



## **THE 9TH PENSIONER SURVEY 2024**

**Exploring Strategies for Enhancing Pension Benefits Adequacy and Sustainability**

**Study Report**

*Authored by: Directorate of Research, Strategy  
and Planning Staff.*

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## **ABSTRACT**

Since 2002, the Retirement Benefits Authority (RBA) has conducted biennial surveys to assess the living standards and overall well-being of retirees, with a focus on the adequacy of retirement benefits. These surveys provide the RBA with critical data that informs policy formulation and guides strategies to enhance the retirement benefits sector. This year's survey specifically explored strategies to enhance pension benefits adequacy and sustainability.

The study sampled 427 retirees who were members of registered retirement benefits schemes and had retired within the last 5 years. Respondents were selected from lists provided by various scheme administrators. Data was collected through structured questionnaires and interviews covering aspects of employment and retirement such as income during and post-employment, adequacy of retirement savings, expenditure during retirement and view of life during retirement.

The findings revealed a wide range of experiences among retirees. While a majority were enjoying their retirement, others reported significant challenges. A considerable portion highlighted inadequate pension benefits, high cost of living, and the high dependency burden whereby 83% of the respondents reported having a person depending on them for their sustenance. The survey also revealed the importance of good health, with 32% of retirees identifying it as the most critical aspect of their retirement experience. Additionally, most retirees noted that they missed the company of their work colleagues, perhaps underlining the importance of social connections in retirement.

The study recommends enhanced retirement training for employees, additional benefit preservation strategies, incentives to encourage additional voluntary contributions and implementation of compulsory post-retirement medical funds by schemes.

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## 1.0 INTRODUCTION

### 1.1 Background

The effect of retirement is varied and complex (Schuller (1987). The effect and experience of retirees vary and differ with the level of access to social, cultural, and economic resources. Retirees often experience different life course transitions and trajectories, which entail changes in economic circumstances (Szinovacz, 2003). The question of whether the retiree's savings would be adequate to maintain and sustain a decent standard of living they enjoyed before retirement is always a concern. Governments and policymakers must therefore be conscious and deliberate on the policies and welfare programmes of its old age population.

The Constitution 2010, Article 43 (1)(e) guarantees every Kenyan social security. Article 43(3) obligates the state to provide appropriate social security to persons who are unable to support themselves and their dependents. Social security therefore is a major concern for the government of Kenya, more so, given the fact the pension coverage is low. The individuals who actively contribute to a retirement benefits scheme account for only for 19 per cent of the working population (RBA, 2022). This implies that majority of the Kenyan working population is uncovered and would be faced with old age poverty, thus, exerting more pressure on the government to provide social security support for them. This would therefore have adverse economic, budgetary, and social development consequences.

The need to save for retirement is therefore paramount. The savings should be adequate to cater to the needs of an individual in retirement. For those who are employed and earn a salary, retirement savings should be able to earn them adequate replacement income to sustain their living standards. They should be able to maintain a satisfactory standard of living upon retirement. However, this is not always the case, peoples' incomes typically drop in retirement, and the timing and extent of the drop is of concern (Purcell, 2012). The drastic decline of income in retirement often has adverse effects on the retirees' lives which may include reduction of certain expenditures, and worse, it may lead to old age dependency. The greatest challenge facing retirees, therefore, is whether their retirement savings would be sufficient to maintain and sustain a decent standard of living in retirement.

Income replacement therefore has become a topical issue for policy makers, more so in developing countries. However, there are still unresolved issues surrounding the computation of the income replacement ratio and the assessment of the adequacy of benefits in retirement. More often, the income replacement ratio is expressed as a per centage of preretirement income. Some of the issues include what the ratio should be, and what measures of income should be included in the computation of the income replacement ratio (Purcell, 2012). The proportion of income needed to maintain one's standard of living in retirement varies according one individual circumstances. Lower-income workers typically need a higher replacement ratio than average-income workers because they spend a higher proportion of their income on necessities such as food, clothing, housing transportation, and medical care. Higher-income workers too may need higher replacement ratios to maintain

their pre-retirement standard of living, especially if their retirement plans include substantial spending on recreation and leisure (Purcell, 2012).

Worst still, the members of retirement benefits schemes are exposed to various risks and decisions that they need to make during the accumulation and decumulation phases. Further, concerns have been raised about the financial security of retirees and whether the pension incomes they receive are adequate. This is critical more so, with the advent of the defined contribution schemes and the conversion of pension schemes to provident funds, in which retirement savings largely depend on the lifetime earnings related to pension contributions and the investment performance. The savers/members are subjected to market risks and volatilities during the accumulation phase of their retirement benefits (Whitehouse, 2010). The final value of the retirement benefits is therefore uncertain and depends on numerous variables and decisions that the savers/members make (Stanko, 2025).

From the foregoing, it is important to know what level of income would be adequate or desirable to retirees in their retirement to maintain a decent standard of living. It is also important for the pension regulator to monitor the welfare members and more so retirees and put in place strategies and measures that would enhance the retirement benefits adequacy and sustainability. It is therefore paramount for the Authority to keep abreast of whether retirees/pensioners achieve adequate retirement benefits and can cope with their lives in retirement. The pensioner study therefore is important given that the views of the retirees/pensioners would inform policy formulation and advice to the Cabinet Secretary, National Treasury and the development of measures, innovative products and strategies to enhance retirement benefits adequacy and sustainability.

## **1.2 Problem Statement**

The Constitution of Kenya 2010 under Article 43 (1)(e) guarantees every Kenyan social security. Further, Article 43(3) obligates the state to provide appropriate social security to persons who are unable to support themselves and their dependents. Article 21(3) on the implementation of rights and fundamental freedoms obligates all State organs and all public officers the duty to address the needs of vulnerable groups within society including older members of society. Article 21(4) obligates the State to enact and implement legislation to fulfil international obligations in respect of human rights and fundamental freedoms. Article 57 also obligates the State to take measures to ensure that the rights of older persons: a) to fully participate in the affairs of the society, b) to pursue their personal development, c) to live in dignity and respect and be free from abuse; and d) to receive reasonable care and assistance from their family and State.

For older persons or retirees to sustain themselves and participate in personal and economic development, they must be empowered economically. Retirees should be able to receive

adequate and reasonable income in retirement. What the retirees earn in retirement should adequately replace their earnings while working. The retirees should be able to maintain a satisfactory living standard upon retirement, which is called the income replacement rate. However, retirees' incomes typically drop in retirement, and the timing and extent of the drop are concerning (Purcell, 2012). The drastic decline of income in retirement often has adverse effects on the retirees' lives which may include a reduction of certain expenditures and worse, it may lead to old age dependency. This is compounded by the fact that life expectancy has been rising steadily, with up to two and half years per decade, thus there is a high chance that most retirees would outlive their retirement savings (EU, 2010). Therefore, ageing populations represent huge challenges for economic, social and health policies in general, and for pension systems in particular (D'Addio and Von Nordheim, 2014). The financial security of the retirees is also concerning and whether what they receive as retirement income is adequate. In this regard most countries must reform their pension systems, often trying to strike a balance between the two competing objectives of financial sustainability and retirement income adequacy.

One of the indicators that is commonly used to measure pension adequacy is the replacement rate, which is defined as post-retirement income relative to pre-retirement income (Boskin and Shoven, 1984). The International Labour Organisation (ILO) recommends a 40 per cent income replacement rate of the previous earnings at the minimum. In Kenya, the income replacement rate is way below the recommended rate, and it is estimated that the gross income replacement rate is 34.3 per cent (Njuguna et al, 2012). Worst still, according to the Kenya Integrated Household and Budget Study, 2005/2006, it is estimated that 46.7 per cent of Kenyans are food-poor and cannot meet the cost of a basic food bundle. There is therefore a need to develop plausible strategies and measures to ameliorate this situation and to enhance pension adequacy and sustainability.

Further, as the Retirement Benefits Authority pursues its mandate to safeguard and develop the retirement benefits sector and protect the interest of members, it is paramount that it keeps itself abreast of the retirees' situation and whether retirees/pensioners achieve adequate retirement benefits. The pensioner study therefore is important given that the views of the retirees/pensioners would inform policy formulation and advice to the Cabinet Secretary, National Treasury and Economic Planning. The study findings and recommendations are also important in the development of new and innovative products in the pension industry. The study findings will also provide policy implications for retirement benefits policies designed to improve the welfare of retirees/pensioners and more so enhance the pension adequacy for retirees.

### **1.3 Objectives of the Study**

The general objective of this study is to explore strategies for enhancing pension benefits adequacy and sustainability. The specific objectives of the study are:

1. To establish the retirees'/pensioners' livelihood situation in retirement.
2. Establish adequacy of the retirement benefits.
3. To determine the Income Replacement Ratio of the pensioners.
4. To explore strategies to enhance pension adequacy of the retirement benefits.
5. To make policy proposals based on the findings.

## 2.0 LITERATURE REVIEW

The European Commission, 2021 Pension Adequacy Report (PAR) distinguishes three main dimensions of pension adequacy: (i) poverty protection, (ii) income maintenance, and (iii) pension/retirement duration. The report notes that the adequacy of pensions is measured by its ability to prevent and mitigate the risk of poverty in old age, considering income poverty risks, as well as material and social deprivation among women and men aged 65 and over. The reports noted that apart from the pension income, the living standards in old age are affected by households' other income sources, assets and available services, and how income matches their real needs. The report also noted that the adequacy of pensions is measured by their capacity to replace income earned before retirement and hence limit the financial impact of transiting from work into retirement, thereby assessing the extent to which standards of living before retirement can be maintained. The report further noted that this can be measured either by comparing the income of the same individuals before and after retirement or, as a proxy, by comparing the income of the older/retired population to that of the younger/working population. Lastly, the duration dimension, the report considered two aspects: The duration of retirement as such is a measure of adequacy (i.e. whether people can spend a reasonable share of their lives in retirement). The report noted that different cohorts, or socioeconomic groups within the same cohort, can have different life expectancy and thus pension duration, pension systems should adjust for such differences. Further, adequacy changes over the time people spend in retirement, reflecting changes in income levels, household composition, health status and need for care. Government policies should therefore seek to support the living standards of older people through pension indexation and the provision of health care.

Binswanger and Schunk (2008) note that to answer the question of what is the adequate standard of living during retirement, several questions must be answered, among them; What level of spending during retirement do people consider desirable, given their lifetime budget constraints? How does this level compare to spending during working life? Is there a minimum level of retirement spending which people want to maintain at all costs? How much risk are individuals ready to bear in exchange for a higher expected standard of living during retirement? Finally, how do desired standards of living during retirement vary across the population? The answers to these questions also provide a benchmark level for an adequate standard of living during retirement. Binswanger and Schunk (2008) aver that the benchmark allows policymakers to address the concern of whether people are prepared for retirement, second, it serves as advice to individuals who find determining an adequate level of retirement savings themselves difficult and lastly, the benchmark is highly informative for many countries considering pension reforms and require information about adequate benefits levels. Binswanger and Schunk (2008) used a designed internet study in the U.S. and the Netherlands to address the question of what represents an adequate

standard of living during old age. They found out that the respondents had a fairly good idea of the level of spending that they find desirable. They also found out that individuals aim to achieve a spending profile where, under normal circumstances, old age spending exceeds 70 per cent of average working life spending in both countries. It is therefore evident that people would not want to fall below a certain level of spending. They calibrated the minimum income replacement rate for each quintile and found out that for the U.S. sample, it ranged between 100 per cent for the lowest quintile and 50 per cent for the highest quintile. For the Netherlands, the corresponding replacement rates were 70 per cent and 60 per cent respectively.

Bender and Jivan (2005) argue that measures of retiree well-being have focused primarily on two economic measures: retirement income and wealth. They observe that research on these measures often attempts to identify factors that lead to higher levels of income or wealth, assuming that more money leads to increased overall well-being. They note that economic well-being is only one dimension of overall well-being. Bender and Jivan found that while economic well-being (as measured by income and wealth) does increase overall well-being, the effect is relatively small. They also observe that two other factors: reasons for retirement and health have important effects on the retirees' well-being.

Wang and Hesketh (2012) note that people's fiscal, physical, and psychological well-being in retirement is influenced directly and in interactive ways by five factors: Individual attributes, pre-retirement job-related factors, family-related factors, retirement transition-related factors and post-retirement activities. Wang and Hesketh summarized the effect of the five factors from various research as shown in the table below:

S/No.	Factor Categories	Influencing Factors	Effect
1	Individual Attributes	Financial Literacy Financial goal clarity Physical health	+ + +
2	Pre-Retirement Job-Related Factors	Disrupted Career Path Unemployment before retirement	- -
3	Family Related Factors	More Dependents Cost related to dependent care	- -
4	Retirement Transition-Related Factors	Financial Planning Retiring to receive financial incentives	+ +
5	Post Retirement Activities	Bridge Employment	+

*Note. "+" means the factor's effect is beneficial and "-" means the factor's effect is detrimental to fiscal well-being.*

## 2.1 Computation of Income Replacement Rate

The income replacement ratio is expressed as a percentage of preretirement income. OECD, (2007) defines it as the amount of income a retiree receives from his pension compared to some active worker income level. It measures the relationship between incomes in and out of work (OECD, 2011). Mitchell and Turner (2009) note that computation and implementation of the income replacement rate concept often require two (more or less) readily observable economic flows, namely workers' market income and the retirees' retirement benefits; pension systems would then be judged more successful when the replacement rate is higher.

