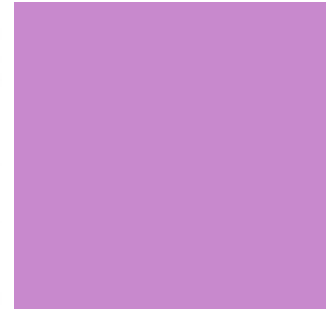
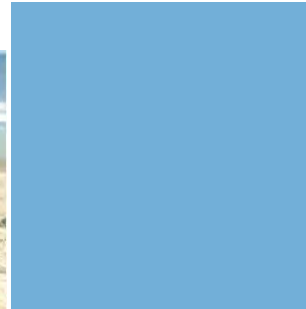


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Survey to Investigate the Experience of Retirees in Kenya



Retirement Benefits Authority

Prepared by David Kamau
September Year 2012

Survey Objectives

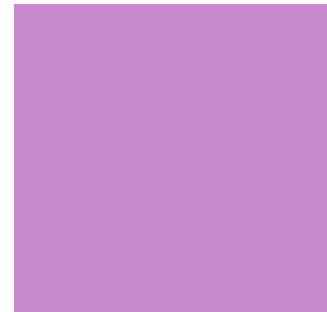
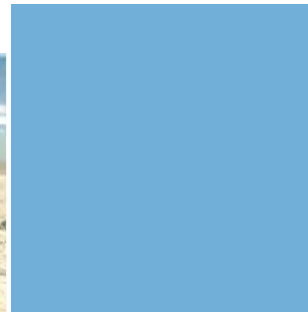
- ❖ **The general objective of the survey is to investigate the experience of retirees in Kenya**
 - (What are their experiences, how do they view life? Is it easy to get a good living? What is challenging?, do they get social amenities easy? Basically general feeling of retirees)
- ❖ **Specific Objectives of the Survey**
 - The specific objective of the survey will be:
 - To establish the current level of retirement benefits earned by retirees relative to their pre retirement income
 - To establish the optimal level of retirement benefits, relative to retirees pre retirement income, that is required to maintain pre retirement standard of living
 - To investigate consumption and investment patterns with regard to retirement benefits received by retirees.
 - To examine the utility of alternative pay-out options available to retirees.
 - To determine the impact of RBA Retirement Preparation Training on retirees.
 - To identify policy interventions that could improve the livelihood of retirees in Kenya.





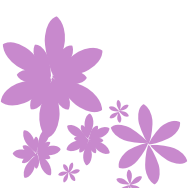
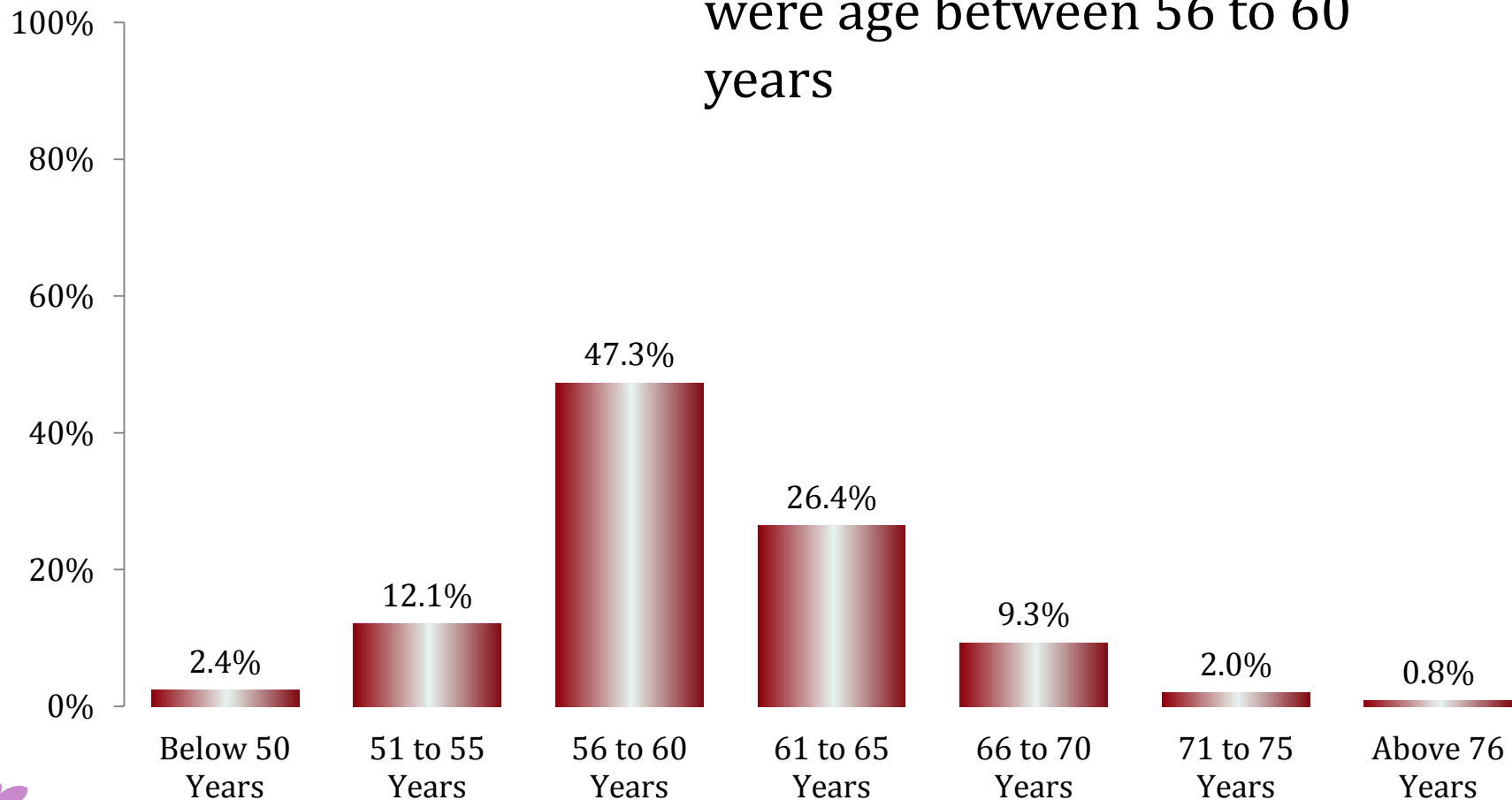
Retirement Benefits Authority

The General Information



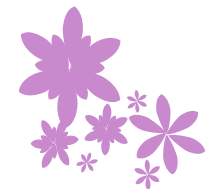
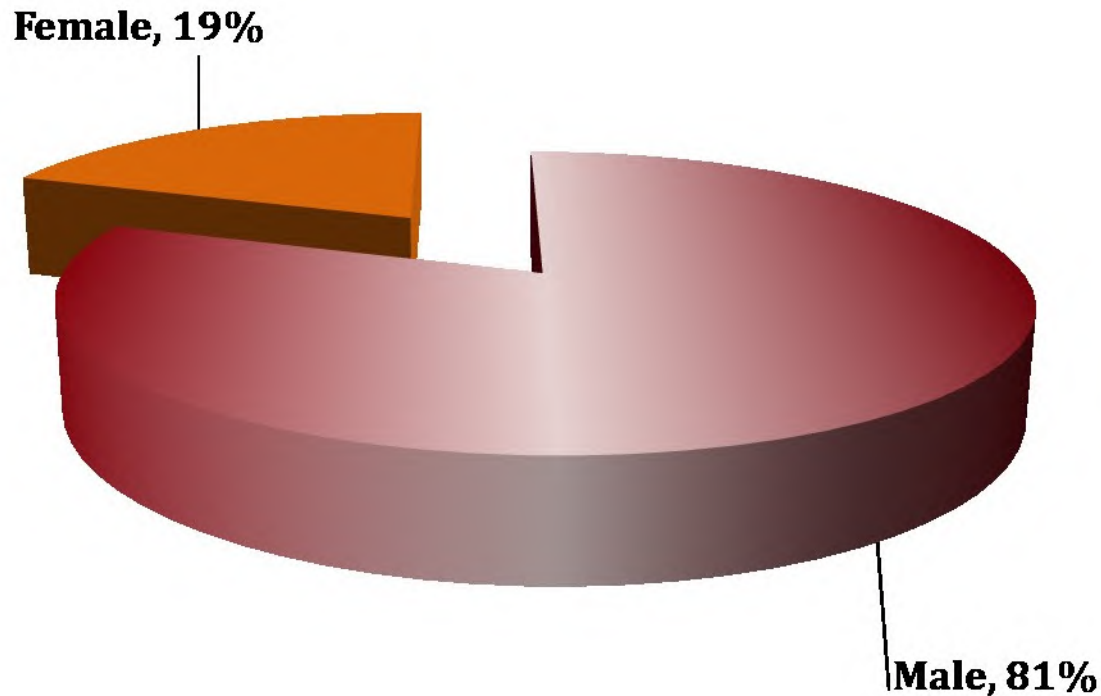
Age distribution of the respondents

❖ Most of the surveyed retirees were age between 56 to 60 years



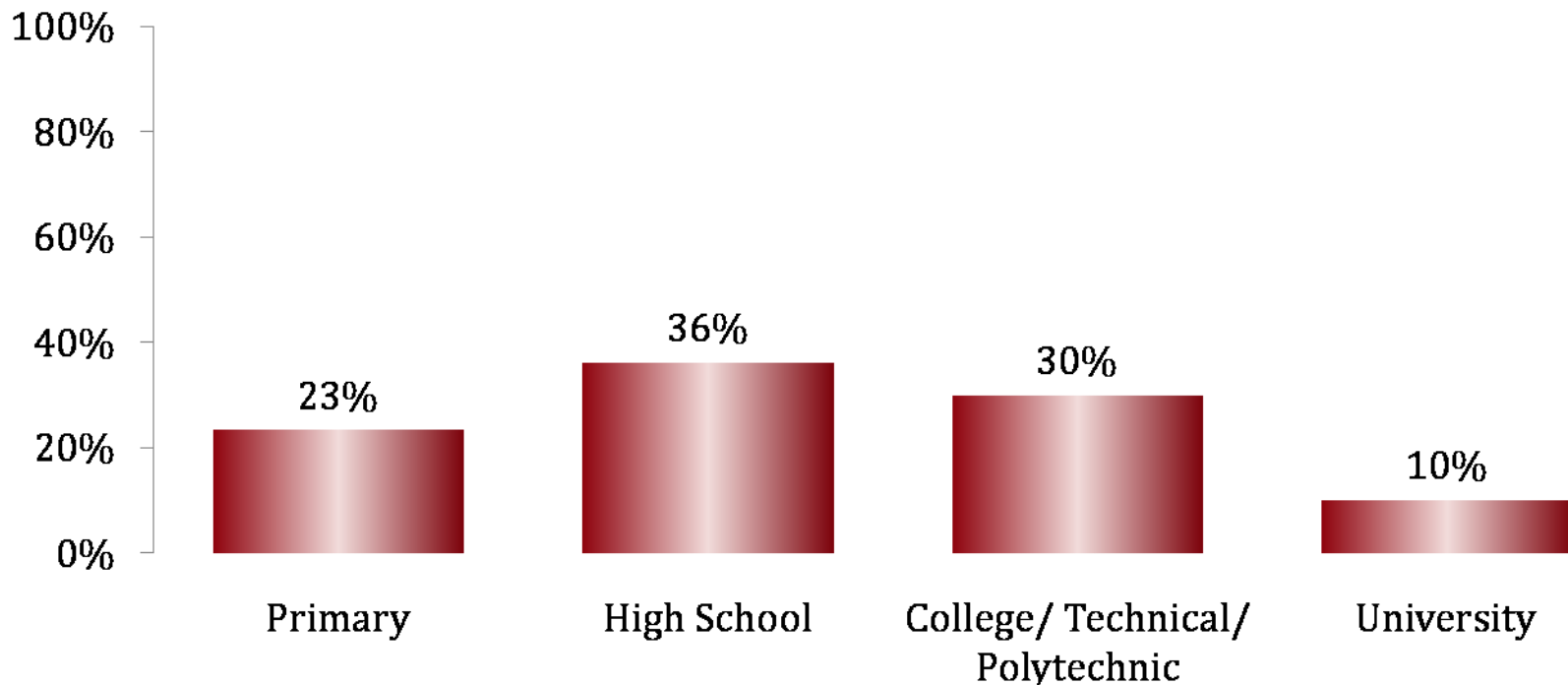
Gender distribution of the respondents

- ❖ 81% of the respondents were male with the rest 19% being female



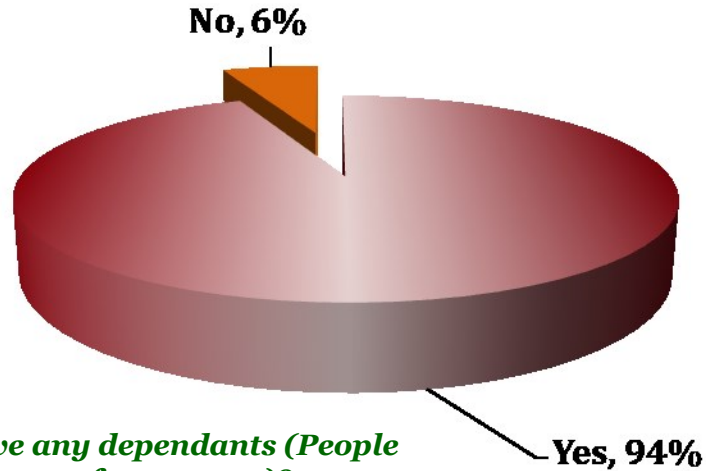
Highest education level of the respondents

- ❖ One in every ten of the survey participants indicated their highest education was at university level with 23% saying primary level



The average number of dependant per retiree was calculated to be 2 [dependants]

n = 257



Do you have any dependants (People who rely on you for support)?

