Increased confidence in saving for retirement due to the creation of a regulatory body;
 - (ii) Increased member awareness through board representation, annual general meetings and public education;
 - (iii) Improved investment portfolio returns and diversification as a result of using independent investment managers;
 - (iv) Security of scheme assets following the separation of asset custody to independent custodians ;
 - (v) Greater transparency and accountability through annual audited financial statements and other statutory returns; and
 - (vi) Regulatory oversight.
2. An increase in applications to register new schemes as more employers start retirement benefits schemes for their workers.
3. A large proportion of retirement benefits schemes have been brought into full compliance with the Retirement Benefits Act.
4. The Authority has, in a number of cases, intervened in the management of schemes in order to protect the interests of members especially when members' benefits are endangered. Interventions include:
 - (i) Issuing directives to scheme trustees;
 - (ii) Carrying out on-site inspections of schemes; and,
 - (iii) Appointing external independent Interim Administrators to take over the running of schemes where necessary.
5. Aggrieved members, sponsors, trustees and service providers can now forward complaints to the Authority at no cost. The complaints have mainly been from members on issues to deal with withholding attachment and miscalculation of benefits. Over ninety per cent (90%) of complaints received by the

Authority have been resolved to the satisfaction of the members while the remainder are being addressed.

6. *Successful facilitation of enhanced tax incentives for the industry, for the benefit of members:*

 - (i) *Contributions to registered schemes up to a certain limit (30% of an employee's salary or Ksh.240,000.00 per year is tax-exempt);*
 - (ii) *All investment income earned by a scheme is tax free;*
 - (iii) *Ksh.15, 000.00 per month (Ksh.26,000.00 if the pensioner has no other income) of pension income is tax free;*
 - (iv) *Pensions earned by person's age 65 or higher are completely tax free;*
 - (v) *Ksh.600,000.00 of any lump sum retirement benefit is tax free; and,*
 - (vi) *At retirement age, or after 15 years membership, taxation on benefits exceeding the tax-free amounts is at a much lower rate than it is for any other income.*

7. *Training of trustees: To enable the trustees to carry out their duties effectively, the Retirement Benefits Authority in conjunction with the College of Insurance, the Association of Retirement Benefits Schemes and the Humber Centre for Employee Benefits has developed a Training Programme, namely "Trustee Development Programme – Kenya". The objective of the programme is to facilitate training for the better administration of retirement benefits schemes in Kenya.*
8. *Retirement Planning Training: The Authority also conducts training for members of schemes. This training is geared towards enabling members plan for their retirement. This training is offered by RBA at no charge.*
9. *Pension Public Education: The Authority carries out public education campaigns geared towards educating the public on the need for and ways of saving for retirement. These campaigns are carried out through various means, including print, radio and television advertisements, mobile cinemas, and through participation in national trade fairs.*
10. *The Authority compiles statistics and carries out research on matters affecting the retirement benefits industry. This research forms the basis of policy advice given to the Government. The surveys also provide a wealth of information on the status of the retired in the country.*

CHALLENGES

The main challenge the Authority has faced is extending coverage especially in the informal sector. The Authority targets to increase coverage to 20 % by June 2019 from the current 18 %. This will be possible through targeted awareness programs and products designed to reach out to segmented groups. The Authority will also pursue automatic enrolment.



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