Mitchell and Turner (2009) further note that despite the simplicity of the replacement rate concept, in practice people come up with very different measures. There are still unresolved issues in the computation of the income replacement rate and the assessment of the adequacy of benefits in retirement. There is no common means of measuring replacement rates (Biggs and Springstead, 2008). Several authors (Mitchell and Turner, 2009; Purcell, 2012) have raised concerns, about what the ratio be, and what measures of income should be included in the computation of the income replacement ratio. There is still disagreement on what period to cover for the earnings in the numerators, what period of earnings should be used in the denominator? Should it be career average income gained by the worker or the remuneration income of only a few pre-retirement years, which are very often the most highly paid of an individual's life? Even though the numerator of the replacement rate calculation is relatively easy to determine, there is no consensus on the proper denominator to represent preretirement earnings (Biggs and Springstead, 2008). Some analysts compare pension benefits with workers' labour earnings immediately after retirement; others make the comparison with their preretirement pay in a few peak years; and still, others compare retirement benefits to the worker's entire career average pay. Analysts also disagree on whether the replacement rate should compare benefits to gross or net incomes (Munnell et al. 2006).

Further, the benefits may be worth much more early in retirement than they are later, more so, if the benefits payments are not inflation-indexed. In such a case, what might appear to be an initially generous replacement rate will be eroded over time. The replacements do not take into consideration the type of pension benefit and the length of the period over which such a benefit is to be paid. It overlooks how long benefits will be paid (e.g. for a term, or until death for the individual and his/her partner). There is also debate about whether the replacement rates should be adjusted for household composition (the size of the family and the presence of children). It is widely agreed that one person requires fewer resources than a couple and children residing in their families have distinct consumption needs (Hurd and

Rohwedder, 2008). Additional complexities in measuring relative benefit generosity include that not all benefits are life annuities. Hence what might appear to be a generous benefit at one point in time might become less generous if, for instance, the retirees exhaust their resources due to overspending, poor planning or other shocks (Brown et al 2008). It is important to not only assess replacement rate outcomes in a static sense but also to track the trajectory of replacement rates over the retirement period to assess the risk of failure relative to some minimum target (VanDerhei,2006).

There are also comparability challenges between replacement rates calculated for various cohorts. The retiree expenses might differ from those of younger persons. The structure of expenses for older retirees may differ from the expenditures incurred by younger retirees. The retirees may not incur commuting costs and outlays for clothing used on the job; or child-care expenses; in this case, daily expenses might be lower so the benefit income may stretch farther. Elderly retirees tend to have increased contingent health-related expenses substantially higher for retirees and tend to rise with age (Mitchell and Turner, 2010; Stanko, 2015).

The proportion of income needed to maintain one's standard of living in retirement varies according one individual circumstances. Lower-income workers typically need a higher replacement ratio than average-income workers because they spend a higher proportion of their income on necessities such as food, clothing, housing transportation and medical care. Higher-income workers too may need higher replacement ratios to maintain their pre-retirement standard of living, especially if their retirement plans include substantial spending on recreation and leisure (Purcell, 2012).

## **2.2 Previous Pensioners/Retirees Studys**

The first pensioner study was carried out in the year 2002 with the underlying objective to establish the circumstances of retirees in the country. The study also examined the retirees' experiences as members of retirement benefits schemes. The second study was carried out towards the end of 2003 with similar objectives as the first study, it targeted members who had just retired, and 107 retirees were interviewed. The majority of the respondents were male constituting 74.8 per cent while females constituted only 25.2 per cent. Also, the majority of the respondents (54.2%) had stayed with one employer while 45.8 per cent had changed jobs. 38.7 per cent of those who changed jobs withdrew their accrued benefits while 18.4 per cent transferred their accrued benefits to the new scheme, and only 8.2 per cent deferred their benefits. Most respondents (68.3%) noted that pension was their most important source of income. The major challenge which the respondents faced was delay in the payment of benefits. The respondents noted that the delays in payments forced them to follow up resulting in huge expenses. The respondents also mentioned the lack of pension increases and lack of information from the schemes as some of the key challenges.

The third pensioner study was carried out towards the end of the year 2004 and the objectives and the target group were similar to the previous two studies. However, unlike the previous studies, one new objective was added to assess the impact of the Retirement Benefits Act on retirees and pensioners by comparing the status of those who retired before the commencement of the Act to those who retired after. 110 retirees were interviewed, and most of the respondents were male constituting 76.1 per cent while females constituted 23.9 per cent. Also, most of the respondents (59.1%) had stayed with one employer while 40.9 per cent had changed jobs. 26.7 per cent of those who changed jobs withdrew their accrued benefits while 24.4 per cent transferred their accrued benefits to the new scheme, and only 7.1 per cent deferred their benefits. Most respondents (72.4%) noted that pension was their most important source of income. Similar to the previous periods, the respondents noted that the major challenge was delay in the payment of benefits and inadequate income.

The fourth pensioners study was carried out in the year 2008 to identify the needs of retirees and pensioners and make appropriate recommendations. Unlike the previous studies, the retirees/pensioners were assessed on their awareness and understanding of the various legislative changes affecting the retirement sector. The study also assessed whether the pre-retirement training seminars undertaken by the Authority had an impact on the retirees. Similarly, it examined the impact of the various studies and the legislative changes arising thereof. During the period, 240 respondents were interviewed. This was a great improvement from the previous periods. The majority of the respondents were male, constituting 68.2 per cent while females constituted 31.8 per cent. Also, the majority of the respondents (60.9%) had stayed with one employer while 38.2 per cent had changed jobs. 38.5 per cent of those who changed jobs withdrew their accrued benefits while 20.9 per cent transferred their accrued benefits to the new scheme, and only 11 per cent deferred their benefits. Although, a high proportion (61.25%) of the respondents had heard of the Authority, very few (24.58%) retirees/pensioners were aware that the Authority conducted pre-retirement training seminars and only 7% of the respondents had attended the pre-retirement seminars conducted by the Authority. The respondents noted that they still faced the following challenges: delays in payment of benefits; miscalculation of benefits and long waits for administration letters.

The fifth pensioner study was carried out in 2012 with a key objective to investigate the experiences of retirees in Kenya and 257 retirees were interviewed, of which, 81 per cent of the respondents were male while 19 per cent were female. A majority (94%) of the respondents had dependants who relied on them for support. The average number of dependants was two per respondent. 73 per cent of the respondents indicated that their savings for retirement were not sufficient based on their previous salary. However, only 8 per cent of the studied retirees made additional voluntary contributions. The majority (71%) of the studied retirees did not change jobs during their working lives while only 29 per cent changed jobs. 46 per cent of the retirees who changed jobs indicated that they withdrew their

benefits while 46 per cent transferred their benefits to another scheme. 80 per cent of the studied retirees indicated that they had attended the retirement planning seminars undertaken by the Authority. The retirees indicated that they experience delays in the payment of benefits.

The sixth pensioner Study was carried out in 2016 and the study sought to investigate the experience of retirees/pensioners and how they perceive their lives in retirement. The specific objectives of the study were: to establish how retirees/pensioners perceive their retirement situation; to examine the social economic factors that affect pensioners/retirees; and to identify policy interventions that could improve the livelihood of retirees. 427 respondents were interviewed, of which the majority (79%) were male. A sizeable number (22.5%) of the respondents were residing in the Nairobi metropolitan area. On the adequacy of their savings, most of the respondents (65%) noted that their savings were not adequate while only 32% of the respondents noted that their savings were adequate. To supplement the low income from retirement savings, most respondents (52.6%) were involved in farming which posed another challenge the farming they practised was mainly the traditional way of farming or rain-fed agricultural which substantially depends on the vagaries of nature. Further, several of the retirees (14.05%) had gone back to employment (post-retirement employment). 36.53 % of the respondents were engaged in various business activities. This clearly showed that the retirement income was not adequate to sustain the lives of retirees and thus had to supplement.

The seventh pensioner study was carried out in 2019 and the main objective was to establish the living standards of retirees and their general welfare in the changing socio-economic landscape, especially their retirement income adequacy. A total of 477 respondents who are retirees residing in 40 counties across the country were interviewed. 80% of the those interviewed were male, the majority (34.6%) had completed high school while 33.5% had completed college or technical school. On the adequacy of benefits, the majority (62%) of the respondents noted that their benefits were not adequate and only 36% of the respondents noted that the benefits they were receiving were adequate.

The eighth pensioner study was carried out in 2022, and the sought to establish the retirement experience for pensioners; their living standards; retirement income adequacy, challenges faced and overall well-being, with a special focus on their health management. Unlike the previous studys, a focus group discussion of select retirees was also undertaken to collect more insights. The focus group discussion interviews were conducted in Nairobi, Mombasa Kisumu, Nyeri, and Eldoret. A total of 424 Pensioners were interviewed out of a sample of 602, translating to a response rate of 70.43%. The retirees interviewed were from 42 counties with Nairobi, Kiambu, Nakuru and Nyeri having a bulk of the respondents. The gender distribution of the respondents was highly skewed towards the male representing

72% of the respondents while the females were 28%. On the adequacy of benefits, most of the respondents (73%) noted that benefits were not adequate for retirement while 27% felt that they were adequate. These respondents provided varied reasons for not making adequate savings among them; lack of adequate disposable income, lack of proper information on how to ensure their benefits would be adequate at retirement; lack of investment opportunities, other investment opportunities; early access to benefits, and not saving early enough.

From the foregoing and the findings from the previous pensioners study, there is no doubt that most retirees do not have adequate income in retirement and thus there is a need for policy and legislative interventions to address the issue. This therefore calls for research with a special focus on pension adequacy to make appropriate policy interventions.

## 3.0 METHODOLOGY

### 3.1 Study Population

This study covered retirees/pensioners who were members of registered retirement benefits schemes (occupational retirement schemes, Umbrella retirement schemes and individual retirement benefits schemes). The sample was drawn from the list of retirees from the various registered administrators both external and internal administrators. The sample included both those who received one-off lump sums at retirement (those who were members of a provident fund), and those who received a pension, annuity or income drawdown. The sample comprised retirees who retired in the last five years (2018-2023). The study concentrated on retirees/pensioners from the three categories of schemes because most of the members of these schemes are also members of the mandatory scheme (National Social Security Fund–NSSF).

### 3.2 Sampling

The population was clustered by the scheme and region where the retiree had retired before the final sample. Sampling was done through systematic sampling to determine the final sample. This is to ensure that the final sample is representative both by scheme and region and free from bias.

The study sample size was calculated using the Yamane (1967) formula simplified as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where: n= is the Sample Size

N= Target Population

e= The level of precision or margin of error at 5% (Standard value of 0.05)

#### **Equation 1: Yamane (1967) Formula for Sample Calculation**

### 3.3 Data Collection

The data collection was undertaken through a computer-aided tool (CAPI) administered by research assistants supervised by research officers from the Authority. Each respondent was given verbal instructions and informed of the purpose of the study to minimize any bias. The data collection was largely through face-to-face interviews. The study also employed focus group discussion to gain insights on the challenges facing retirees/pensioners and draw plausible solutions.

### 3.4 Ethical Consideration

The study abided by all ethical considerations during the study period. The research assistants were provided with introductory letters and identification badges from the Authority. The research assistants also ensured that the identity and data of the participants involved in the research were protected. In addition, research assistants endeavoured to build trust to ensure the quality and reliability of the data collected, as well as safeguard the integrity of the researchers and the Authority.

The researchers disclosed information to the respondents regarding the purpose of the study, with honesty and sincerity. The researchers also sought the consent of the respondents to participate in the study without compelling them at any point in time during the research process. In addition, the researchers ensured that they maintained the confidentiality of the respondents and that the information provided was only used to write the research paper. This meant that researchers did not disclose the identity of the respondents or participants in the study at any time. To request their participation, respondents were contacted before commencing the study and were requested to participate in the study. During contact the objectives, and the purpose of the study were explained to them.

### 3.5 Post Data Collection Activities

Post-data collection activities comprised of data management, processing, analysis and reporting. The data collected electronically was enhanced by incorporating question filters, skip routings and logic checks in the data collection program which resulted in a relatively clean set of data from the field. Daily monitoring of data during the collection process ensured a complete sample that aligned with the original sample plan. The checks involved item-by-item identification of errors and inconsistencies in the data. Any changes made to the data after validation were documented and included in the report. For responses to open-ended questions and “other specified” responses that required coding, the development of the code list began once all the interviews had been completed where needed.

Data was uploaded to the server immediately upon the completion of each interview, minimizing the risk of data loss. Where this is not possible because of network issues, the data was uploaded immediately after the interviewer got to a place where they could access the network. The officers from the Authority, Directorate of Research, Strategy and Planning discussed bi-monthly status reports of the activities taking place to keep the management up to date with the implementation of the study. Drafting of the study report commenced once the data processing, management and analysis were completed. After submission of the final report, a draft policy brief document will be prepared and submitted to

management. The draft policy brief document will be based on key findings from the study recommended for informing policy formulation/amendment

### **3.2 Limitations of the Study**

The study covered various regions which were dispersed and, in some cases, remote areas and some of the retirees also had multiple homes therefore scheduling of interviews was challenging. Additionally, the success of the study depended on the respondents' willingness to participate in the interviews. These challenges were addressed by hiring and dispatching research assistants to areas with which they were familiar. Furthermore, the sampled respondents were contacted in advance and their willingness to participate in the study was sought. In cases where the sampled respondents were not willing, they would be replaced before the fieldwork commenced.

## 4 STUDY FINDING

This chapter presents the results and findings of the pensioners' and retirees' surveys from data analysis. The findings are discussed to answer the research questions outlined in the survey.

### 4.1 General Information on the Respondents

This section gives results on the general information about the respondents interviewed during the survey. The general information includes the distribution of respondents by county of residence and other demographic characteristics of the respondents such as age, gender, level of education, and marital status.

#### 4.1.1 Demographic Information

This section gives results on the general information about the respondents interviewed during the survey. The general information includes the distribution of respondents by county of residence and other demographic characteristics of the respondents such as age, gender, level of education, and marital status.