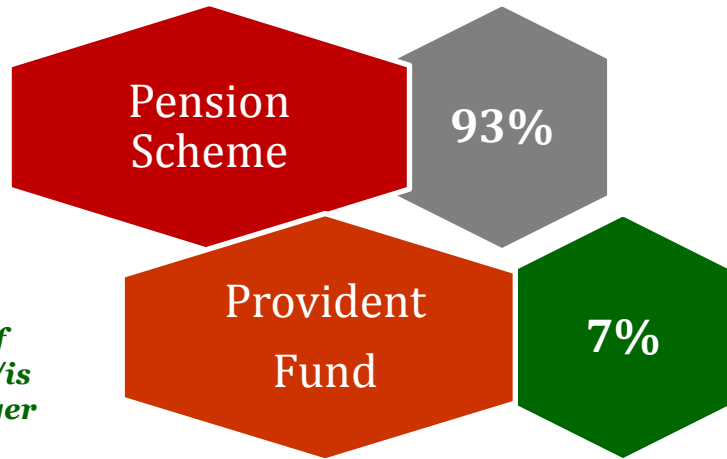
- ❖ Nearly all (94%) of the surveyed retirees mentioned they have dependants who rely on their support
- ❖ Asked to mention the age groups of their dependants half of them mentioned they are over 21 years

If YES, which age group best represent their age?	No. of dependants	%age No. of dependants
Under 5 years	39	7%
6- 10 years	49	9%
11-15 years	83	15%
16-20 years	112	20%
21- 25 years	137	25%
Over 25 years	138	25%
Total	558	100%

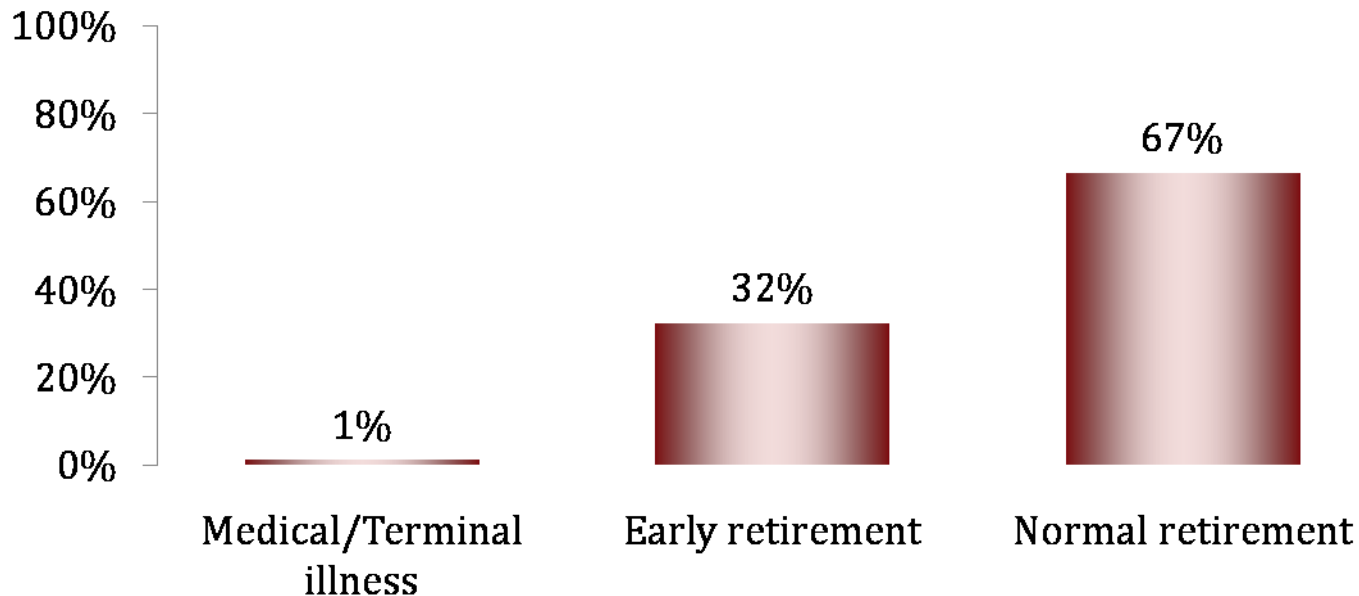
If YES, which age group best represent their age?

n = 242

93% of the pensioners mentioned they were under the pension scheme

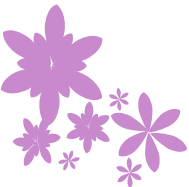


- ❖ Only 7% of the respondents mentioned they were operating a provident fund
- ❖ Asked how they retired 67% mentioned the normal retirement, 32% saying it was an early retirement and 1% saying because of medical/ terminal illness

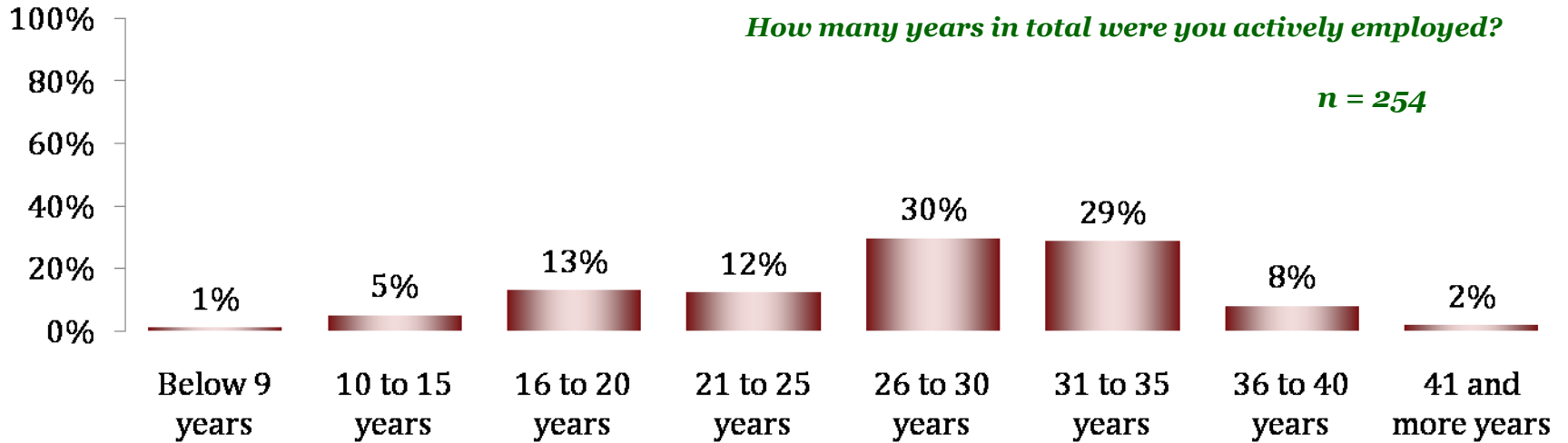


How did you retire?

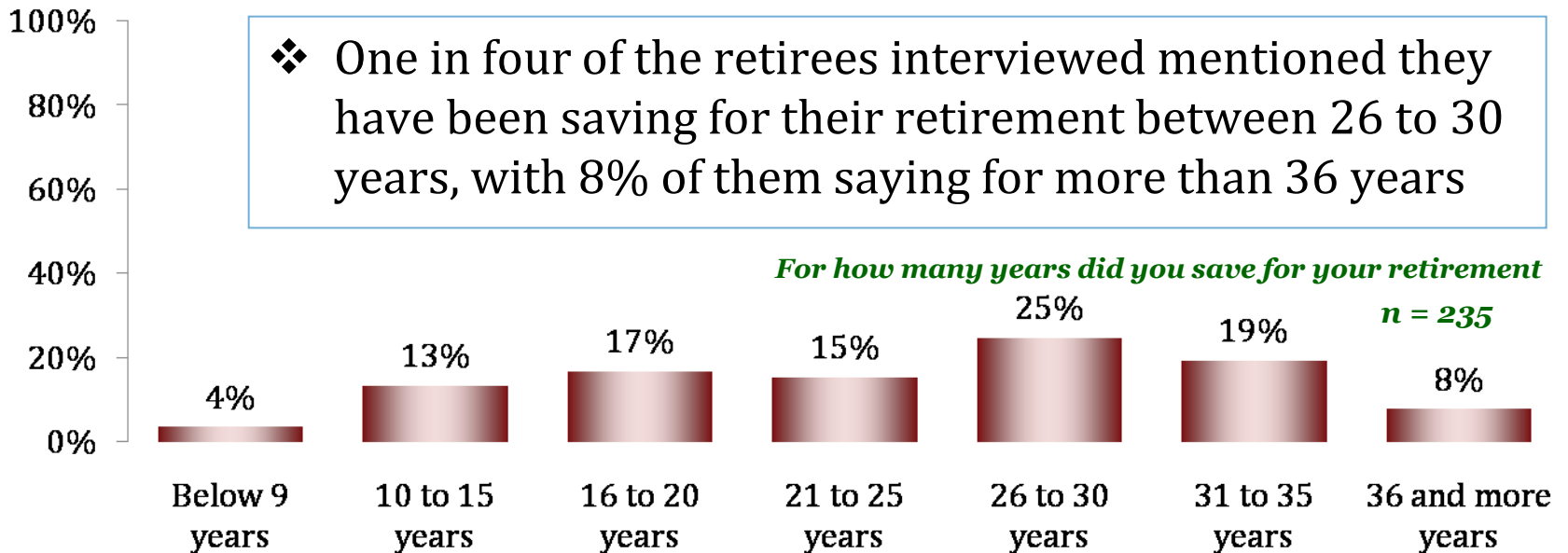
n = 257



30% of the surveyed retirees indicated they were actively employed between 26 to 30 years with only 2% saying for more than 41 years



❖ One in four of the retirees interviewed mentioned they have been saving for their retirement between 26 to 30 years, with 8% of them saying for more than 36 years



Years in total the retirees were actively employed

By Years they have been saving for their retirement

- ❖ 80% of those who indicated they were actively employed for more than 41 years indicated they saved for more than 36 years for their retirement

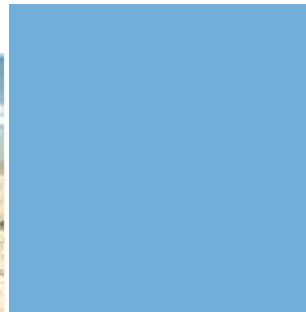
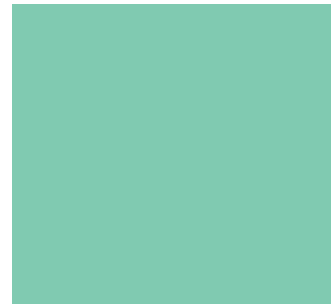
Years they saved for retirement	Below 9 years	10 to 15 years	16 to 20 years	21 to 25 years	26 to 30 years	31 to 35 years	36 and more years
Below 9 years	100%	-	-	-	-	-	-
10 to 15 years	-	100%	-	-	-	-	-
16 to 20 years	3%	17%	80%	-	-	-	-
21 to 25 years	-	14%	11%	75%	-	-	-
26 to 30 years	1%	5%	12%	15%	66%	-	-
31 to 35 years	5%	8%	5%	6%	13%	64%	-
36 to 40 years	-	-	-	-	6%	17%	78%
41 and more years	-	-	-	-	-	20%	80%
Total	3%	13%	17%	15%	25%	19%	8%

How many years in total were you actively employed By For how many years did you save for your retirement



Retirement Benefits Authority

Pre-retirement Employment

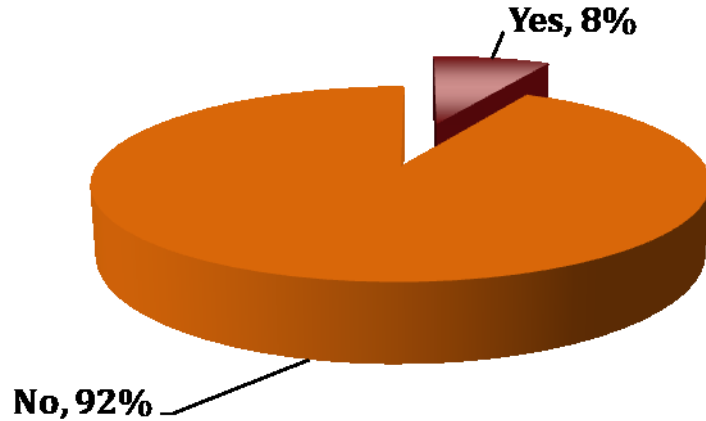


Monthly contribution of retirees on their Retirement Benefits Authority

Contributions	Percentage (%)	Incidence %	Absolute(amount)	Incidence
Your contribution	Less than 1%	4.5	Less than 500	13.4%
	> 1% to < 4%	8.8	KShs. 501 to 1000	11.4%
	> 4% to < 6%	38.3	Kshs. 1001 to 2000	22.8%
	> 6% to < 8%	35.2	KShs. 2001 to 3000	9.9%
	> 8% to < 10%	5.8	KShs. 3001 to 5000	21.3%
	> 10% to < 15%	5.9	KShs. 5001 to 10000	12.7%
	More than 15%	1.5	More than KShs. 10001	8.4%
Employer contribution	Less than 1%	6.6	Less than 500	20.6%
	> 1% to < 4%	4.4	KShs. 501 to 1000	17.4%
	> 4% to < 6%	13.3	Kshs. 1001 to 2000	10.4%
	> 6% to < 8%	8.9	KShs. 2001 to 3000	6.8%
	> 8% to < 10%	20	KShs. 3001 to 5000	17.2%
	> 10% to < 15%	44.4	KShs. 5001 to 10000	6.8%
	More than 15%	19.8	More than KShs. 10001	20.4%

What was the monthly contribution to your Retirement Benefits Scheme?

92% of the retirees surveyed indicated they never did any additional voluntary contributions



n = 257

Did you make any additional Voluntary Contributions?

❖ Only 8% of the surveyed retirees indicated they made additional voluntary contributions. Their contributions ranged as follows

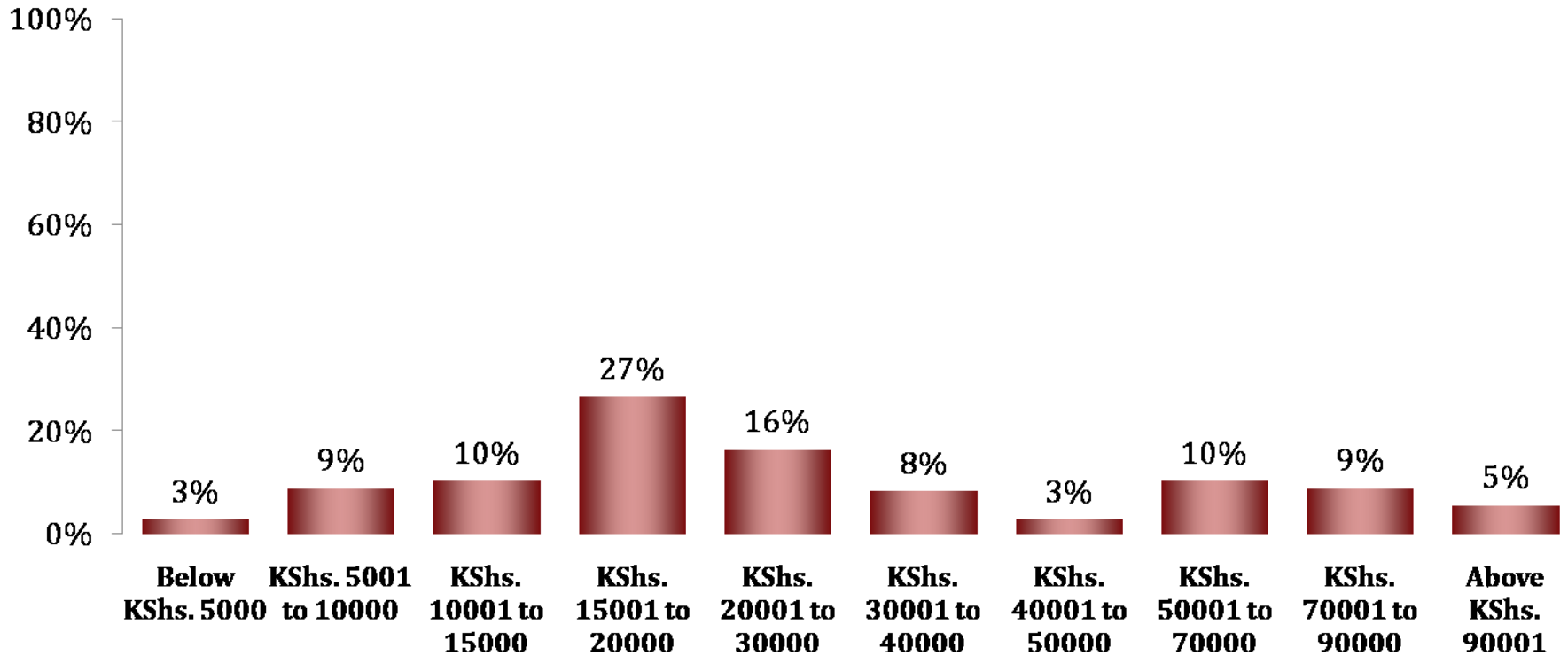
- *Less than KShs. 200 - 2*
- *KShs. 201 to 400 - 1*
- *KShs. 401 to 600 - 4*
- *KShs. 601 to 1000 - 1*
- *KShs. 1001 to 5000 - 2*
- *More than 5001 - 2*