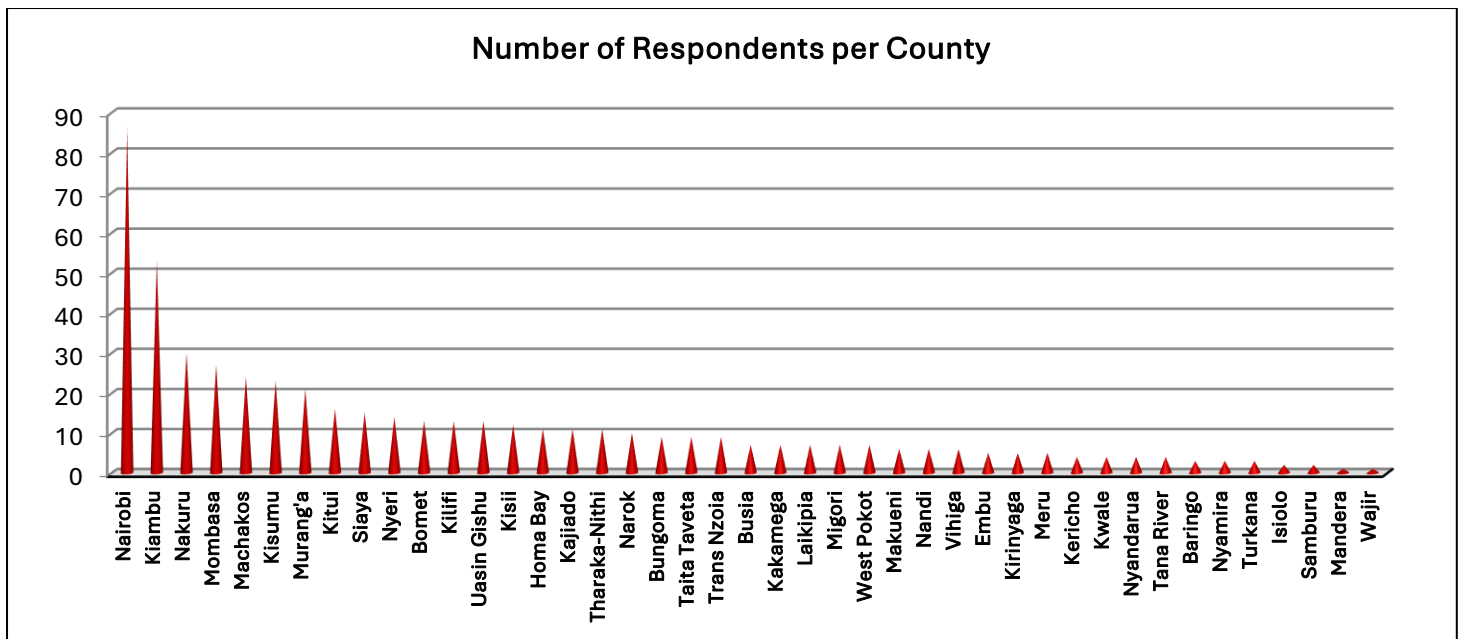
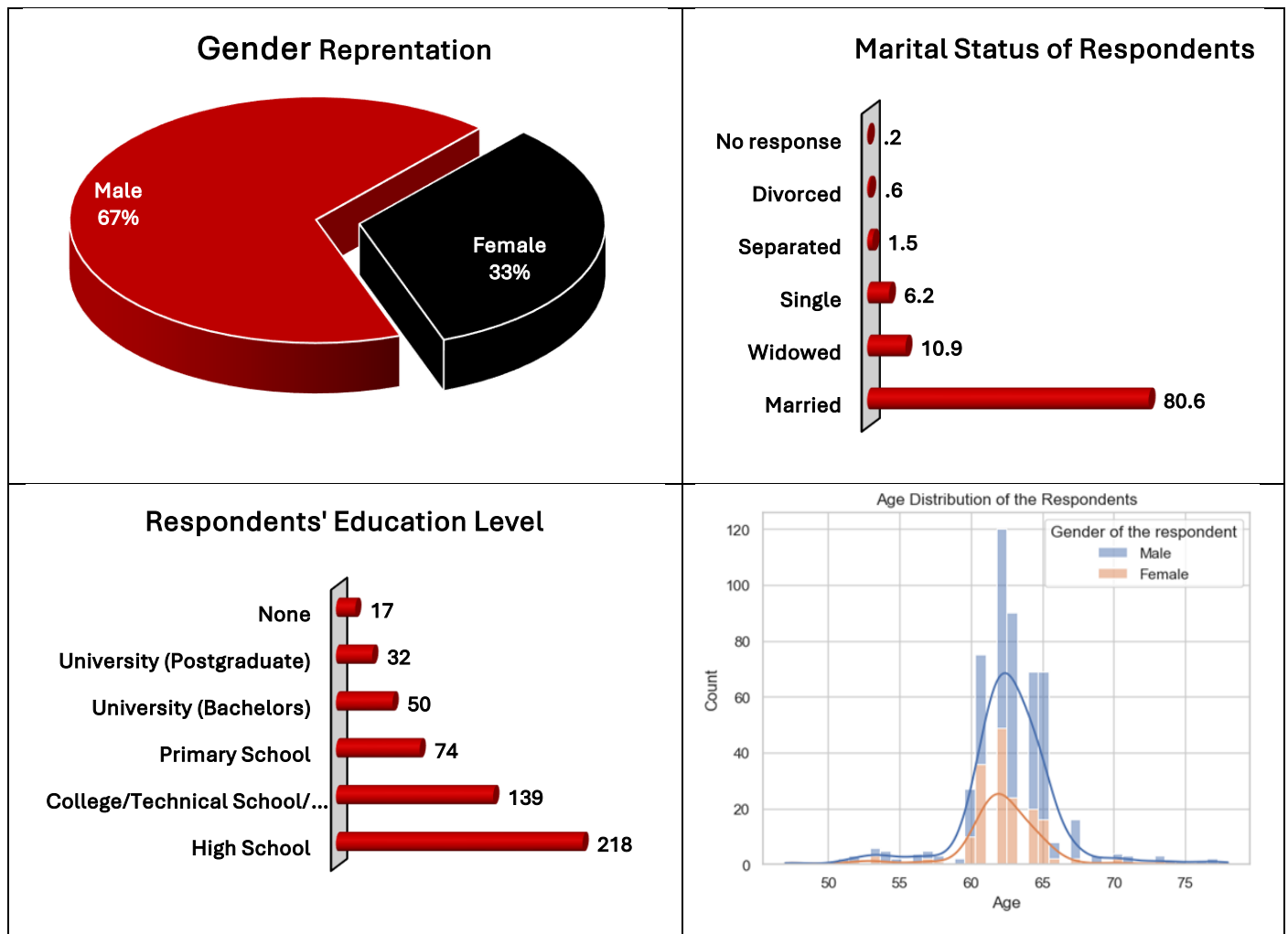
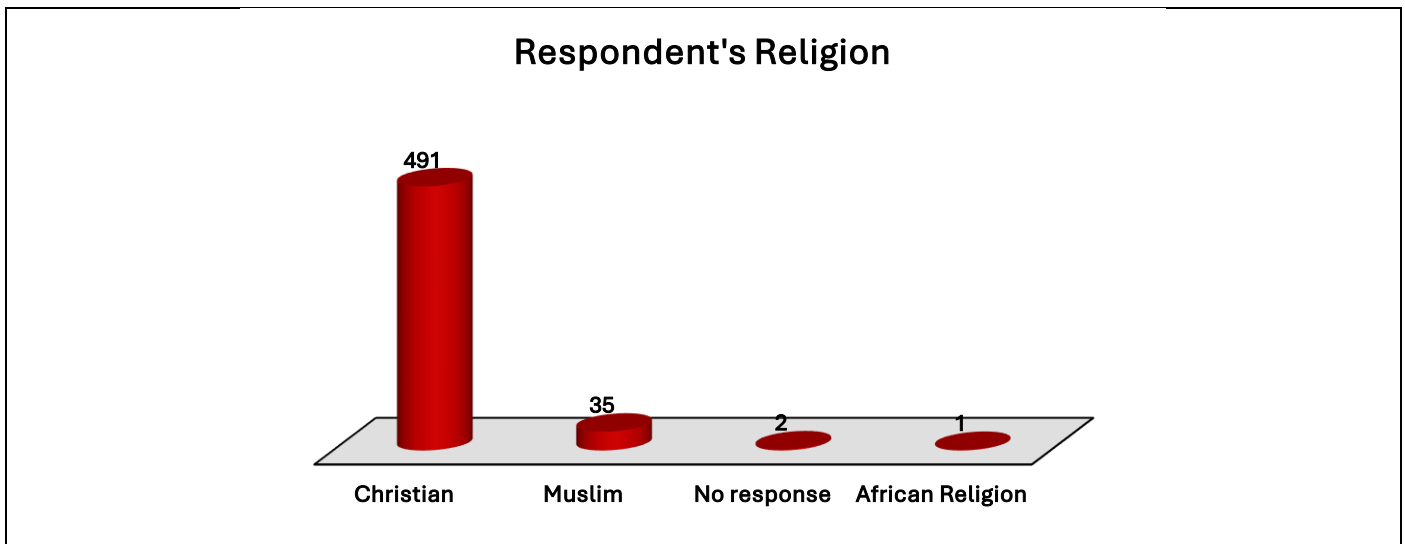


Figure 1: Distribution of Respondents by County

The study surveyed a total of 530 retirees out of a sample size of 818 potential respondents. This translates to a response rate of 64.8%. The respondents were spread across 43 counties of Kenya. Figure 1 illustrates that Nairobi had the highest representation with 86

respondents, followed by Kiambu (53), Nakuru (30), Mombasa (27), Machakos (24), Kisumu (23), and Murang'a (21). Conversely, Mandera and Wajir had the lowest representation with only one respondent each. These results challenge the common assumption that retirees predominantly relocate to rural areas post-retirement, suggesting instead a concentration in urban centres. However, this distribution could also be influenced by sampling biases inherent in the respondent demographics, particularly the overrepresentation of Nairobi and other major cities in the survey sample.





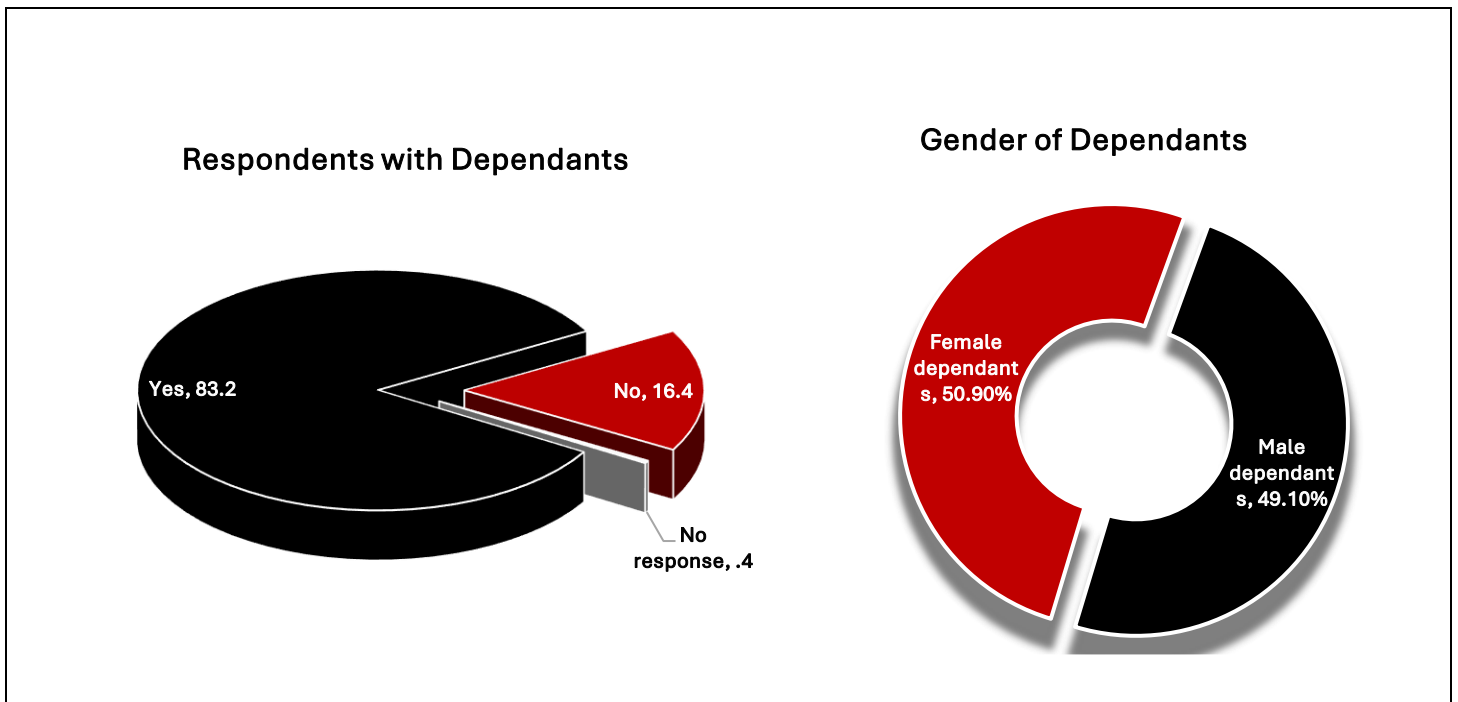
*Figure 2: Demographic Distributions of the respondents.*

The surveyed respondents were aged between 45 and 70, with a few individuals over the age of 70. This range demonstrates the varying retirement ages across different registered schemes and includes the option for early retirement beginning at 50.

Men constituted 67% of the respondents, while 81% of respondents were married. This male predominance reflects the historical labour force composition, though this trend is now shifting. Additionally, 216 respondents had completed high school, 139 had a college certificate, 50 held a bachelor's degree, and 32 had postgraduate degrees. In terms of religious affiliation, 491 (92.64%) respondents were Christians, 35 (6.60%) were Muslims, and 1 (<1%) practiced an African religion.