If Yes how much? Kshs Per Month

n = 12

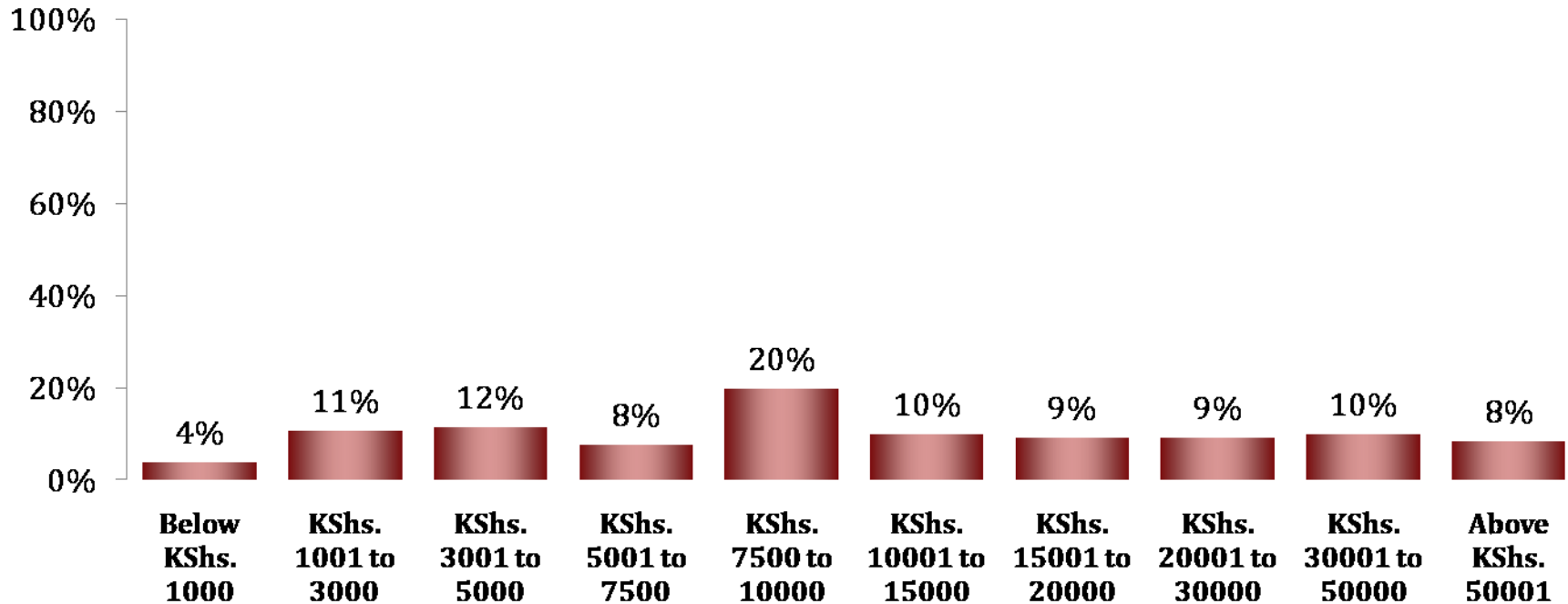


Basic salary of the retirees prior to retirement



- ❖ Approximately three in ten of the surveyed retirees mentioned their basic salary was between KShs. 15001 to 20000 with 5% mentioning to was above KShs. 90,001

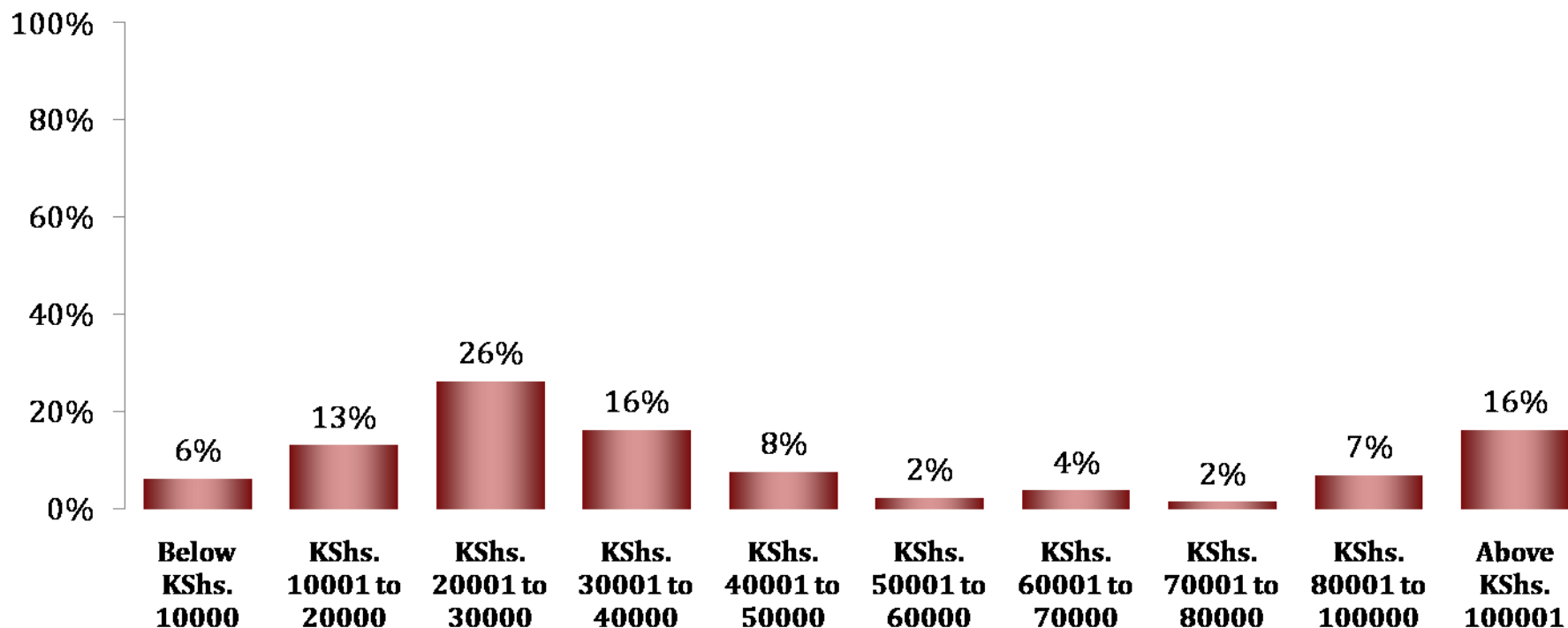
Allowances of the retirees prior to retirement



- ❖ Two in ten of the surveyed retirees mentioned their allowances were between KShs. 7500 to 10000 with 8% mentioning it was above KShs. 50,001

Total salary of the retirees prior to retirement

- ❖ Asked to mention their total monthly salary [Salary + allowances] prior to retirement, 26% mentioned it to be between KShs. 20,001 to 30,000 with 16% mentioning more than KShs. 100,001



Cross analysis of *total monthly salary* the retirees used to earn before retirement by the *pension* they receive monthly

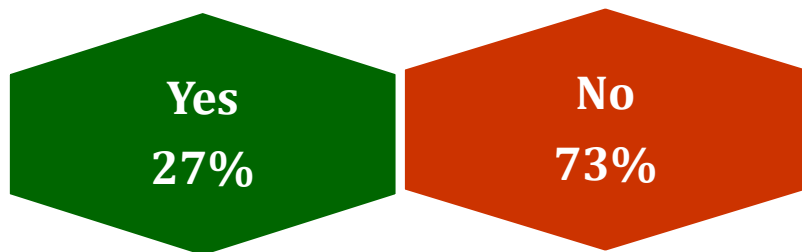
- ❖ All of the retirees who used to earn a total monthly salary of below KShs. 10,000 indicated they earn a monthly pension of below Kshs. 5,000. 48% of those who used to earn Kshs. 20,001 to 30,000 indicated they get a monthly pension of between KShs. 5001 to 10000

Monthly Pension	Below KShs. 5000	KShs. 5001 to 10000	KShs. 10001 to 15000	KShs. 15001 to 20000	KShs. 20001 to 30000	KShs. 40001 to 50000	KShs. 50001 to 70000	KShs. 70001 to 90000	Above KShs. 90001	n
Below KShs. 10000	100%									
KShs. 10001 to 20000	87%	13%								
KShs. 20001 to 30000	38%	48%	14%							
KShs. 30001 to 40000	14%	48%	24%	14%						
KShs. 40001 to 50000		78%	11%	11%						
KShs. 50001 to 60000		33%		67%						
KShs. 60001 to 70000			25%	25%	50%					
KShs. 70001 to 80000		50%	50%							
KShs. 80001 to 100000		43%	43%			14%				
Above KShs. 100001		20%	35%	5%	10%	10%	5%	5%	10%	

Please state your average monthly salary prior to retirement? Total Salary By How much do you receive as a monthly pension?

Approximately three in ten of the surveyed retirees feel that based on their salary, their savings were sufficient for retirement

n = 253



Based on your salary, do you think that your savings were sufficient for retirement?

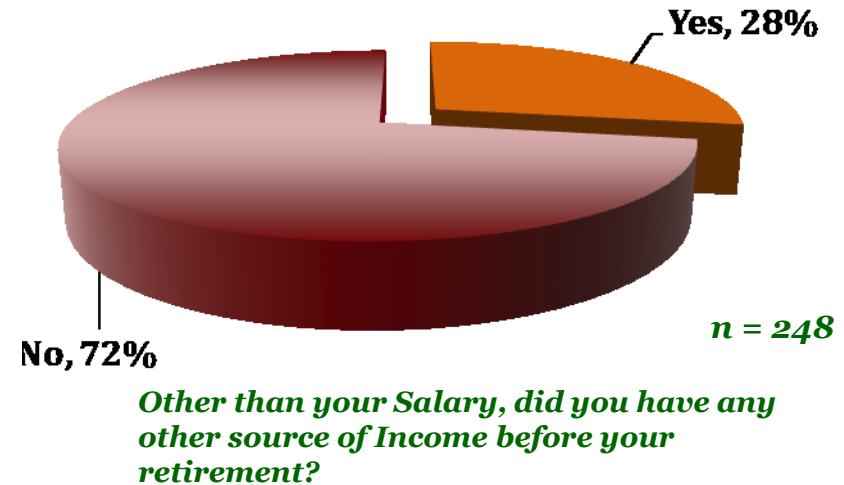
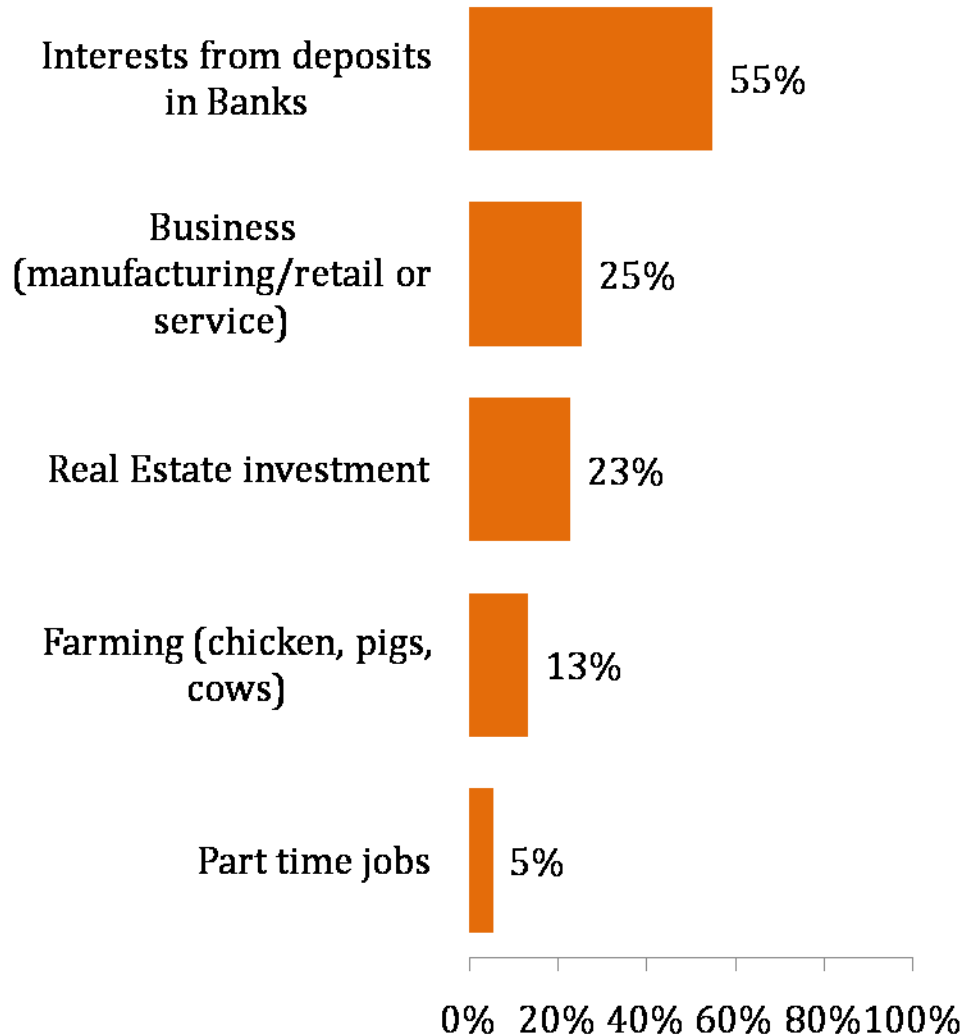
❖ Majority, (73%) indicated based on their salary that the savings for retirement were not sufficient citing the following reasons for not making substantial contributions;

- *Lack of adequate disposable income - 71%*
- *Lack of proper information - 20%*
- *Other investments - 6%*
- *Lack of an opportunity - 4%*

Based on your salary, do you think that your savings were sufficient for retirement?.