#### **4.1.2 Dependency**

Based on the survey conducted among retirees, a significant majority, 83.2%, reported having dependents who rely on them for support in their retirement years. There was an almost equal percentage of male and female dependants. This gender breakdown highlights a balanced demographic in terms of dependency among retirees, indicating a nuanced understanding of the support dynamics within retired populations. In contrast, 16.4% of retirees indicated they did not have anyone dependent on them, with a negligible 0.4% failing to respond to this aspect of the survey. The data is illustrated in Figure 3.

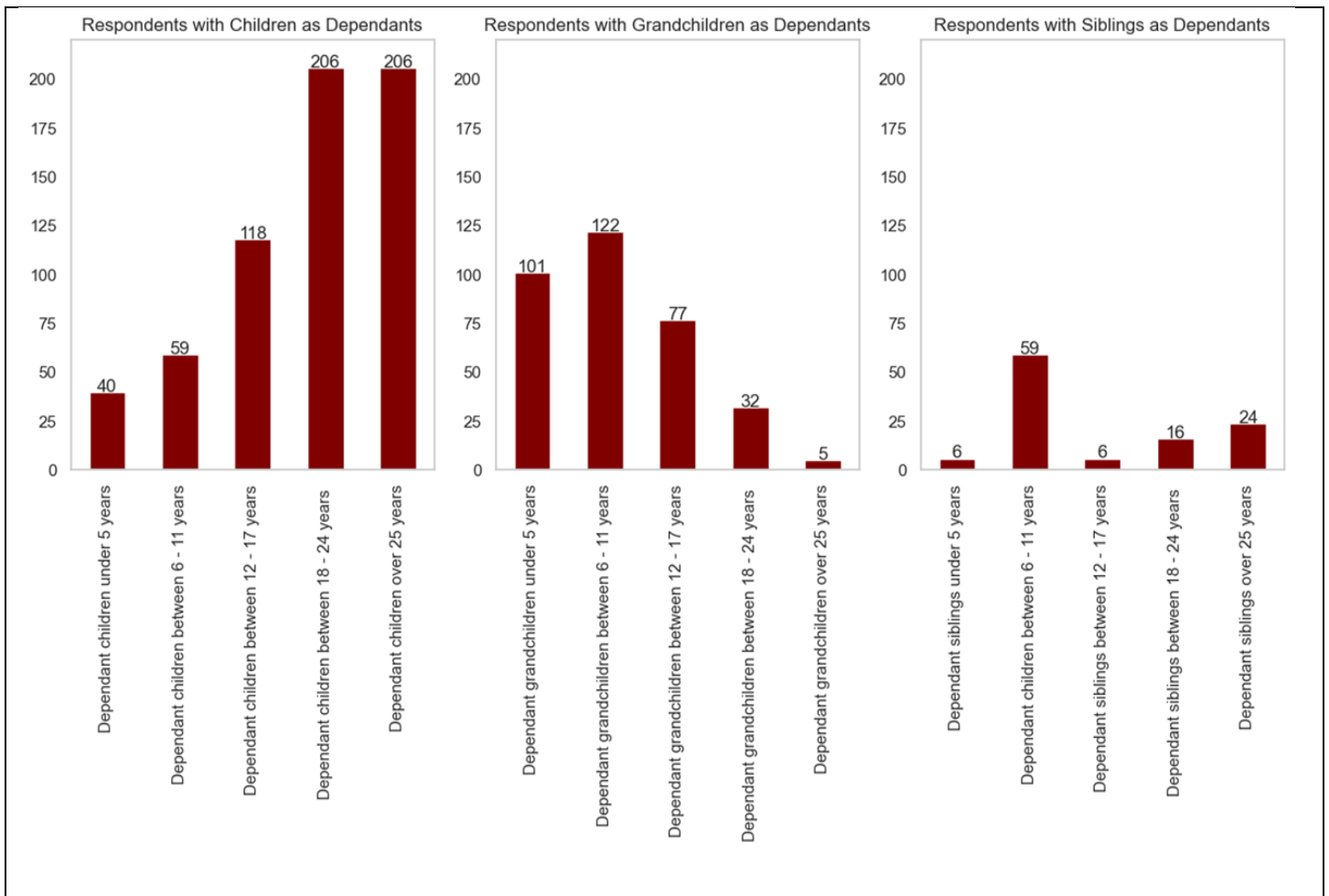


*Figure 3: Dependants Distribution of the respondents.*

### 4.1.3 Age of the Dependants

According to the survey findings, retirees were found to have dependants across various age groups and relationships. As shown in Figure 4, Among their children who are dependants, those under five years numbered 40, while those aged 6-11 were 59, those aged 12-17 were 118, those aged 18-24 were 206, and those over 25 also numbered 206. Additionally, retirees had grandchildren as dependants, with 101 under five years, 122 aged 6-11, 77 aged 12-17, 32 aged 18-24, and 5 over 25. Furthermore, siblings as dependants included 6 under five years, 59 aged 6-11, 6 aged 12-17, 16 aged 18-24, and 25 over 25, according to the survey analysis.

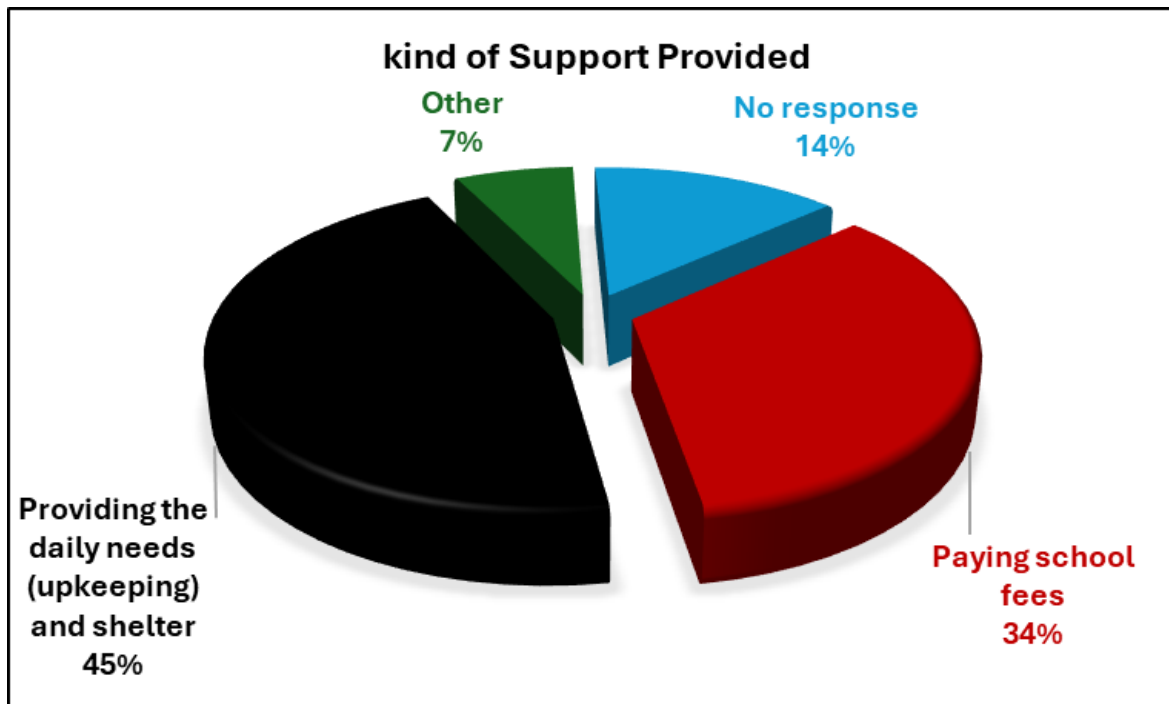
The survey shows that the highest number of dependants among retirees are aged between 18-24 years and over 25 years, both with 206 dependants. Demographic distribution suggests a potential reflection of ongoing job scarcity in the country amongst youths. With children of retirees increasingly dependent on their parents and sometimes grandchildren, there appears to be a complex interplay of economic challenges and familial support dynamics, underscoring the need for targeted interventions to bolster employment opportunities and economic resilience moving forward.



**Figure 4: Age Distribution of Dependants of the respondents**

#### 4.1.4 Kind of Support Provided for Dependants Who are Not Their Children

The kind of support provided by the respondents to dependants who are not their children ranged from paying school fees to providing daily needs and shelter. As illustrated in Figure 5, 45% of the respondents provided daily needs and upkeep to dependants who were not their children, 34% paid school fees, 7% provided for other needs, and 14% chose not to respond. The respondent provided other types of needs specified things like paying for medical bills and providing pocket money to these dependants.



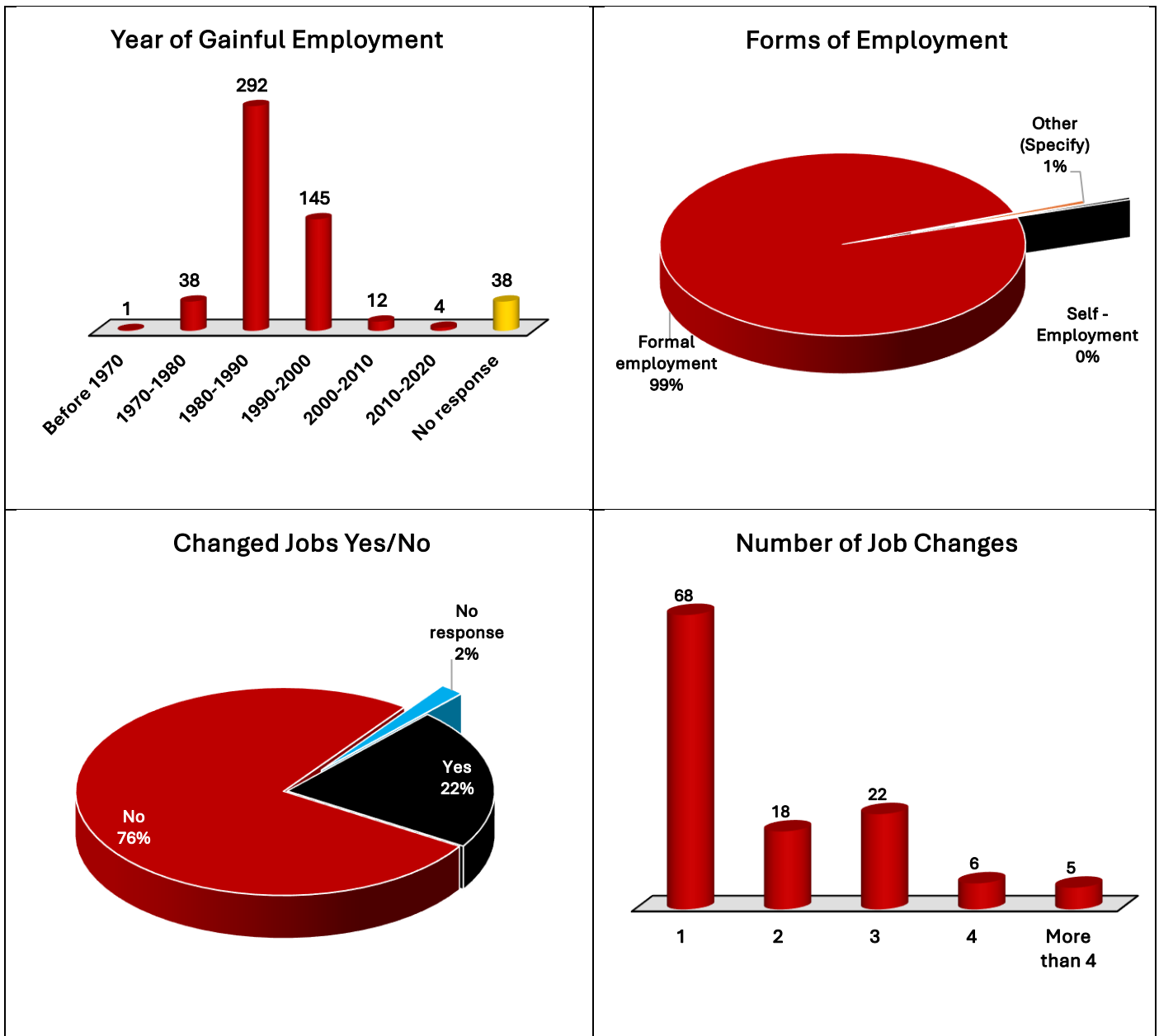
*Figure 5: Type of Support Provided to Dependants Who are Not Own Children*

## 4.2 Working History

### 4.2.1 Employment Information

This section presents the findings on employment information and the level of savings amongst the sampled pensioners.

The survey data in Figure 6 indicates that most pensioners and retirees began their employment between 1980 and 2000, with the highest number (292) starting between 1980 and 1990. Formal employment was overwhelmingly dominant, accounting for 99% of respondents, while only 1% reported other forms of employment. This suggests a significant trend of structured, long-term employment among the surveyed individuals. A significant portion of respondents (76%) did not change jobs, indicating high job stability, while 22% did experience job changes. This data reflects a trend of structured, long-term employment among the surveyed individuals. However, for those who had changed jobs, 68% had changed only once with another 22% having changed jobs thrice and 18% changed twice as shown in Figure 6.



*Figure 6: Employment Information*

#### 4.2.2 Utilization of Retirement Benefits

The study reveals insights into how respondents utilized their benefits when changing jobs. Figure 7 shows that initially, the majority (145 respondents) did not have any benefits during their first job change. Among those who did have benefits, (52 respondents) chose to withdraw them, while (27 respondents) transferred their benefits, rolling over retirement accounts or transferring savings accounts to new providers. In subsequent job changes, the number of respondents without benefits declined significantly. By the second job change, only (8 respondents) lacked benefits, which further decreased to (5 respondents) by the third job change, and just (4 respondents) by the fourth change. This trend suggests that over time, more respondents either acquired benefits or chose to maintain them through transfers

rather than withdrawals, likely due to a better understanding of the importance of preserving benefits or Improved portability of benefits between employers.