	Below KShs. 10000	KShs. 10000 thru 20000	KShs. 20001 thru 30000	KShs. 30001 thru 40000	KShs. 40001 thru 50000	KShs. 50001 thru 60000	KShs. 60001 thru 70000	KShs. 70001 thru 80000	KShs. 80001 thru 100000	Above KShs. 100001
Yes	13%	18%	24%	24%	20%	33%	20%	50%	63%	29%
No	88%	82%	77%	76%	80%	67%	80%	50%	38%	71%

Majority of the retirees 72% indicated other than their salary they did not have other sources of income before retirement



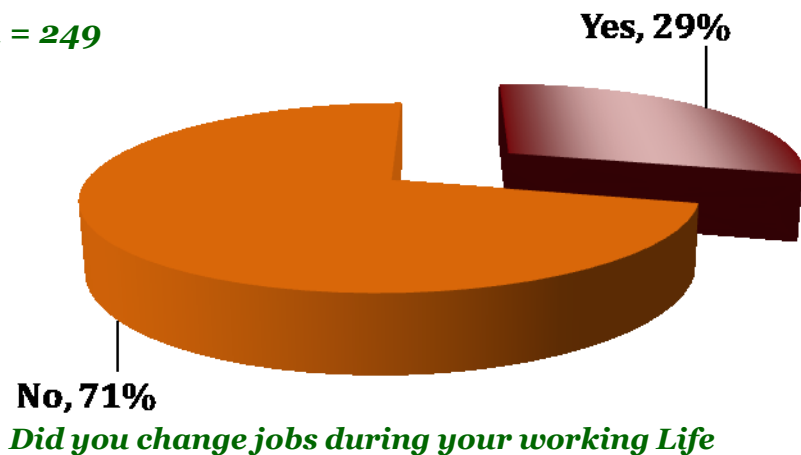
❖ Only 28% of the surveyed retirees mentioned they had other sources of income apart from salary before retirement, namely;

- *Interests from deposits in Banks – 55%*
- *Business (manufacturing/retail or service) – 25%*
- *Real estate investment – 23%*
- *Farming – 13% and*
- *Part time jobs – 5%*

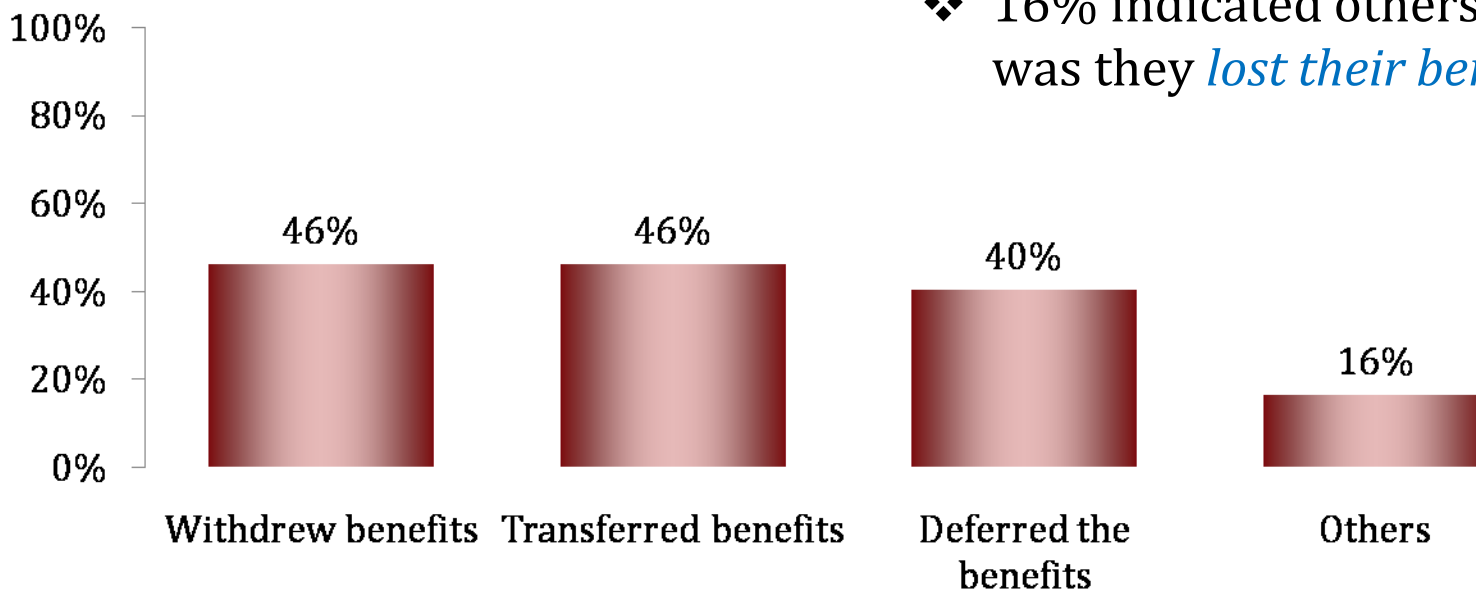


Approximately three (29%) in ten of the surveyed retiree indicated they did change job during their working life

n = 249



- ❖ Asked what they did with the accumulated benefits at the time of changing jobs each time, 46% of the retirees mentioned they withdrew the benefits with another 46% mentioning they transferred the benefits
- ❖ 16% indicated others which was they *lost their benefits*

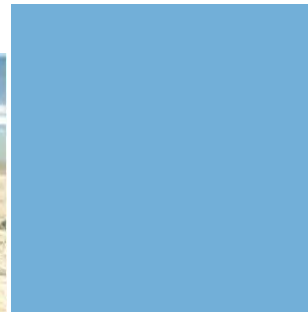


If YES, What did you do with the accumulated benefits at the time of changing jobs each time?



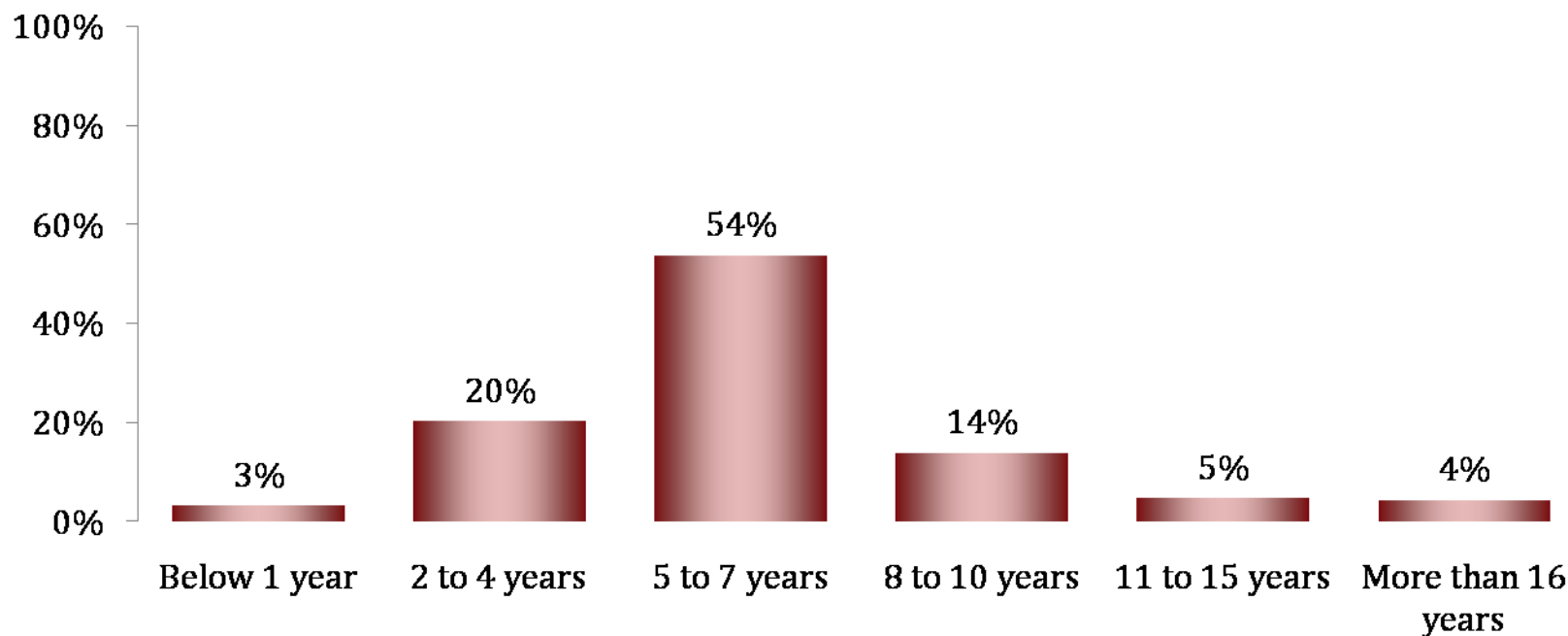
Retirement Benefits Authority

Post Employment



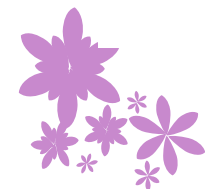
Years since the respondents retired

- ❖ More than half of the surveyed respondents indicated it has been 5 to 7 years since they retired, with only 4% saying it has been more than 16 years



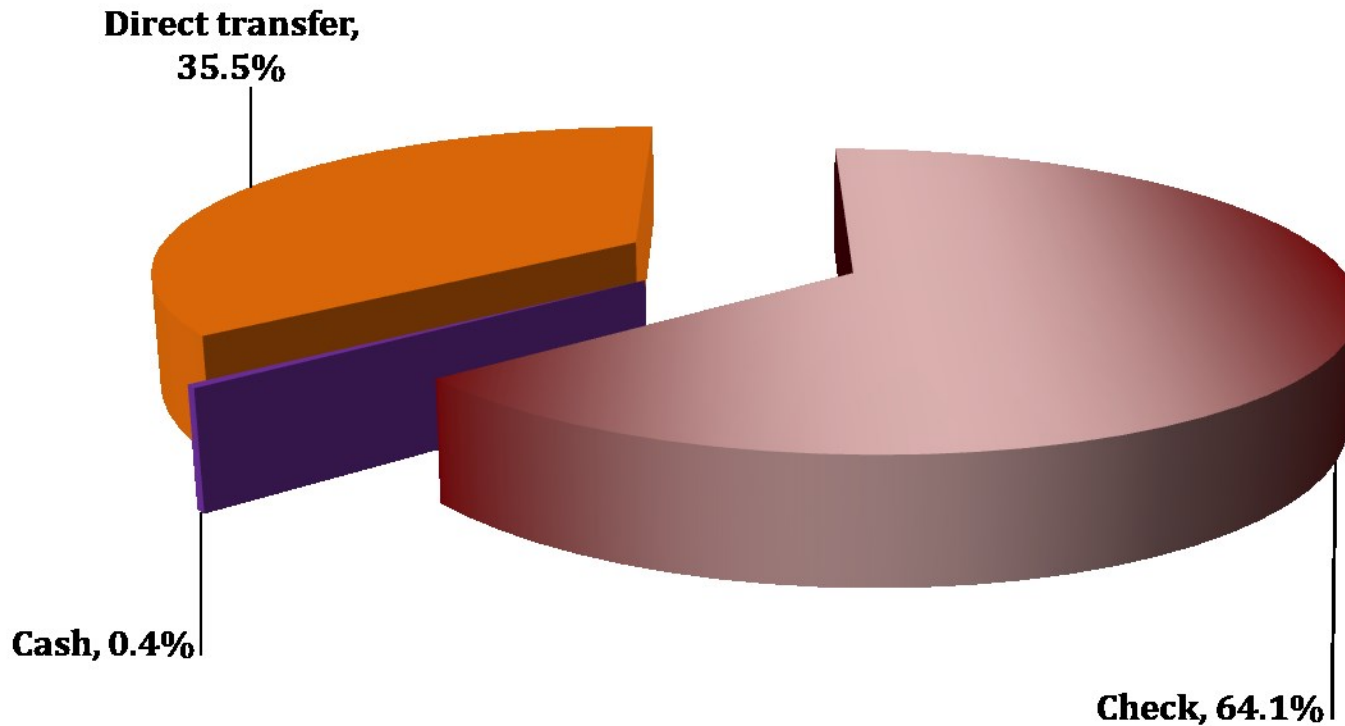
How long has it been since you retired?.....(Years)

n = 253

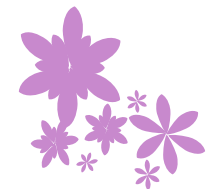


How retirees received their lump sum

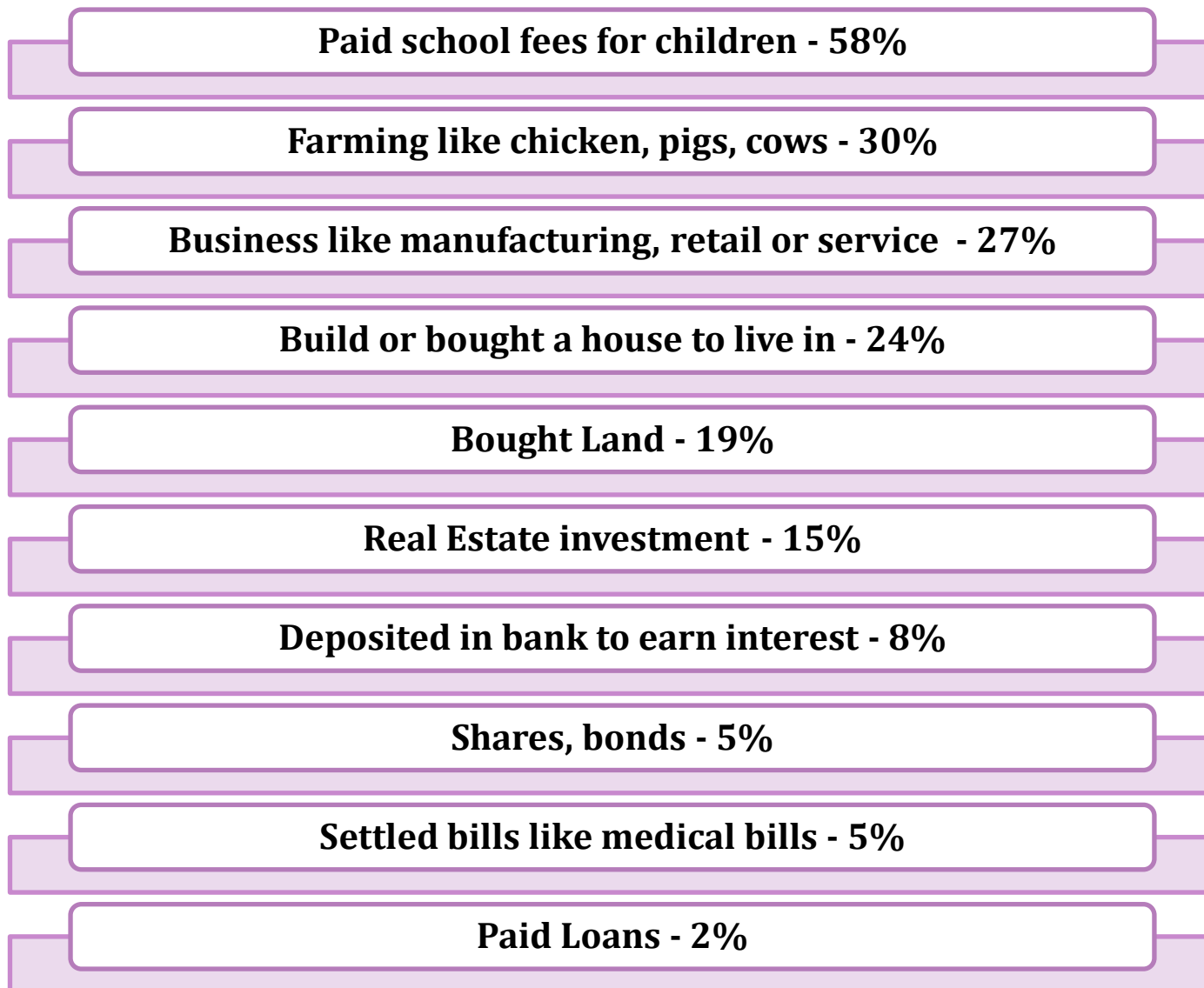
- ❖ Majority 64.1% of the respondents who received their lump sum after retiring mentioned they did so through by check with 35.5% saying it was a direct transfer and 0.4% saying they received it in cash



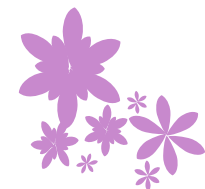
How did you receive your lump sum benefits?