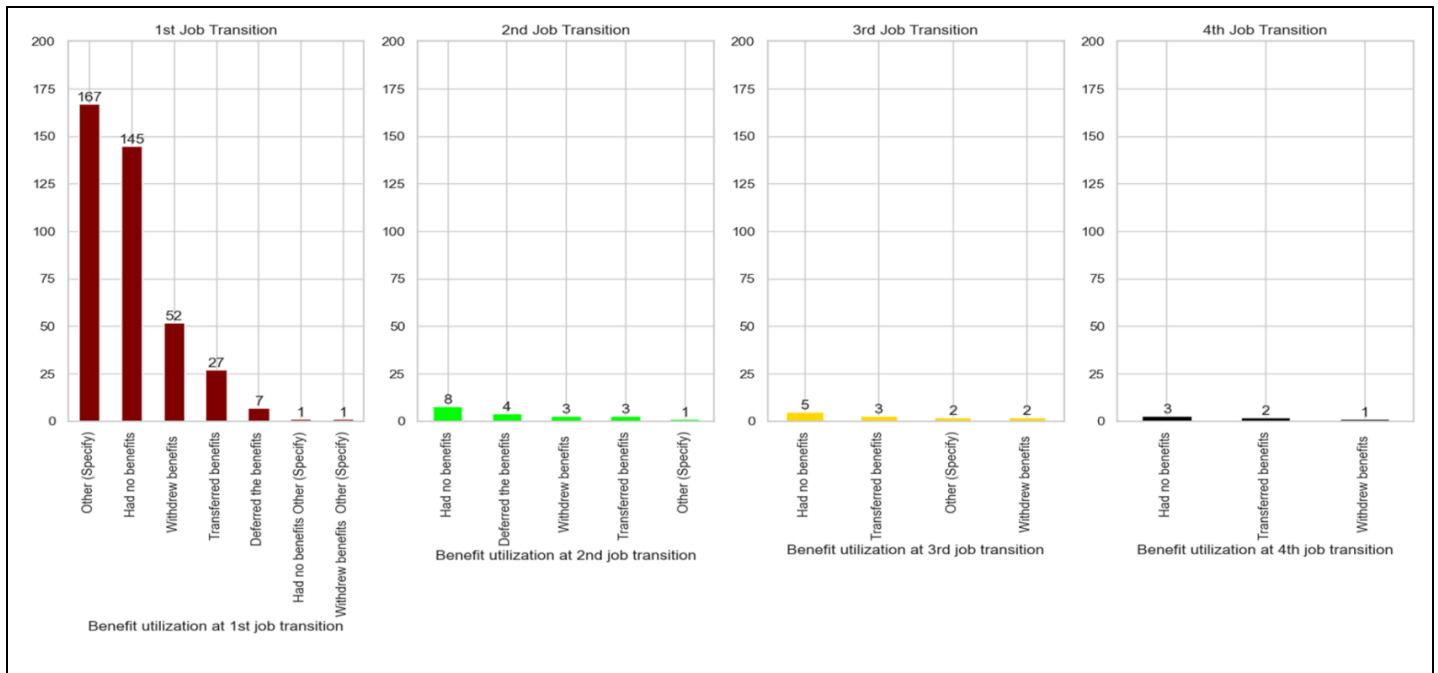


Figure 7: Change of jobs

### 4.2.3 Periods of Unemployment

This section presents insights into the duration of unemployment, cumulative years spent out of employment, and the period over which respondents have saved.

The survey reveals in Figure 8 that most retirees (89%) did not face unemployment throughout their careers. However, 8% experienced some unemployment at various points, and 2.6% chose not to respond. Among those retirees who were unemployed (26%), the most common duration of unemployment was one year. Interestingly, 16% of retirees reported experiencing unemployment for periods exceeding six years. These findings indicate that while many retirees enjoyed stable employment, a significant portion of the surveyed population experienced more extended periods of unemployment.

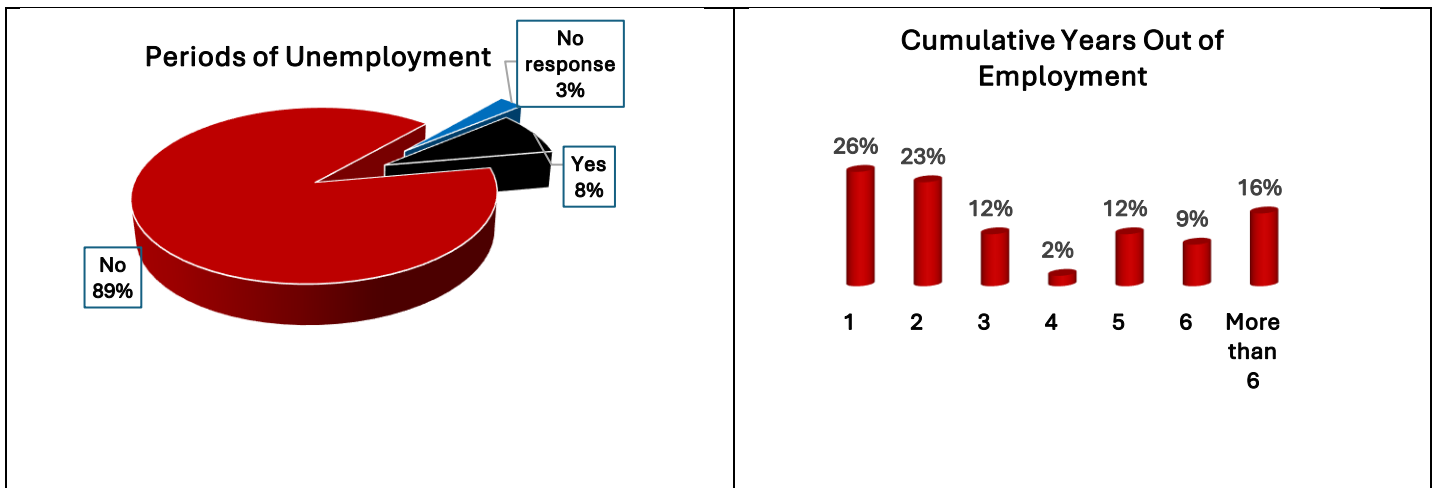


Figure 8: Periods of Unemployment

#### 4.2.4 Years saved for Retirement.

According to the survey findings, most pensioners (275 respondents) saved for 30-40 years. This suggests that many individuals prioritized saving and were able to maintain a consistent saving habit over an extended period. (157 respondents) saved for 20-30 years. (59 respondents) saved for 10-20 years, also (14 respondents) saved for less than 10 years. However, there were some pensioners (25) who saved for more than 40 years. The data is illustrated in Figure 9 below. This indicates that there were individuals who were able to maintain a consistent saving habit over an extended period, even beyond 40 years.

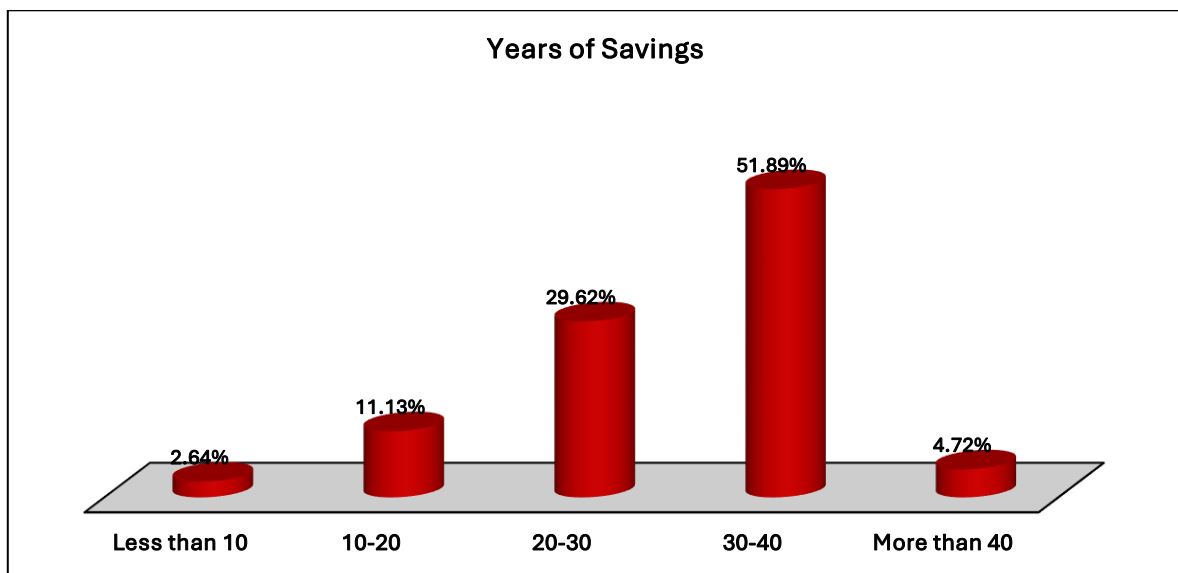


Figure 9: Years Saved for Retirement

### 4.3 Post Employment

This section presents the findings on the experiences of pensioners from the moment they retire and throughout their retirement life. In Kenya, the standard retirement age is 60 years, but many schemes allow for early retirement starting at age 50. Regardless of the retirement age, retirees are entitled to their accumulated benefits. These benefits can be disbursed as a one-time lump sum in the case of provident funds or as a one-third lump sum with the remaining two-thirds paid out in monthly instalments in the case of a pension fund.

#### 4.3.1 Retirement Modalities

This section covers an outline of the period in which most of the pensioners involved in the survey retired from employment and how they exited.