How retirees invested/spent the lump sum amount that they received

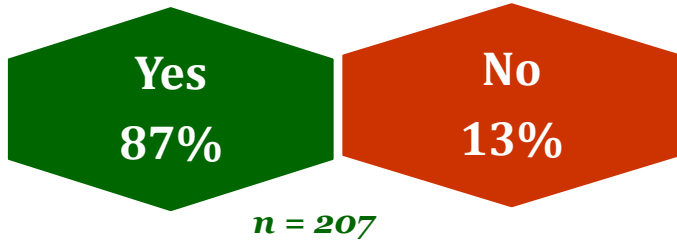


How did you invest/spend the lump sum amount that was paid to you?



13% of those who invested the lump sum indicated that the investment is no longer there

Is the investment/s that you made with your lump sum still there?



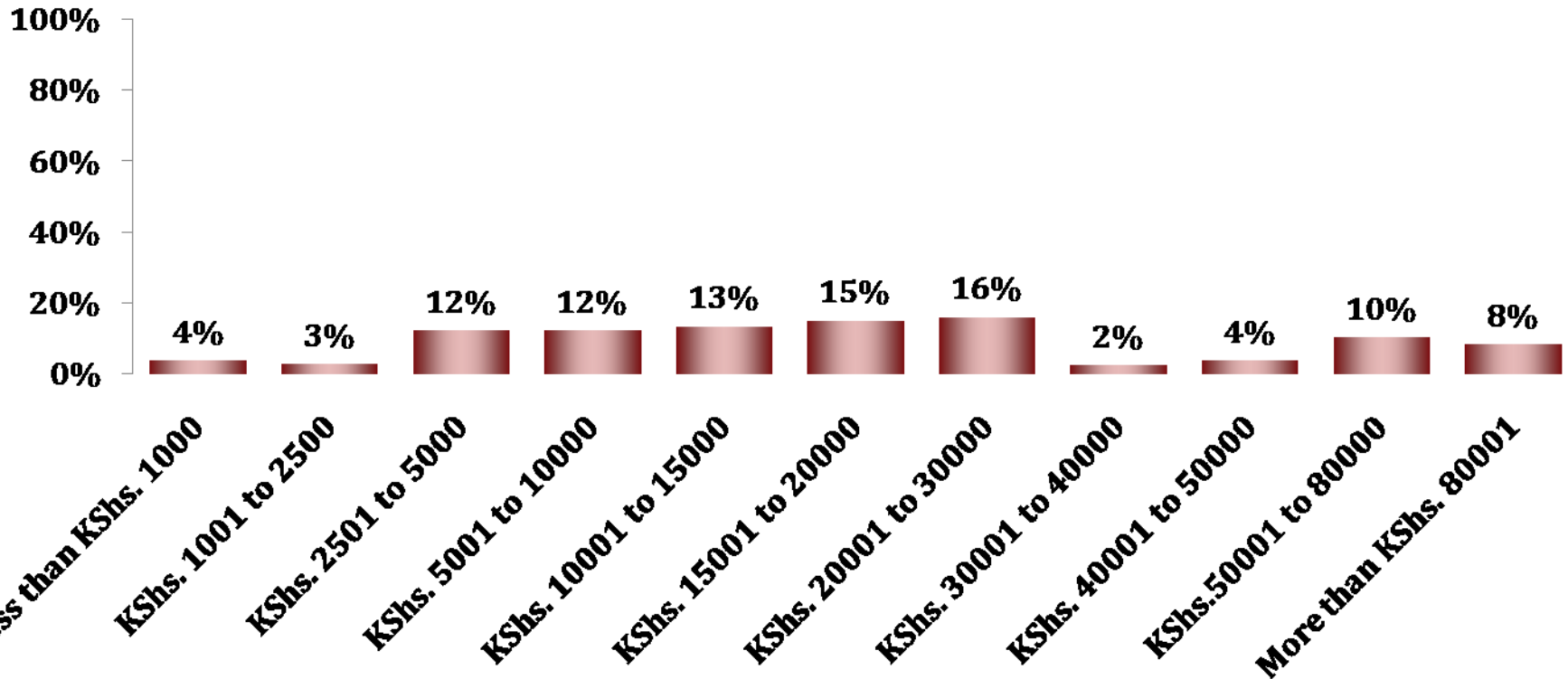
- ❖ Majority (87%) of the retirees who invested the lump sum indicated the investment is still there; with most of them being those ones who bought land while 14% of those who started businesses indicated the investment is no longer there

Is the investment/s that you made with your lump sum still there?	Yes	No
Deposited in bank to earn interest	100%	0%
Land	95%	5%
Real Estate investment	94%	6%
Farming like chicken, pigs, cows	93%	7%
Shares, bonds	92%	8%
Build or bought a house to live in	86%	14%
Business like manufacturing, retail or service	86%	14%
Paid school fees for children	84%	16%
Base	178	28

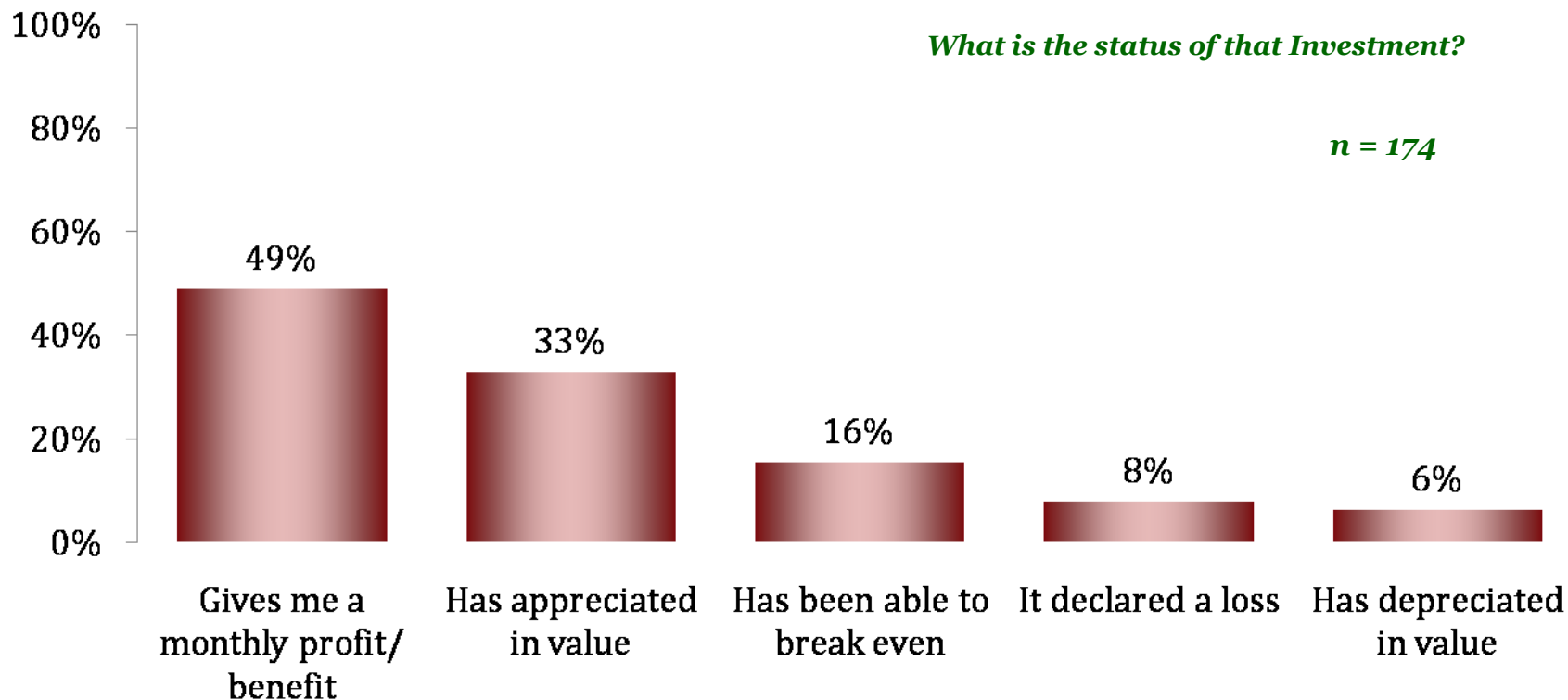


Retirees monthly income from the investment they made

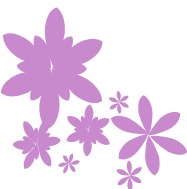
- ❖ 4% of the retirees said the investment they made gives them a monthly income of less than KShs. 1000 with 8% saying it gives them more than KShs. 80,000



Status of the investment



- ❖ Nearly half of the retirees who invested indicated the investment gives them a monthly profit/ benefit, 8% indicating it declared a loss with 6% saying it has depreciated in value



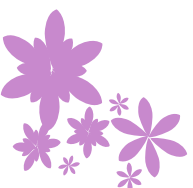
94.4% of the surveyed retirees indicated they receive pension

No
5.6%

❖ Asked how they receive pension, majority (94.8%) said they do so from the scheme, 4.7% as a annuity and 0.4% as a draw down

Yes
94.4%

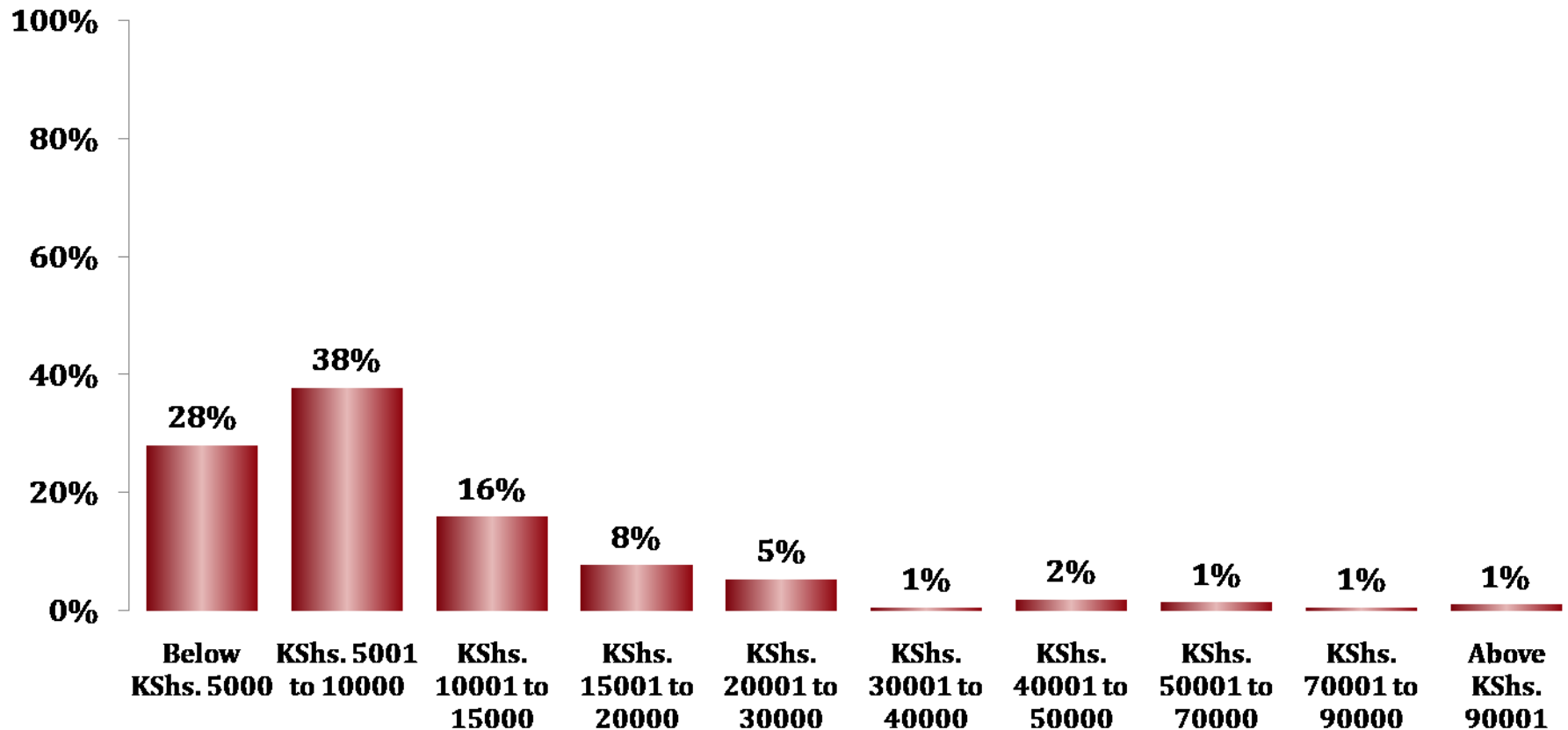
- *From the scheme – 94.8%*
- *As a Annuity – 4.7%*
- *As a draw down – 0.4%*



*Do you receive a pension?
If Yes how do you receive a pension?*

How much pensioners mentioned they receive as a monthly pension

- ❖ Approximately four in ten of the retirees indicated they receive a

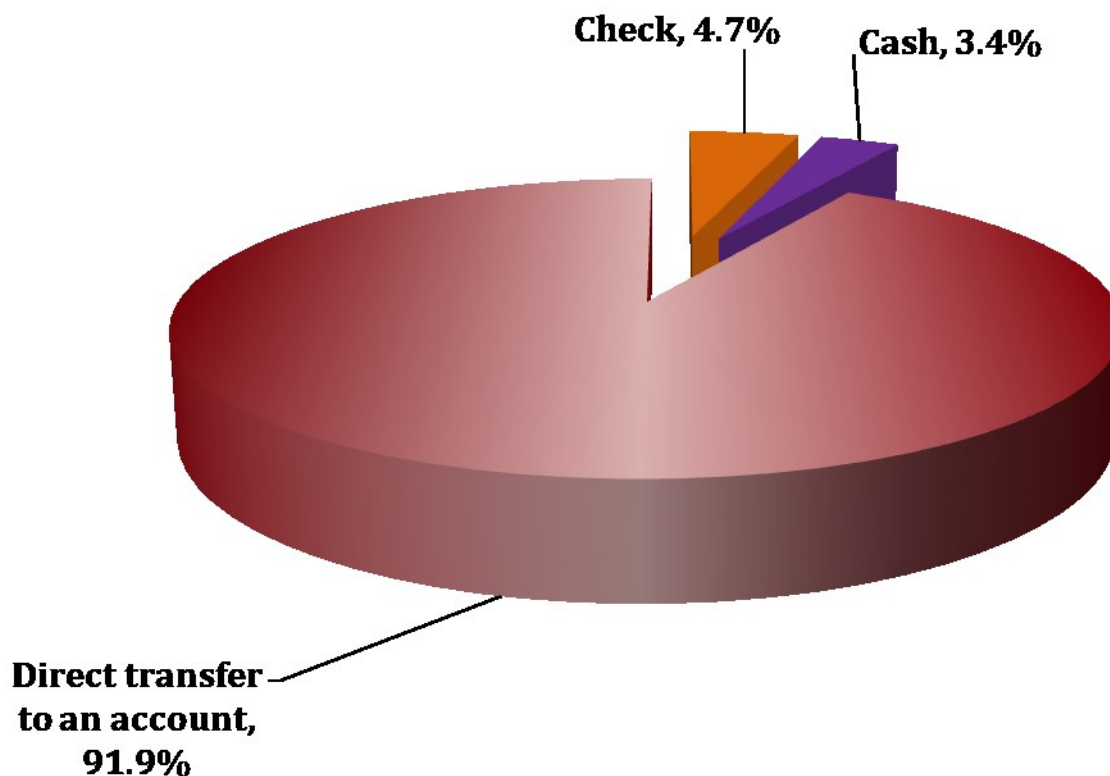


How much do you receive as a monthly pension?

n = 207

How retirees receive their benefits

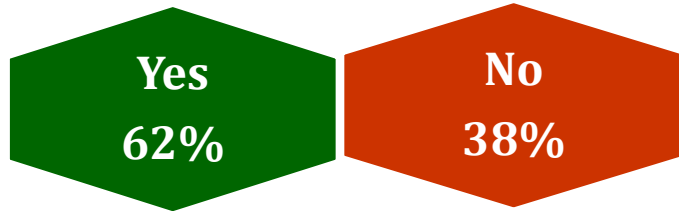
- ❖ Majority (91.9%) of retirees mentioned they receive their benefits by direct transfer to an account, 4.7% mentioning check and 3.4% saying by cash



How do you receive your benefits?

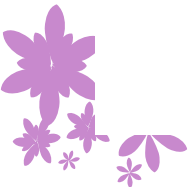
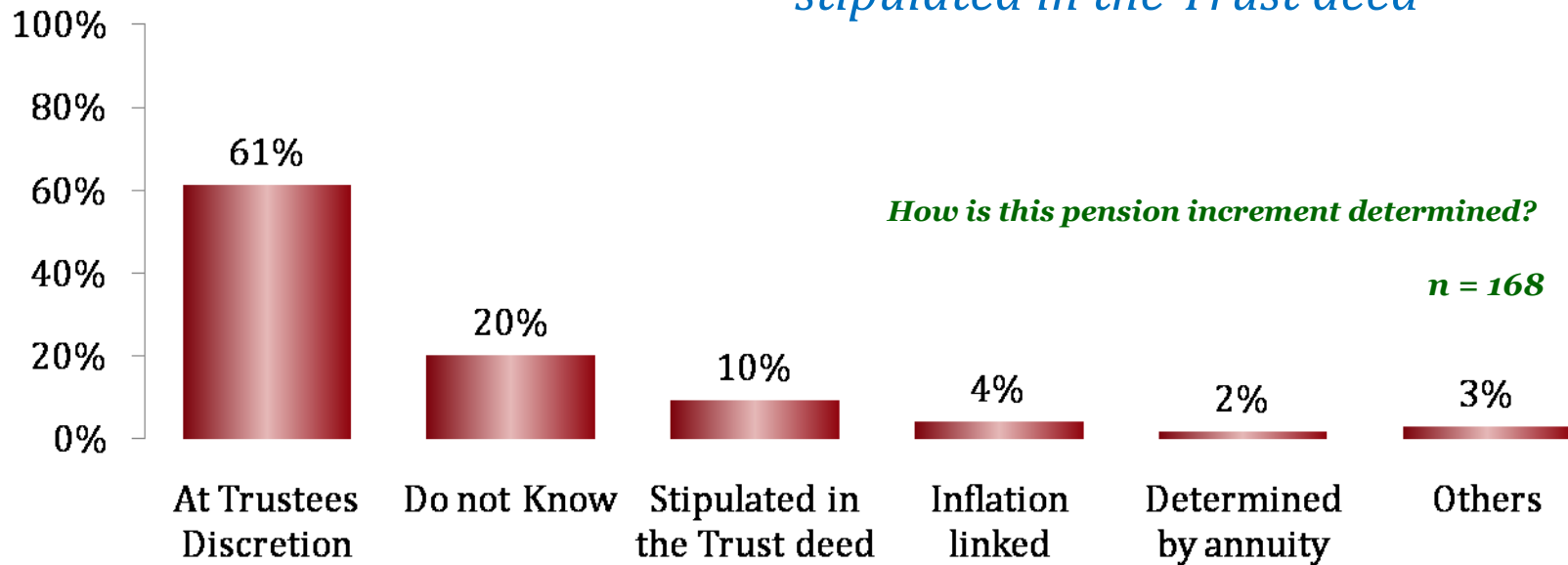
Slightly more than six in ten of the retirees indicated there are pension increments

n = 235

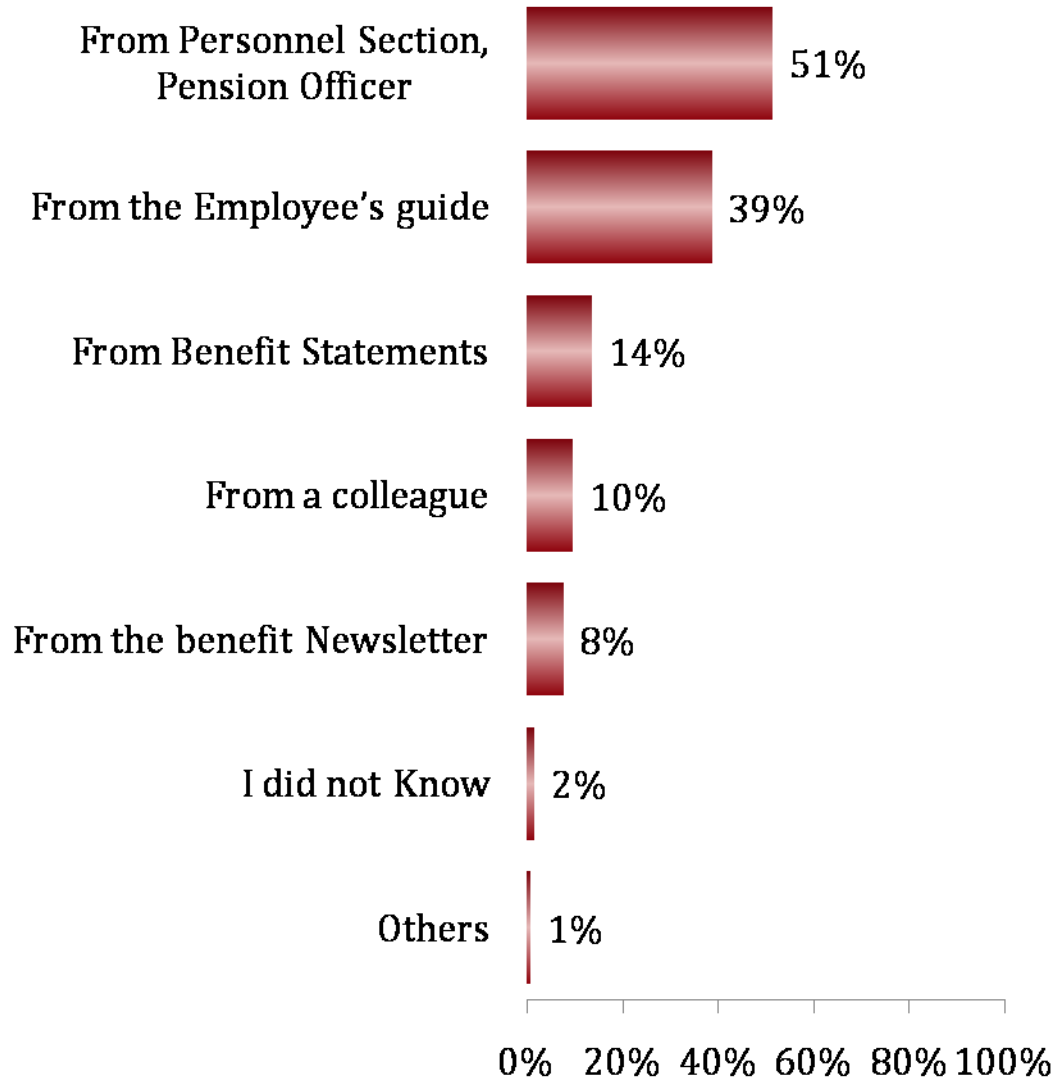


If you receive a pension, are there any pension increments?

- ❖ Asked how the pension increment is determined majority of the respondents said *at trustees discretion*, with 20% saying *the do not know*
- ❖ A further one in ten of the retirees mentioned the increment is *stipulated in the Trust deed*



How they came to know about their retirement benefits income



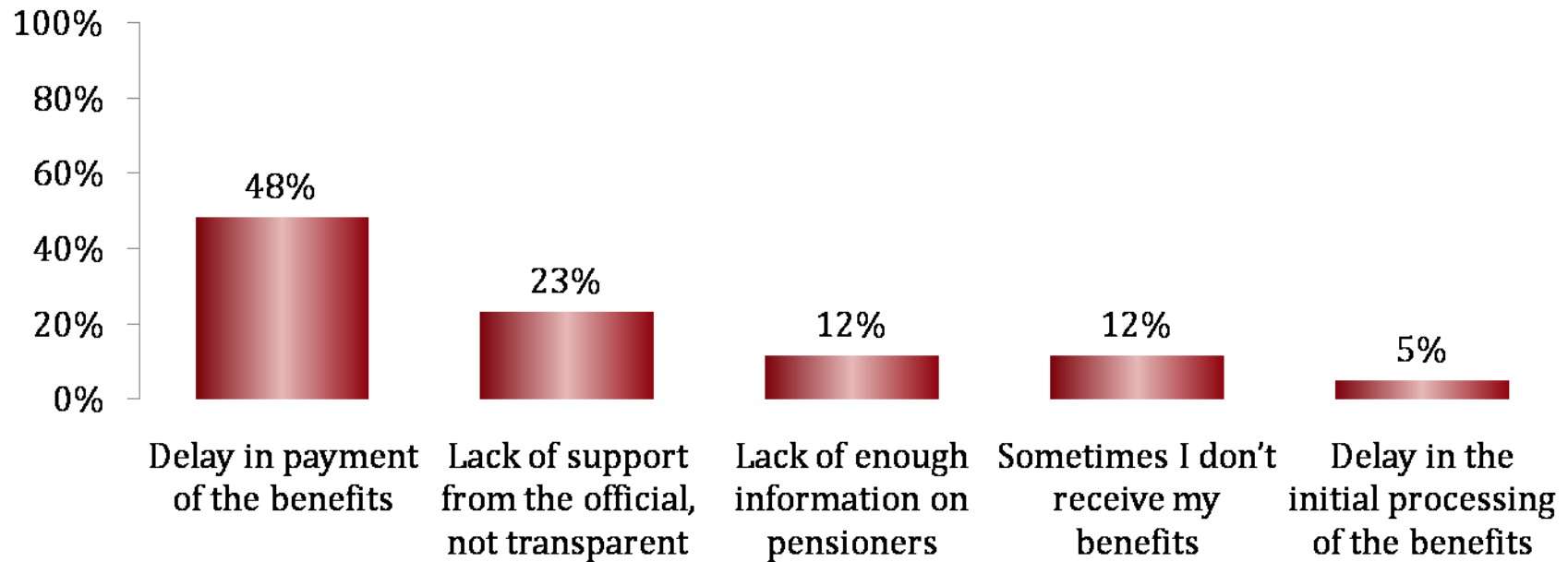
❖ Half of the retirees indicated they came to know of their retirement benefits income from the personnel section (pension officer) and 39% saying they knew if from the employee's guide

❖ Two percent said they never knew

How did you know about your Retirement Benefits Income?

Challenges retirees cited receiving their benefits

- ❖ Approximately half of the retirees (48%) who have experienced challenges receiving benefits indicated the challenge was *delay in payment of the benefits* with *23% of them saying lack of transparency / support from the officials*



What challenges if any have you experienced receiving your benefits?

66% indicated they have other sources of income other than retirement benefits

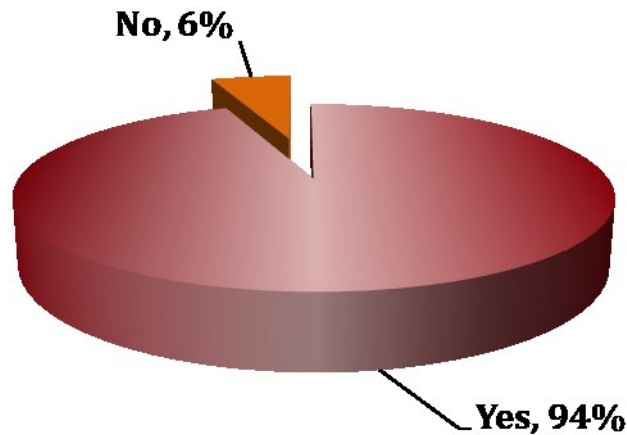
Rank	Sources of income	Incidence
1	Interest Income & other deposits	3%
2	Retirement Benefits	73%
3	Business	32%
4	Farming	43%
5	Real Estate, Property Investment	19%
6	Part Time Jobs	4%
7	Others	1%
8	Dividend Income from Shares	6%
9	Inheritance Capital	1%

- ❖ Interest income & other deposits were ranked 1st on importance although it was only 3% of the retirees that indicated they have them (interest income & other deposits) as a source of income

If your answer to question 27 is YES, please tick the four most important sources of income and ranking of all including your Retirement Benefits



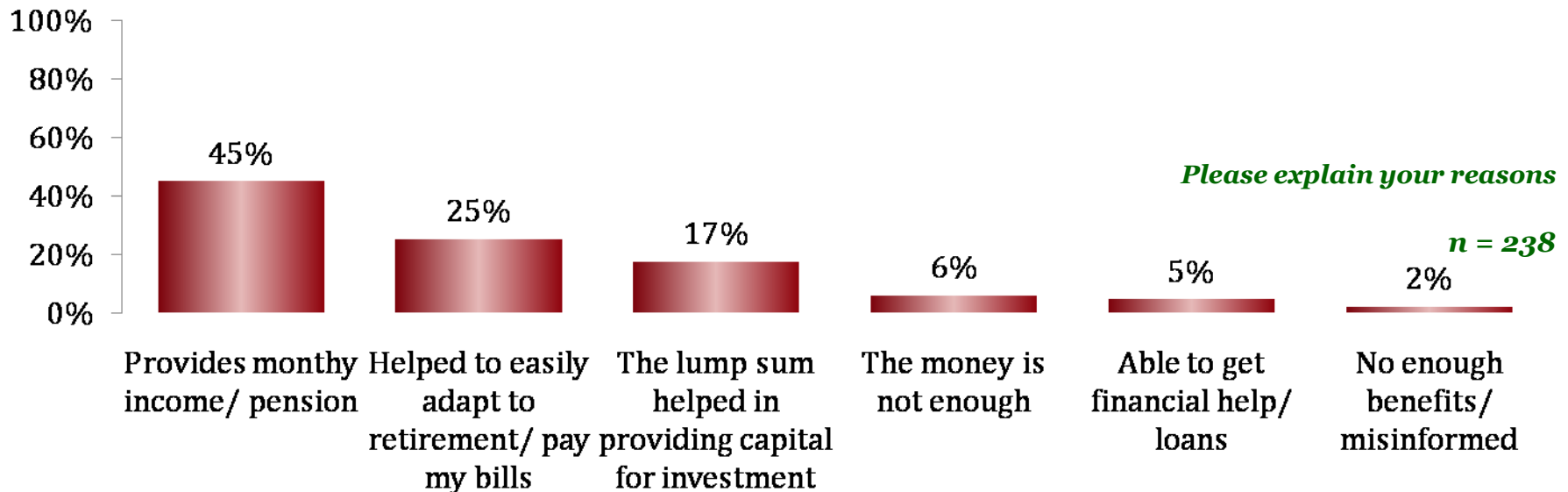
Majority (94%) indicated undertaking to save for retirement was worthwhile