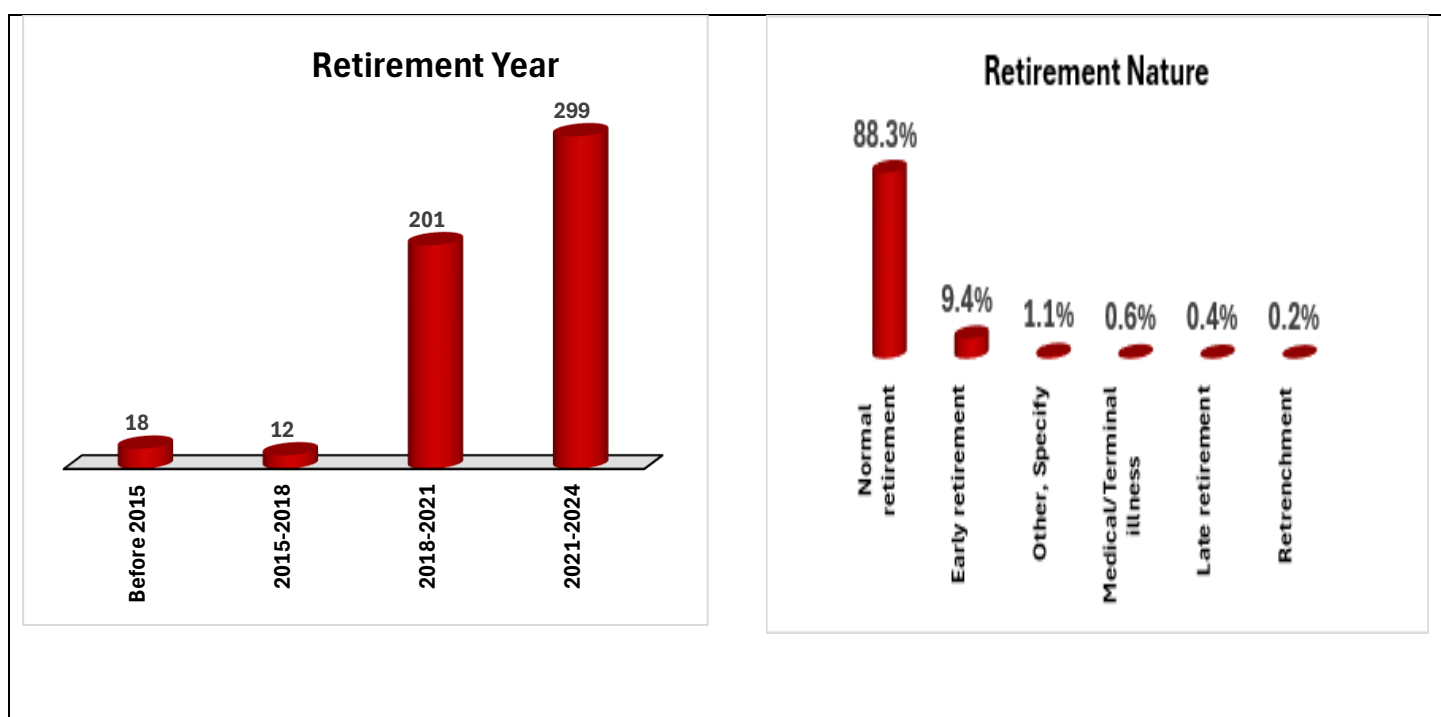


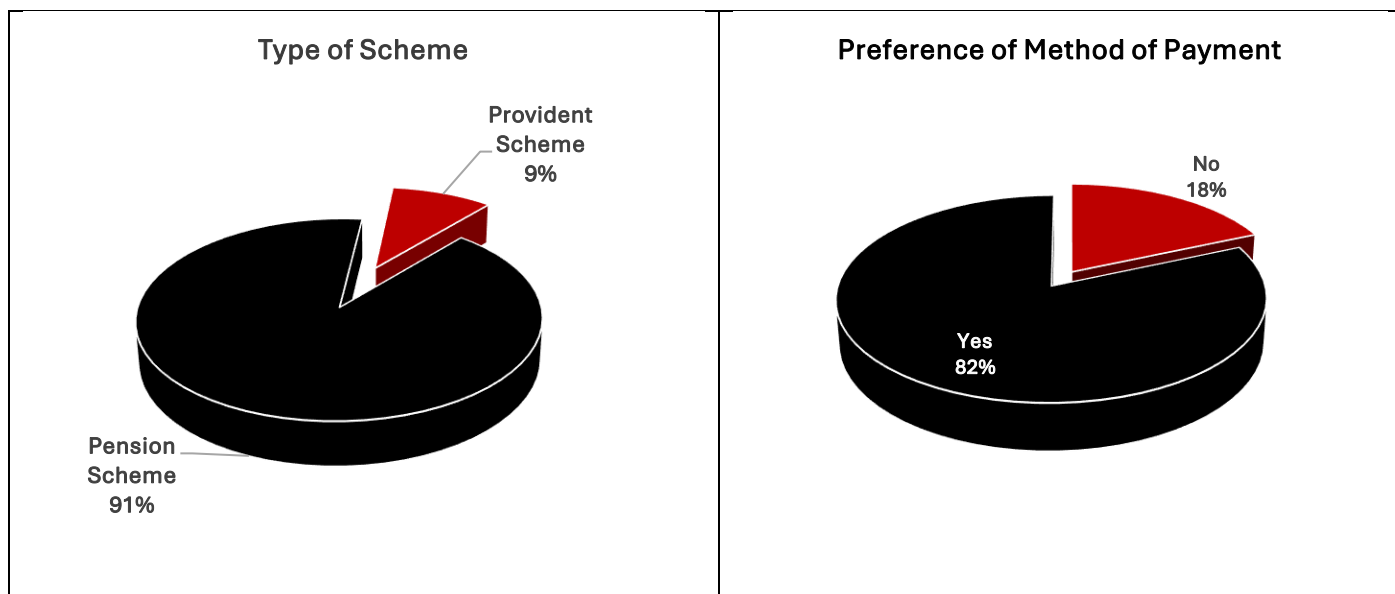
Figure 10: Retirement Modalities

According to the findings in Figure 10, 56.7% of the pensioners interviewed during the survey retired from employment between 2021 and 2024, while 37.97% retired between 2018 and 2021. Additionally, 88.3% of the pensioners exited through normal retirement with another 9.4% exited through early retirement.

#### 4.3.2 Retirement benefits payment and utilization

The method of benefit payment varies based on the scheme type, either a provident fund or a pension scheme. For a provident fund, members receive all benefits as a lump sum whereas a pension scheme pays one-third of the benefits as a lump sum, with the remainder

paid as a pension, converted into an annuity, or income drawdown. This survey aimed to determine the preferred benefit payment methods at retirement and how retirees use the lump-sum amounts they receive.

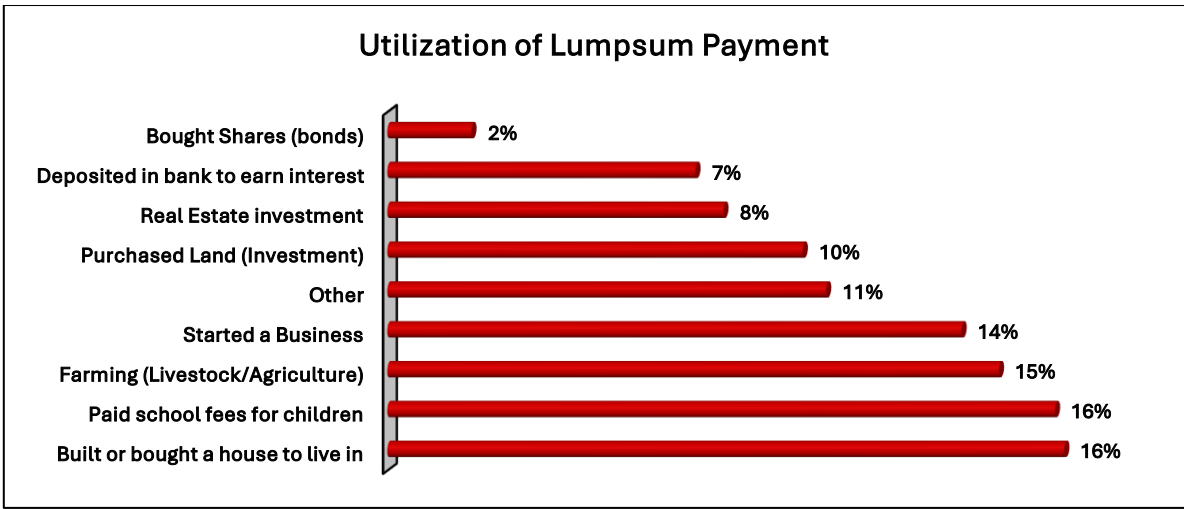


**Figure 11: Retirement Benefits Payment and Utilization**

The results in Figure 11 present the mode of benefits payment and the preferred mode of receiving the benefits. The results indicate that 91% of the pensioners surveyed were in a pension scheme while 9% of the respondents were in a provident fund. Overall, 82% of the pensioners were satisfied with the method of payment they received their pension through.

#### **4.3.3 Retirements Benefits Utilization of Lumpsum Payments.**

The results in Figure 12 indicate that 71% of the lump sum was used to build or buy a house to live in, pay school fees for children, undertake farming, start a business, or purchase land. The other expenditures included loan or debt repayment, payment of hospital bills, purchase of a tractor, and investments such as real estate and savings.



*Figure 12: Retirements Benefits Utilization of Lumpsum Payments.*

#### 4.3.4 Lump Sum Utilization and Income Averages

Table 1 below highlights the activities respondents used their lump sum payments for and the average income generated from those activities. The findings indicate that most respondents, 78%, invested in farming (livestock/agriculture), followed closely by land purchases at 74%. Only 23% of respondents used their lump sum to start a business. Despite the lower participation, businesses yielded the highest average monthly income, while land purchases generated the lowest average income.

*Table 1: Lump Sum Utilization and Income Averages*

	Percentage Still in Existence	Average Income
Started a Business	23%	33,758
Farming (Livestock/ Agriculture)	78%	9,375
Purchased Land (Investment)	74%	6,575
Real Estate Investment	70%	15,193

Deposited in bank to earn interest	64%	11,958
Bought Shares (bonds)	43%	19,495

### 4.3.5 Pension Payments Method.

As illustrated in Figure 13, the findings indicate that most pensioners (73%) receive their benefits directly from the scheme. A smaller portion (16%) opts for an income drawdown, likely due to its flexibility in managing their funds. The least common method, chosen by only 1% of respondents, is receiving benefits through both an annuity and income drawdown, indicating that this dual approach is rarely utilized. Furthermore, most respondents receive a monthly pension ranging from Ksh 0 to Ksh 10,000, with 31.3% falling into this category. 23.6% receive a pension of between Ksh 10,000 and 20,000, 20.2% receive a pension of between Ksh 20,000 and 30,000, 0.4% receive a pension of between Ksh 30,000 and 40,000, 12.3% receive between Ksh 41,000 and 50,000, and 9.6% receive between Ksh 51,000 and 100,000. Only 1.9% of the respondents were receiving a pension of over Ksh 100,000.

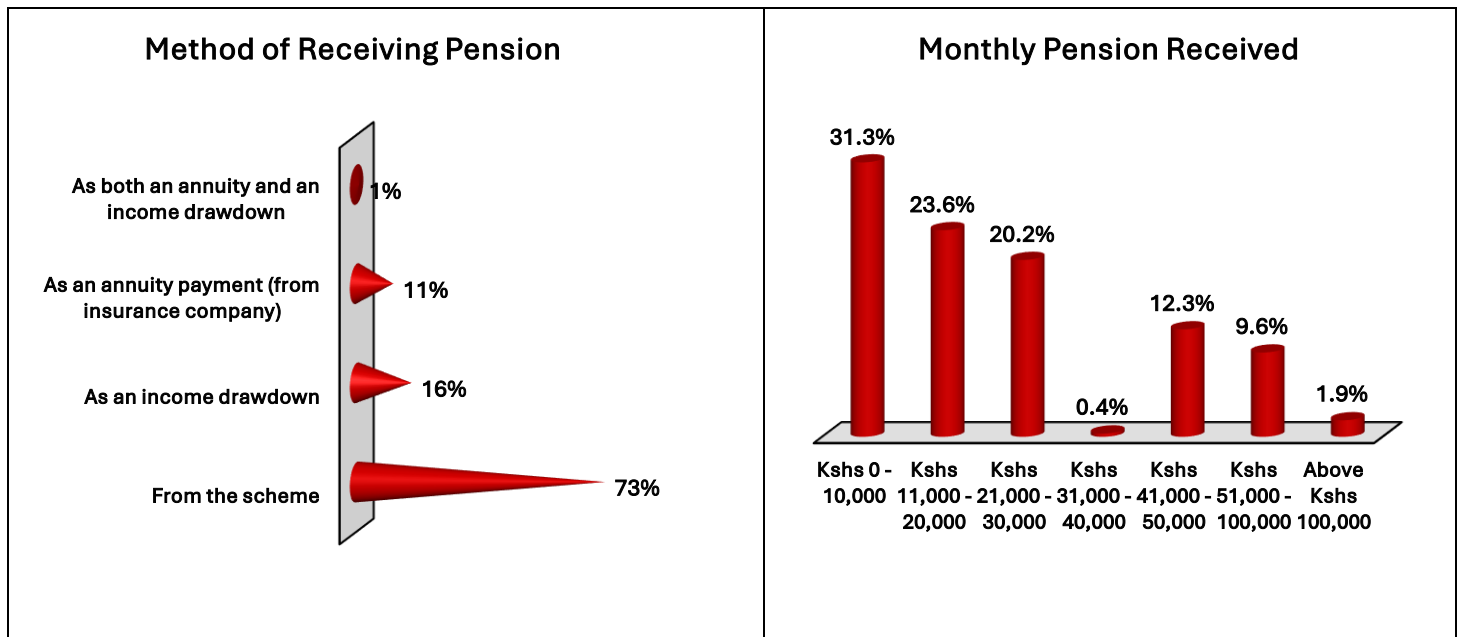


Figure 13: Pension Payments Method

### 4.3.6 Other Forms of Saving

The study reveals that respondents had diverse forms of savings beyond retirement benefits. 49% of respondents had savings in SACCOs, indicating a significant majority, 20% saved money in banks, and a minority of 5% had insurance policies. Conversely, 23% of respondents do not engage in any other forms of savings. Additionally, individuals in the study have pursued various avenues such as Chama groups, share investments, and business activities like farming and rental properties to augment their savings portfolios. These efforts reflect a broad spectrum of strategies employed to secure financial stability. These results are further illustrated in Figure 14.

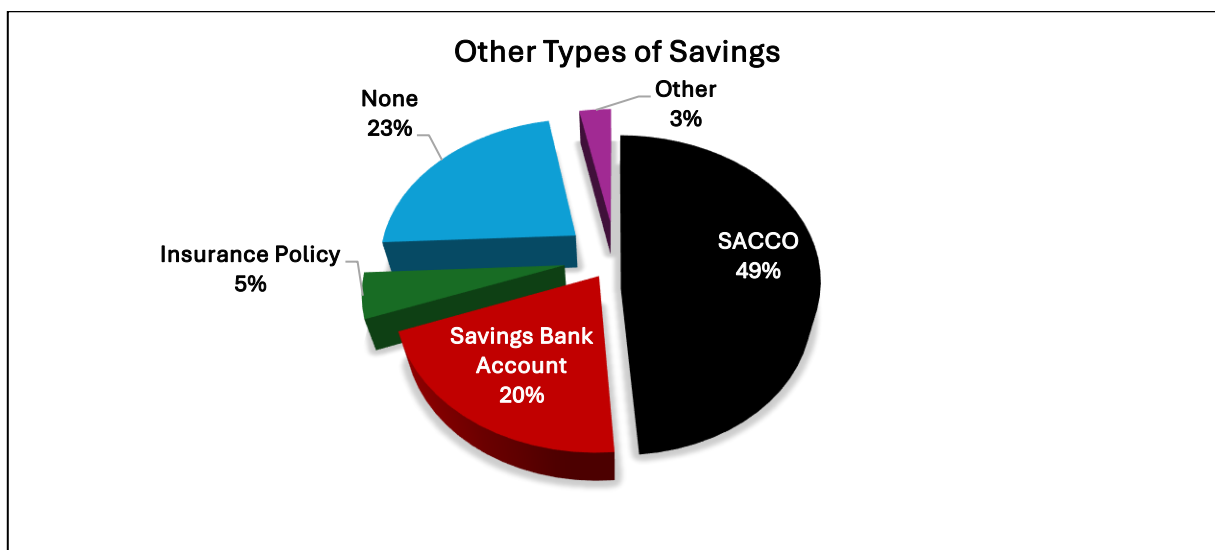
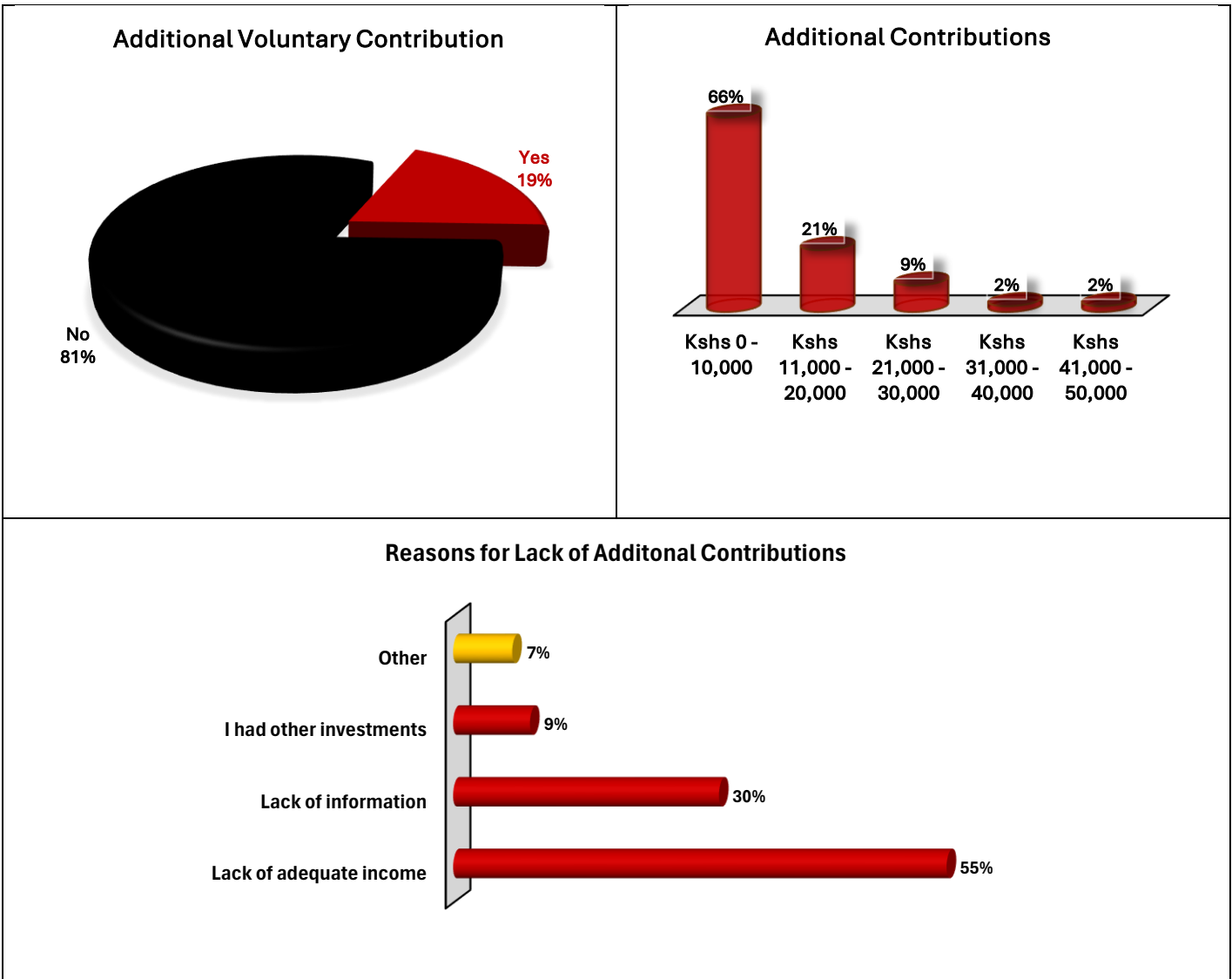