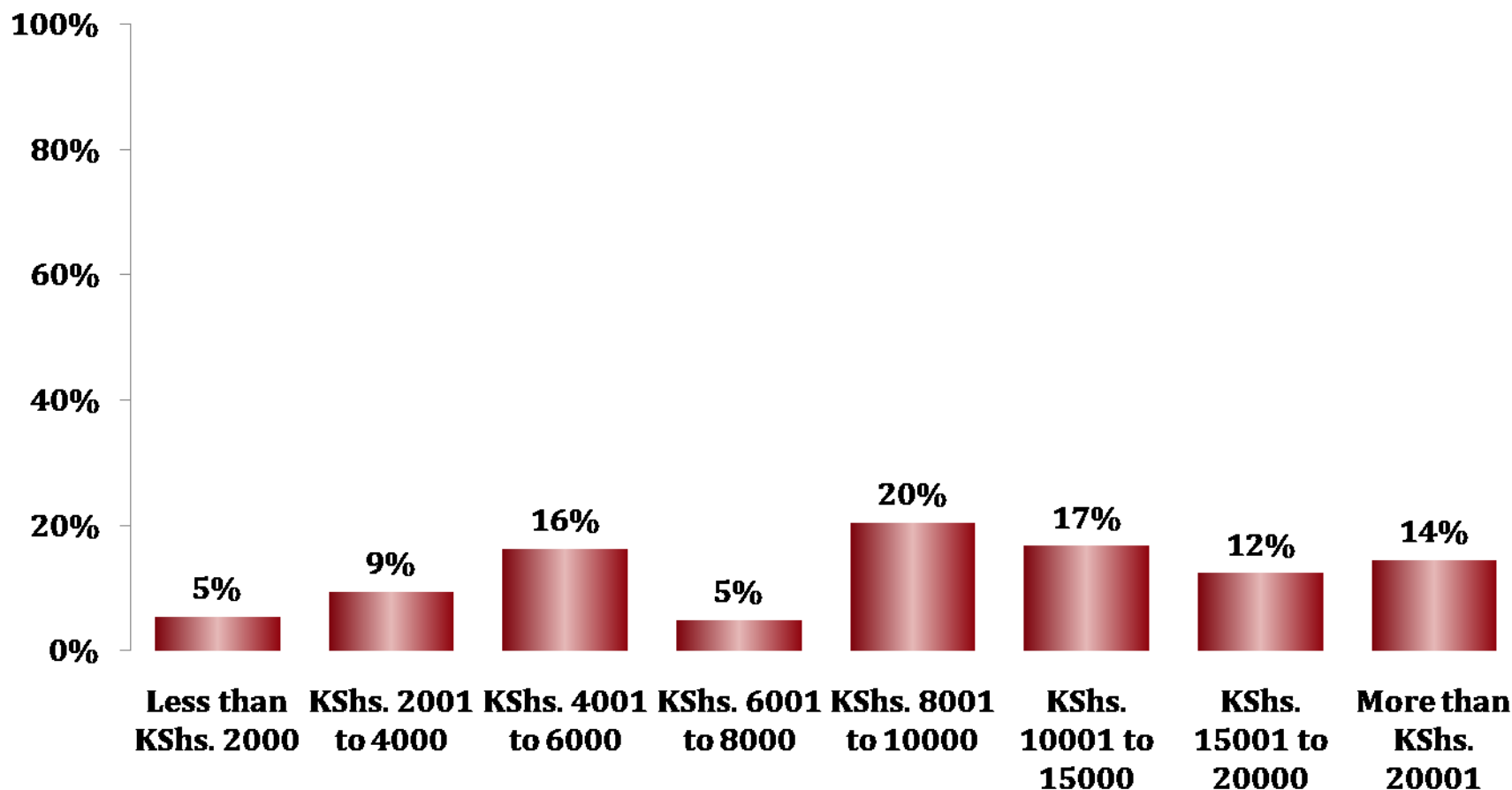
n = 252

- ❖ Of those who said saving for retirement was worthwhile, 45% of them indicated because it provides monthly pension/ income, 25% saying it helped to easily adapt to the retirement and 17% saying the lump sum helped them as capital for investment

Was it worthwhile undertaking to save for Retirement?

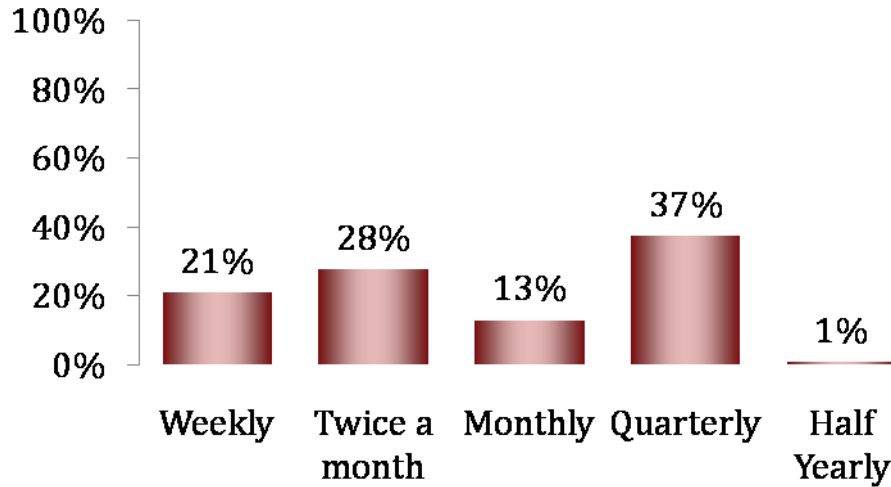


Budget on house hold goods (Shopping) of the retirees



In any given month what is your budget on house hold goods (Shopping)?

21% indicated they do their shopping weekly



❖ Asked what household they shop most often; Sugar, Maize & wheat flour and cooking oil/fat were mentioned at 81%, 78% and 57% respectively

Most shopped household goods	Incidence
Sugar	81%
Maize & Wheat Flour	78%
Cooking oil/fat	57%
Vegetables/ groceries	44%
Soap/ detergents	42%
Rice	33%
Milk	30%
Toiletries	21%
Cooking Energy	19%
Bread	13%
Meat/ fish/ chicken	12%
Tea/ Coffee	11%
Cereals	4%
Water	3%
Petroleum Jelly/ lotion	1%

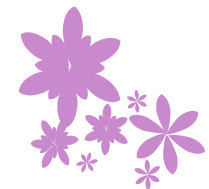


Where they mostly do their house hold shopping

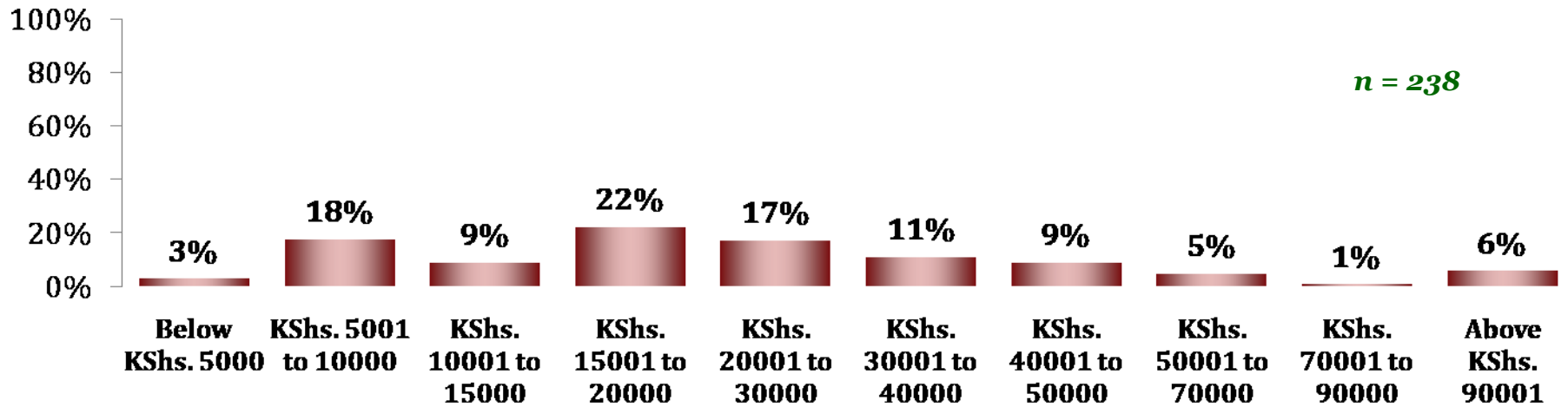


Mostly, where do you carry out your Shopping?

n = 171

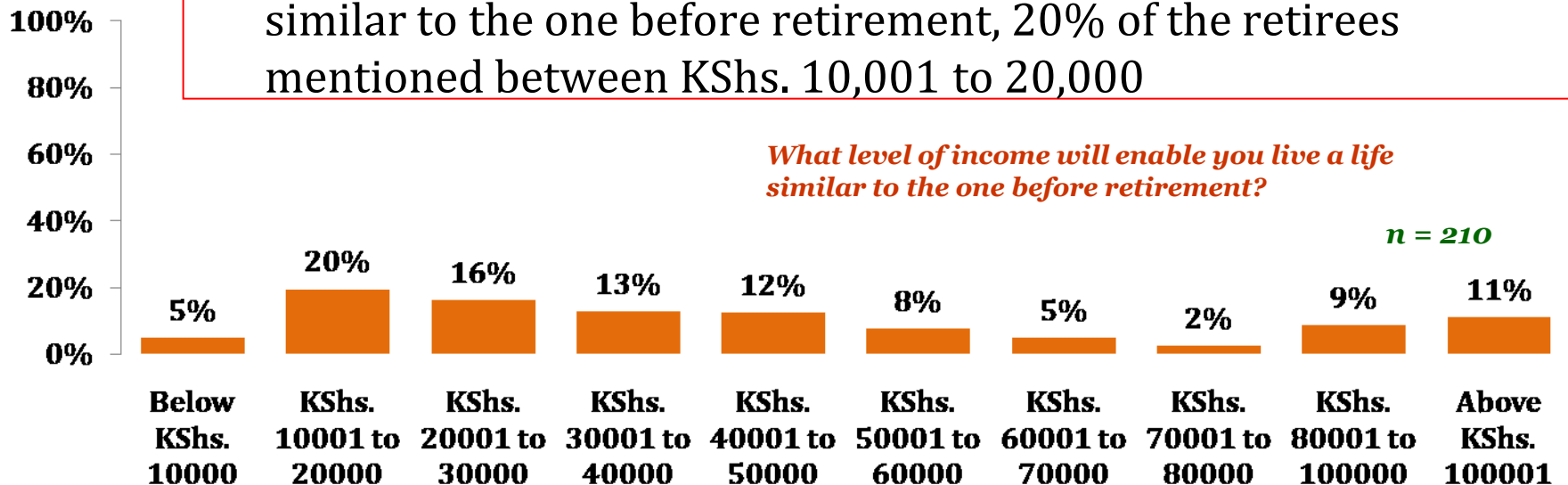


Only 3% mentioned below KShs. 5000 would be sufficient to meet their household needs with 22% mentioning between KShs. 15001 to 20,000 as what would be sufficient



❖ Asked what level of income would enable them to live a life similar to the one before retirement, 20% of the retirees mentioned between KShs. 10,001 to 20,000

What level of income will enable you live a life similar to the one before retirement?

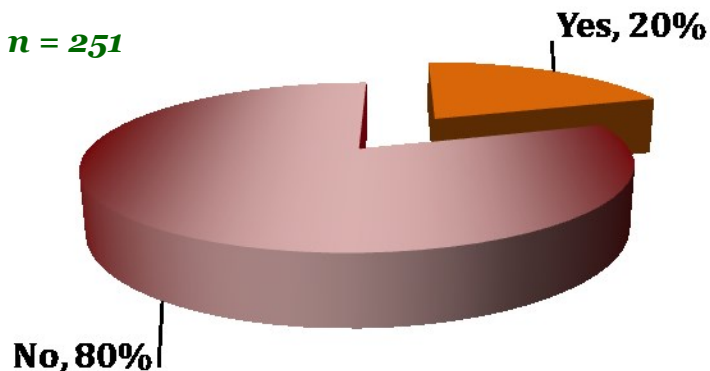


How much retirees receive as monthly pension cross analysed by what income would enable them live a life similar to the one before retirement

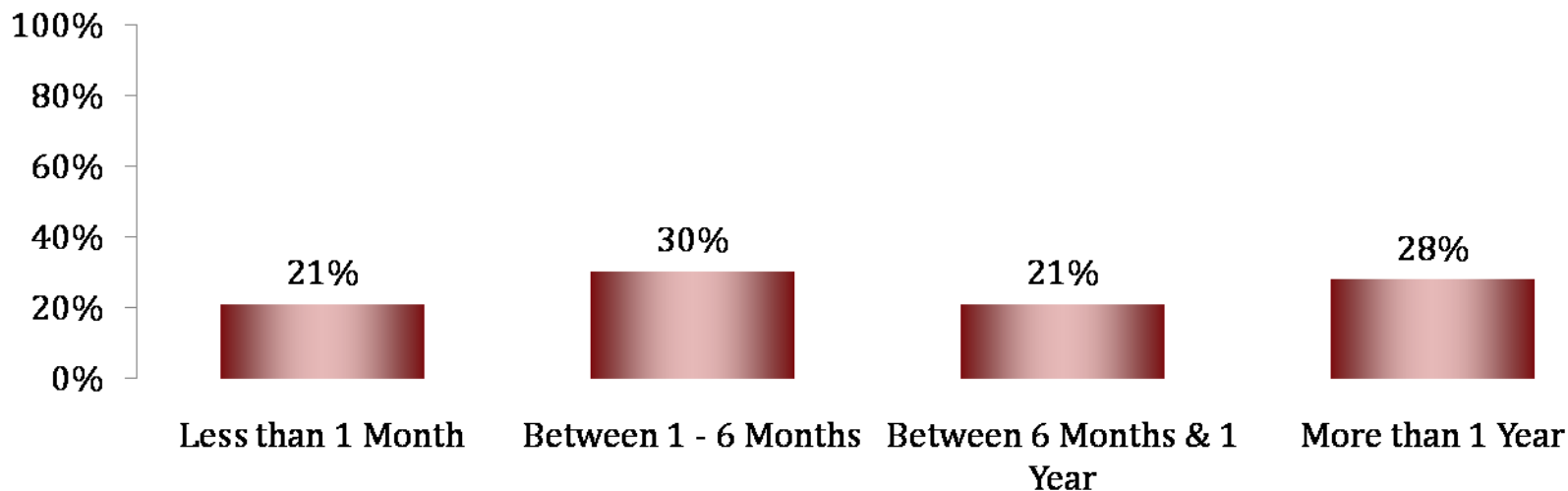
How much do you receive as a monthly pension?	What level of income will enable you live a life similar to the one before retirement?									
	Below KShs. 10000	KShs. 10001 to 20000	KShs. 20001 to 30000	KShs. 30001 to 40000	KShs. 40001 to 50000	KShs. 50001 to 60000	KShs. 60001 to 70000	KShs. 70001 to 80000	KShs. 80001 to 100000	Above KShs. 100001
Below KShs. 5000	15%	33%	28%	9%	7%	-	-	2%	6%	-
KShs. 5001 to 10000	1%	26%	16%	14%	14%	11%	8%	-	6%	4%
KShs. 10001 to 15000	3%	7%	10%	14%	7%	14%	7%	10%	14%	14%
KShs. 15001 to 20000	-	-	13%	20%	40%	7%	7%	-	7%	7%
KShs. 20001 to 30000	-	11%	-	11%	11%	22%	-	-	22%	22%
KShs. 30001 to 40000	-	-	-	-	-	-	-	-	100%	-
KShs. 40001 to 50000	-	-	-	-	-	-	25%	25%	25%	25%
KShs. 50001 to 70000	-	-	-	-	-	-	-	-	-	100%
KShs. 70001 to 90000	-	-	-	-	-	-	-	-	100%	-
Above KShs. 90001	-	-	-	-	-	-	-	-	-	100%

Eight in ten of the surveyed retirees indicated they did attend retirement preparation training by RBA

n = 251



Have you ever attended Retirement Preparation Training by RBA?

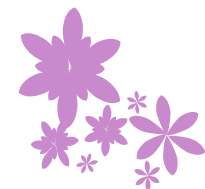


❖ Asked how long the training was before they retired, 21% mentioned less than a month, 30% reporting between 1 to 6 months

❖ A further 28% mentioned more

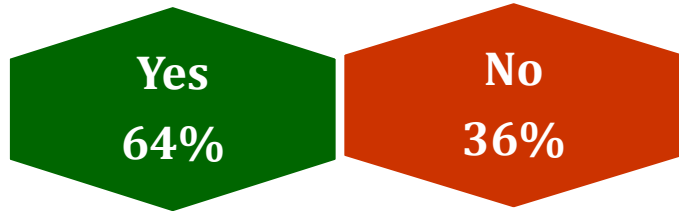
If YES, how long was it before you retired?

n = 43



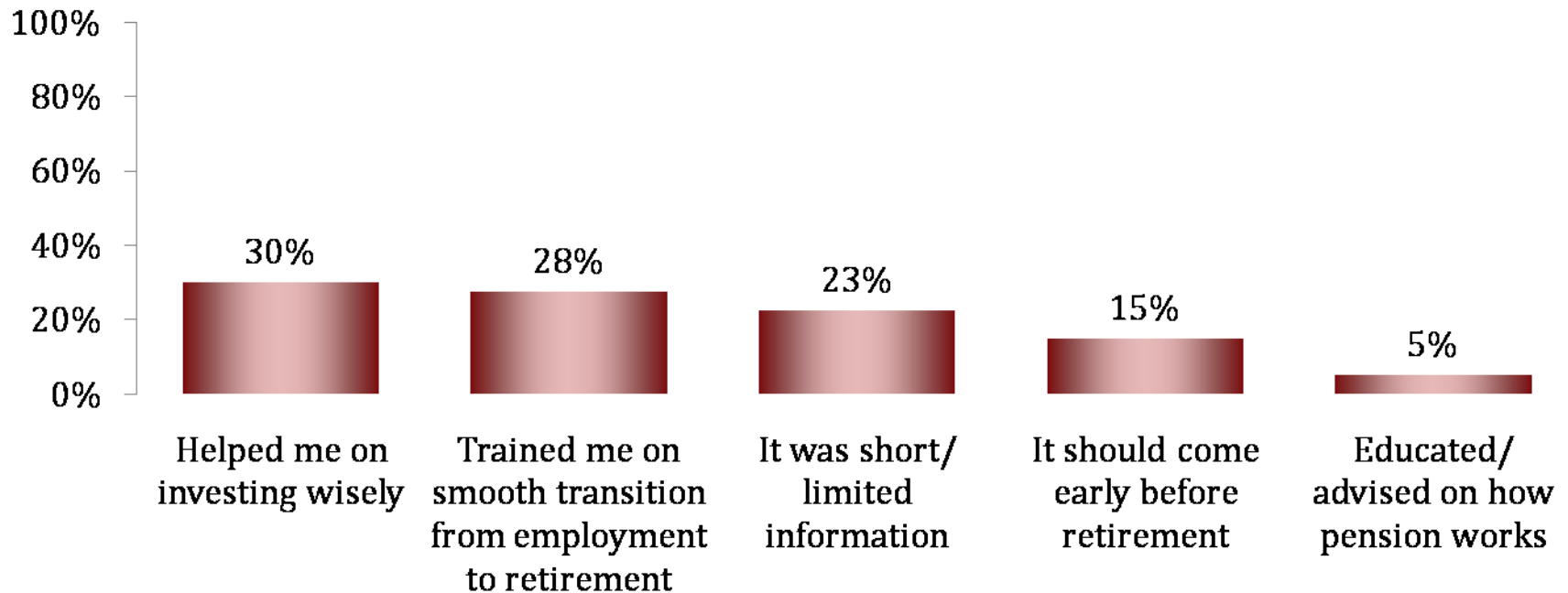
Majority of those who attended the RBA retirement training reported the training was adequate

Was the training adequate?



n = 42

- ❖ Asked the adequacy/ inadequacy of the training, 30% of the retirees mentioned it helped them in investing their lump sum wisely, 28% saying it trained them on smooth transition from employment to retirement



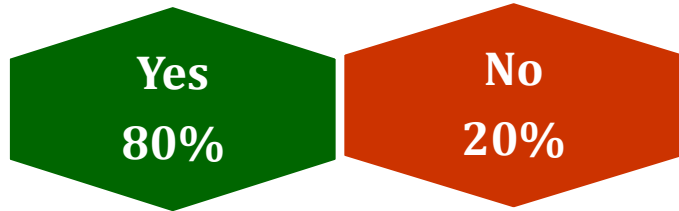
Please explain your reasons?

n = 40



On whether the training had an impact on their retirement

Did the training have an impact in your retirement?



n = 44

❖ Asked whether the retirement had an impact on their retirement 80% answered on the affirmative, citing the following reasons

- *Educated/ Advised me on how to invest wisely*
- *Enabled me to be prepared for retirement*
- *Educated me on financial planning and business management*

❖ Those who indicated the training did not have an impact on their retirement cited the reason that it came late and was short on information

Educated/ Advised me on how to invest wisely

38%

Enabled me to be prepared for retirement

33%

Educated me on financial planning and business management

18%

It was too late and short

13%

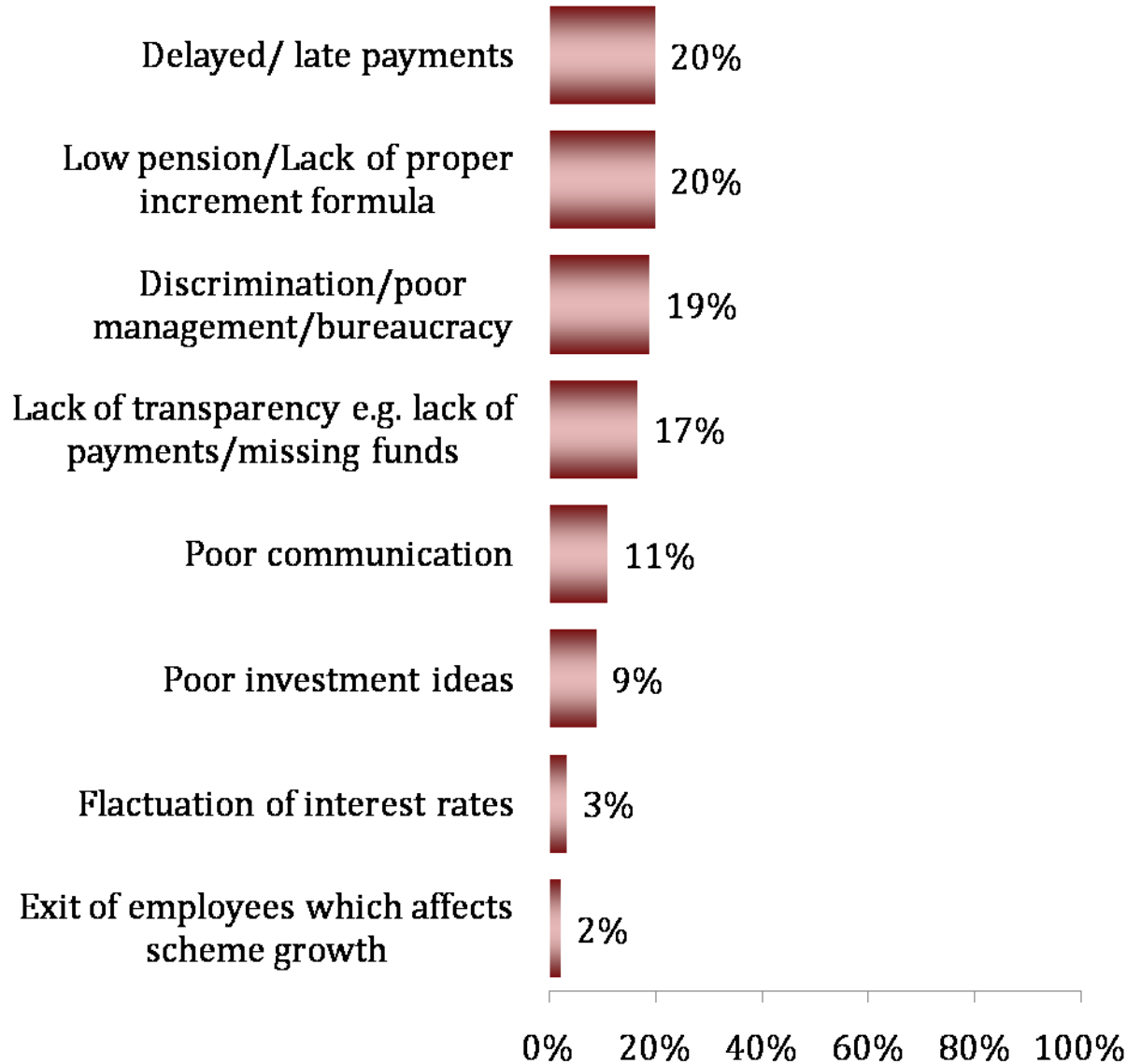
0% 20% 40% 60% 80% 100%

n = 40

Please explain your reasons?



Challenges facing the retirees schemes



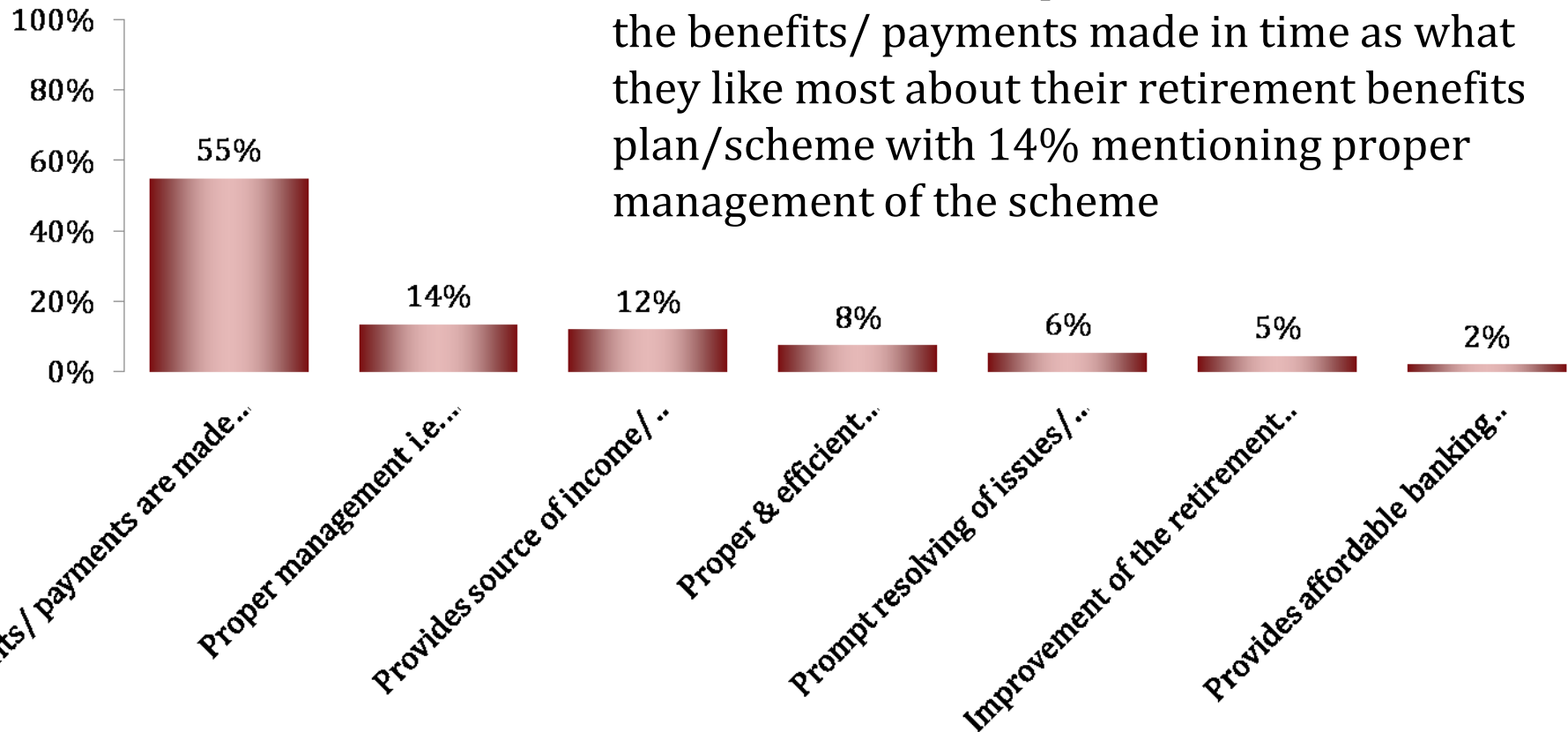
to mention the
ges their schemes
0% of the retirees
ned delay in
its, 20% low
1/ lack of proper
ent formulae and
ying
ination/poor
ement/bureaucracy
er 11% mentioned
nge in
nication

n = 91

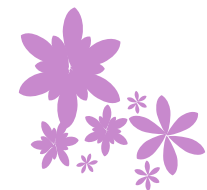
What are some of the challenges, if any faced by your scheme?



What they like about their retirement benefits plan/scheme



❖ More than half of the pensioners mentioned the benefits/ payments made in time as what they like most about their retirement benefits plan/scheme with 14% mentioning proper management of the scheme



n = 200

What, if anything, do you like in your retirement benefits plan/scheme

Improvements proposed

Have a transparent pension increment formula - 42%

Conduct retirement trainings early in employment - 17%

Introduce medical & housing schemes for pensioners - 15%

Help pensioners be able to get loans/ capital - 11%

Proper & easier communication information dissemination - 6%

Increase retirement savings amount - 3%

Prompt payment of pension & benefits - 3%

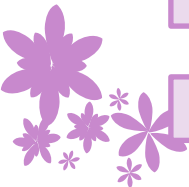
Incase of death the dependants to get the pension - 2%

Include retirees in the schemes committees - 1%

Be transparent in their dealings - 0.4%

n = 242

*What changes,
if any, would
you propose
for the
retirement
benefits
Industry*





Retirement Benefits Authority

Thank You!!!