Figure 14: Other Forms of Savings

### 4.3.7 Additional Voluntary Contributions

The findings indicate that 81% of respondents did not make additional voluntary contributions, citing reasons such as spreading investment risks and managing competing day-to-day financial needs. Among those who did contribute voluntarily, 66% contributed between Ksh 0 to Ksh 10,000, with only 2% contributing between Ksh 41,000 to Ksh 50,000. Reasons for not contributing included lack of adequate income (55%), lack of information (30%), and having other investments (9%). 7% of the respondents specified other reasons that included personal reasons, the need to diversify investments and poor performance of investments. The findings are illustrated on Figure 15.



*Figure 15: Additional Voluntary Contribution*

#### 4.3.8 Savings Sufficiency and Prior Salaries

The research findings provide insights into respondents' perceptions of their savings and income levels. A significant portion, 57%, expressed that their savings were inadequate, highlighting concerns about financial security. In contrast, 41% believed their savings were sufficient, indicating varying levels of confidence in their financial preparedness. A small, 2%, remained uncertain about the adequacy of their savings.

On salaries the respondents were earning during employment, most respondents reported earning between Ksh. 41,000 and Ksh. 60,000 (29%), 23% of them earned between Ksh 61,000 and Ksh 100,000, while 28% of them were earning over Ksh. 100,000. Only a small minority (4%), were earning between Ksh. 0 and Ksh. 20,000 (4%).

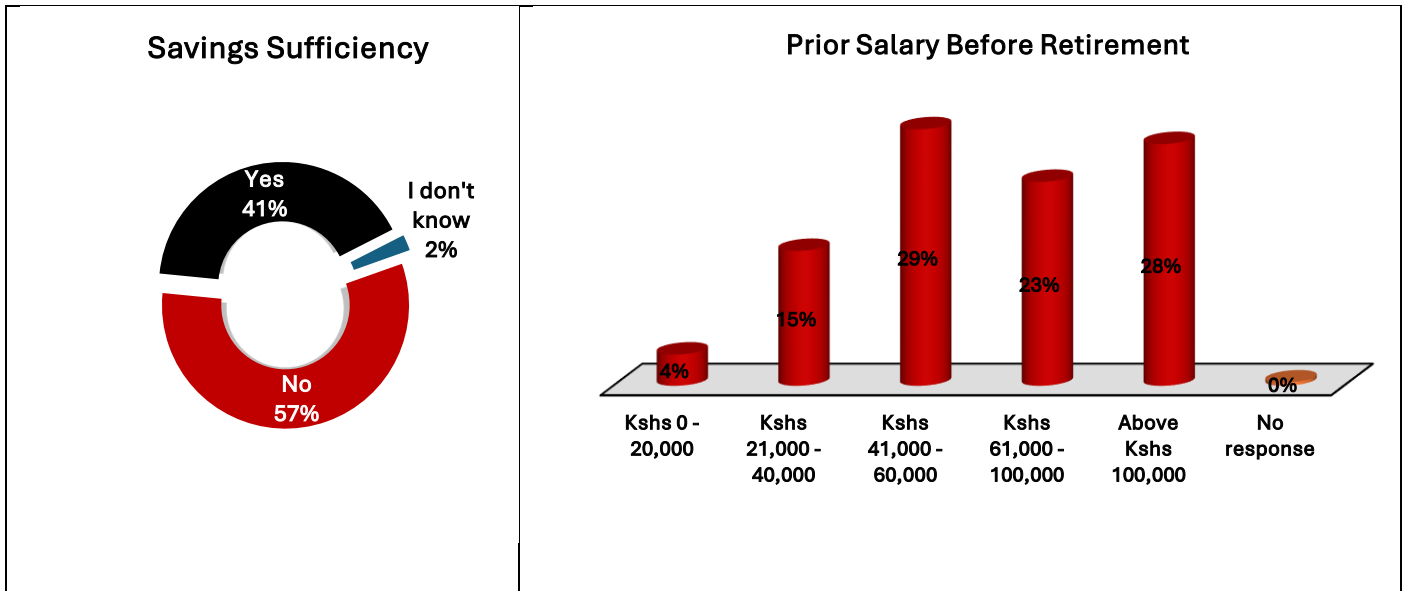


Figure 16: Savings Sufficiency

Table 2 below further explores the relationship between the various variables and the perception of the sufficiency of pension savings. It shows that Female respondents were more satisfied with the pension they received since 43% answered that the savings were sufficient compared to 39% of the men. In addition, 42% of people in pension schemes felt that their pensions were adequate compared to 24% of those in provident funds. Further 54% of people without dependants felt that their pension savings were sufficient as opposed to 38% of those with dependants. Lastly, 54% of those who made additional voluntary contributions answered that their pension savings were adequate compared to 37% of those who did not remit any additional voluntary contributions.

**Table 2: Adequacy of Savings by Scheme, Gender, Dependants, and Additional Voluntary Contributions**

		Savings Sufficiency		
		No	Yes	I Don't Know
<b>Gender</b>	Male	58%	39%	3%
	Female	56%	43%	1%
<b>Type of Scheme</b>	Pension Scheme	56%	42%	2%
	Provident Fund	70%	24%	6%
<b>Dependents</b>	Yes	60%	38%	2%
	No	44%	54%	2%
<b>Additional Voluntary Contributions</b>	Yes	44%	54%	2%
	No	60%	37%	2%

#### **4.3.9 Other Sources of Income Before Retirement**

The research findings show that 65% of respondents relied solely on their primary employment income, while 35% had additional sources of income. Among those with supplementary income, the largest group (39%) engaged in farming (Livestock/Agriculture), followed by 24% involved in various business ventures (Manufacturing, retail, or services). Real estate investments accounted for 21% of additional income sources, while a minimal 1% was invested in bonds for interest returns. A further 4% were involved in other income-generating activities such as consultancy, evangelism and sports. This information is shown on Figure 17.

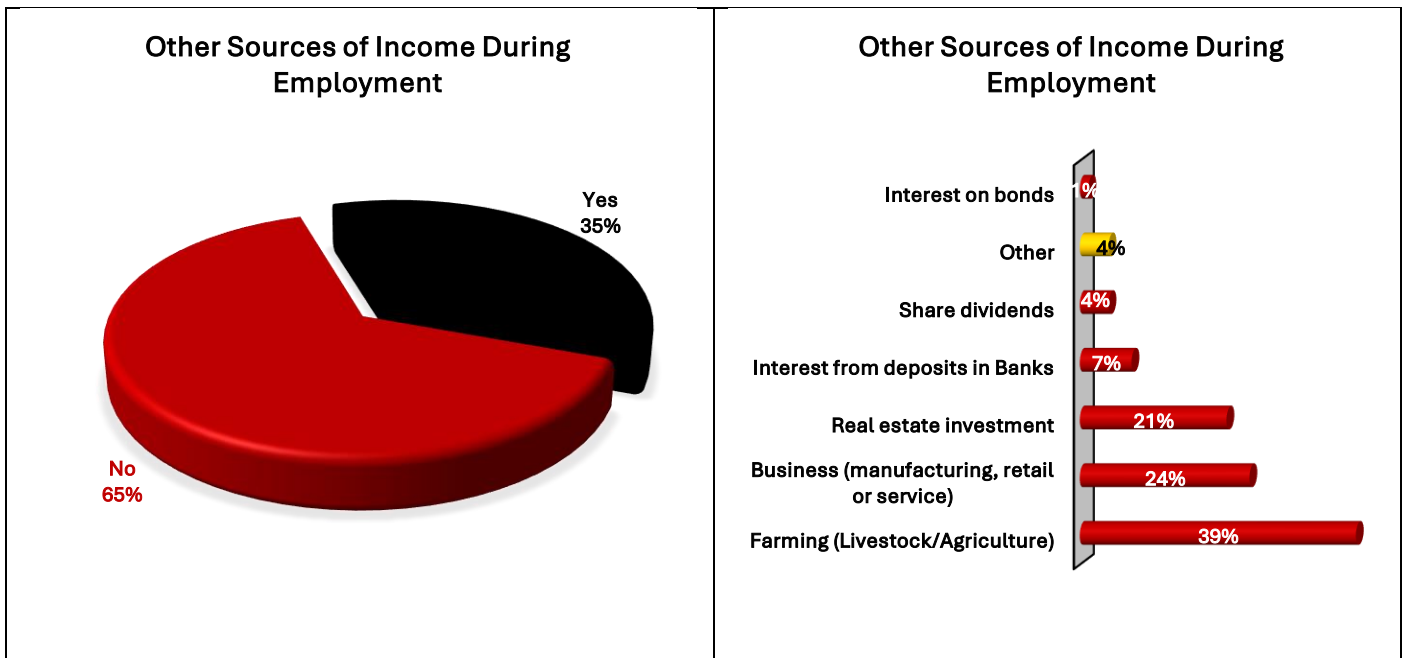


Figure 17: Other Sources of Income Before Retirement

#### 4.3.10 Items Most Spent On per Month

This section presents the ranked expenditures of respondents, detailing their top five spending priorities. These findings underscore the significant financial commitments among respondents, with a clear focus on essential expenses such as food, education, healthcare, housing, and debt management. Understanding these spending patterns is crucial for designing pension-based financial strategies and policies aimed at enhancing household financial well-being during retirement

Table 3 shows that the Purchase of foodstuffs and household goods ranked first by 64% of the respondents, indicating that most allocate a significant portion of their budget to purchasing foodstuffs and household goods, and 23% prioritized school fee payments. Both payment of medical bills/ insurance and repayment of loans were selected as the highest priority items by 6% of the respondents.

Table 3: Items Most Spent On per Month

1st choice	Per cent	Frequency
Purchase of foodstuff and household goods	64%	341
Payment of School fees	23%	121
Payment of medical bills/insurance cover	6%	31

Payment of loans	6%	30
Payment of rent	1%	7

#### 4.3.11 Average Amount spent by Retirees per month

According to the research findings, most respondents allocate their monthly expenditures as follows: school fee payments (Ksh 28,494) rank highest, followed by loan repayments (Ksh 22,719). Purchases of household goods and other items (Ksh 14,705) came next, followed by rent payments (Ksh 10,229), with the least amount allocated to medical bills or insurance coverage (Ksh 9,430).

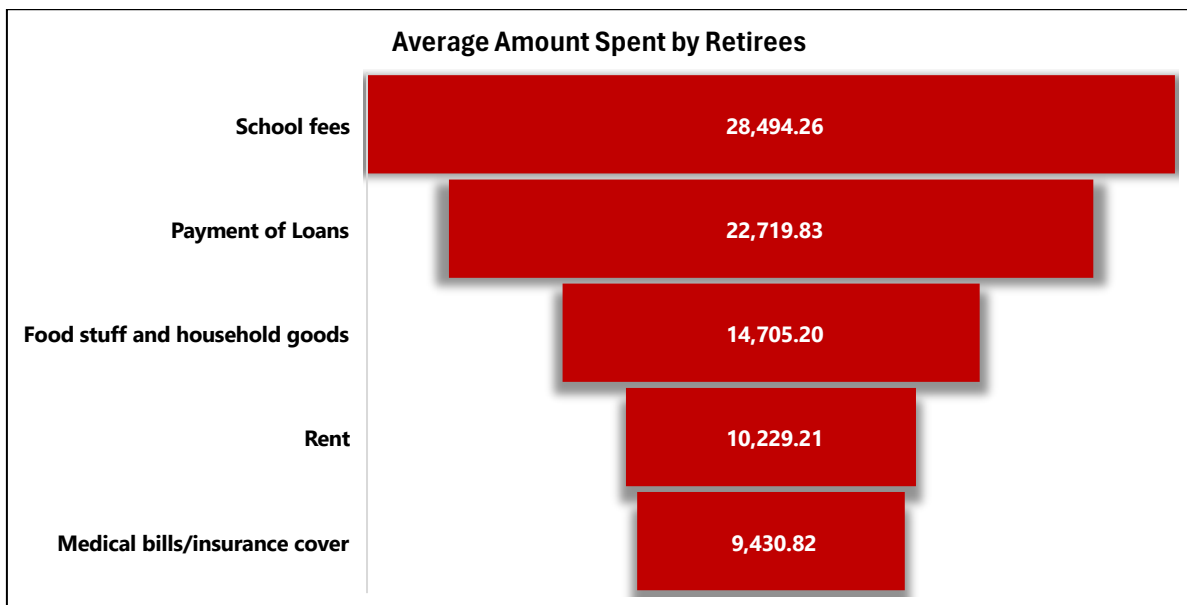


Figure 18: Average Amount Spent by Retirees per Month

#### 3.3.12 Specific Amount Spent on each Item

On amounts spent on specific items, most of the respondents (40%) spent between Ksh 10,000 and Ksh 20,000 on food and household goods. On the other hand, most of those who spent money on medical bills and insurance (79.4%) spent less than Ksh 10,000. School fees expenses had the highest number of respondents who pay over Ksh 50,000 per month (8.7%). This shows the pressure that high education costs put on pensioners. Most of the respondents (84.2%) who were making loan repayments spent less than Ksh 10,000 per month on the repayment, also 94.2% of those paying rent spent less than Ksh 10,000. The information is illustrated in Figure 19.

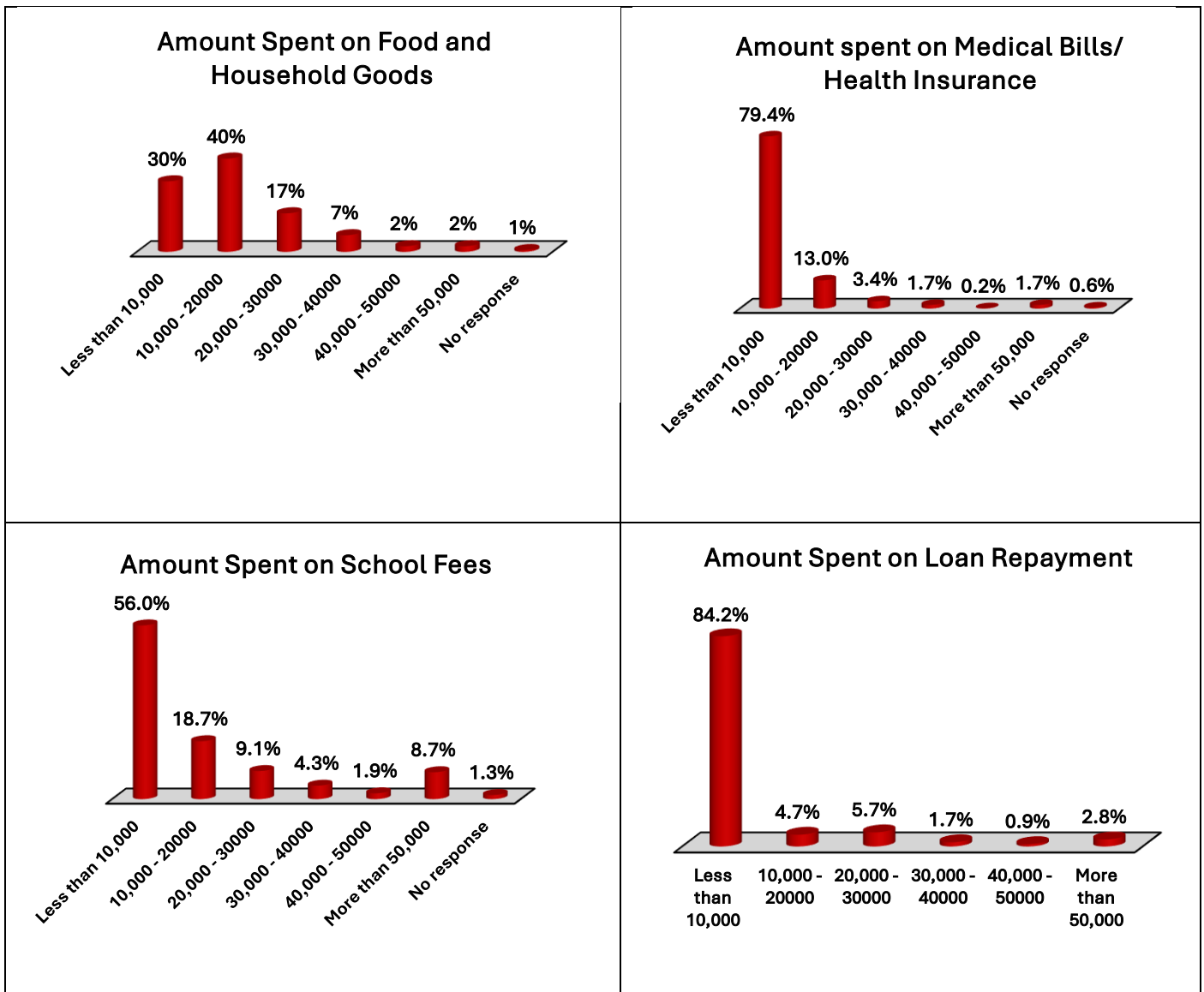


Figure 19: Specific Amount Spent of Each Item

#### 4.3.12 Other Sources of Income currently

As shown in Figure 20, the survey revealed that 74% of respondents have additional sources of income, while 26% do not. The primary source of income for 59% of the respondents was retirement benefits or pensions, followed by farming (14%) and business income (12%). In the second-ranked source of income, farming, and retirement benefits/pensions are equally significant at 25%, followed by business. For the third-ranked source, farming leads with 35%, and business comes second at 25%.

These findings show that most respondents rely on multiple income streams, with retirement benefits or pensions being the most common. Farming and business activities also play substantial roles in supplementing income. This diversification of income sources is essential for financial stability, suggesting that policies and support aimed at enhancing these areas could further strengthen respondents' economic resilience.

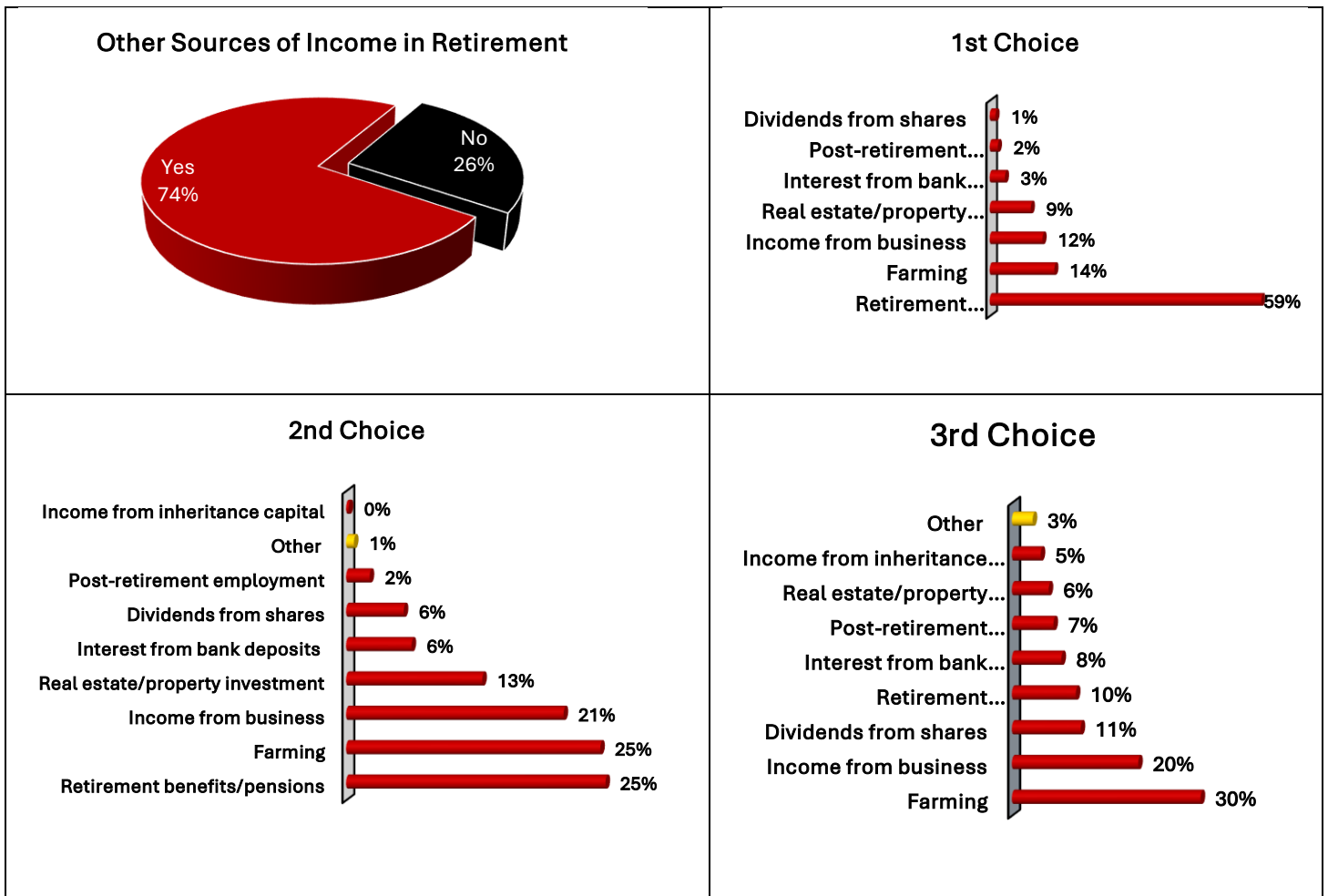
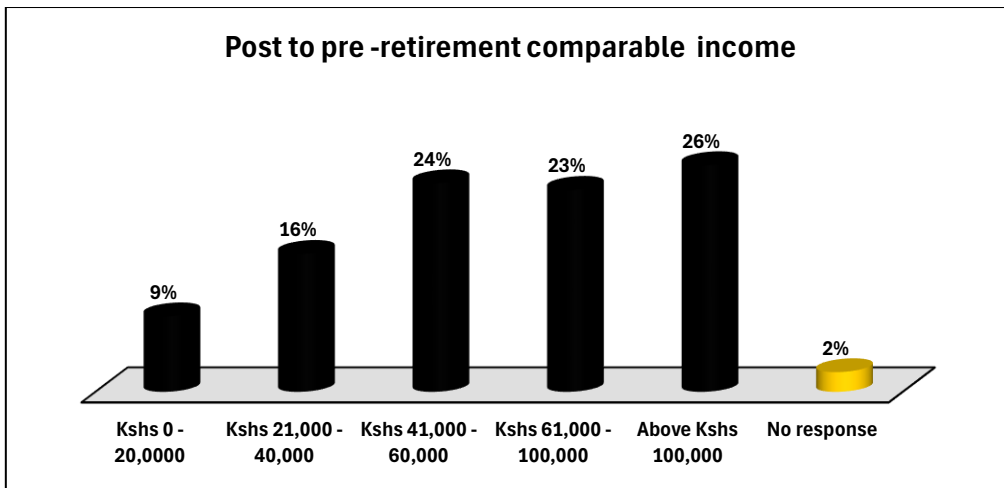


Figure 20: Other Sources of Income Currently

#### 4.3.13 Post to Pre-Retirement comparable income

The transition into retirement often brings about significant changes in financial circumstances and lifestyle. Understanding the income level required to maintain a pre-retirement standard of living is essential for effective retirement planning. This research seeks to identify the specific income levels that respondents deem necessary to sustain their quality-of-life post-retirement.

As illustrated in Figure 21 the results indicate that the majority of respondents, 26%, would need an income exceeding Ksh 100,000 to sustain a life similar to that they were living during employment. This is followed by 24% who would prefer an income between Ksh 41,000 and Ksh 60,000, 16% would need between Ksh 21,000 and Ksh 40,000, and 9% would need between Ksh 0 and Ksh 20,000.



*Figure 21: Post to Pre-Retirement Comparable Income*

#### 4.3.14 Healthcare Access

Generally, it is expected that expenditure on medical bills would increase with the advancement of age due to creeping terminal illnesses with ageing. The transition into retirement often brings about significant changes in financial circumstances and lifestyle. Understanding the income level required to maintain a pre-retirement standard of living is essential for effective retirement planning.

As shown on Figure 22, 71% of respondents possess health insurance coverage, whereas 29% do not. Among the insured, 81% are covered by NHIF, 17% have private insurance, and 2% have other types of insurance. Most of those with insurance (77%) finance it themselves, while 16% receive funding through a retirement benefits scheme. Other means of funding the medical cover as noted by 2% of the respondents were spouses and Sacco. For respondents lacking medical coverage, 84% handle medical expenses out-of-pocket, 7% get support from family, relatives, or children, and 2% depending on fundraising.

These findings highlight the reliance on health insurance among a majority of respondents, with NHIF being the predominant form of coverage. However, a notable portion (29%) still lacks insurance, primarily covering medical expenses through out-of-pocket payments (84%).

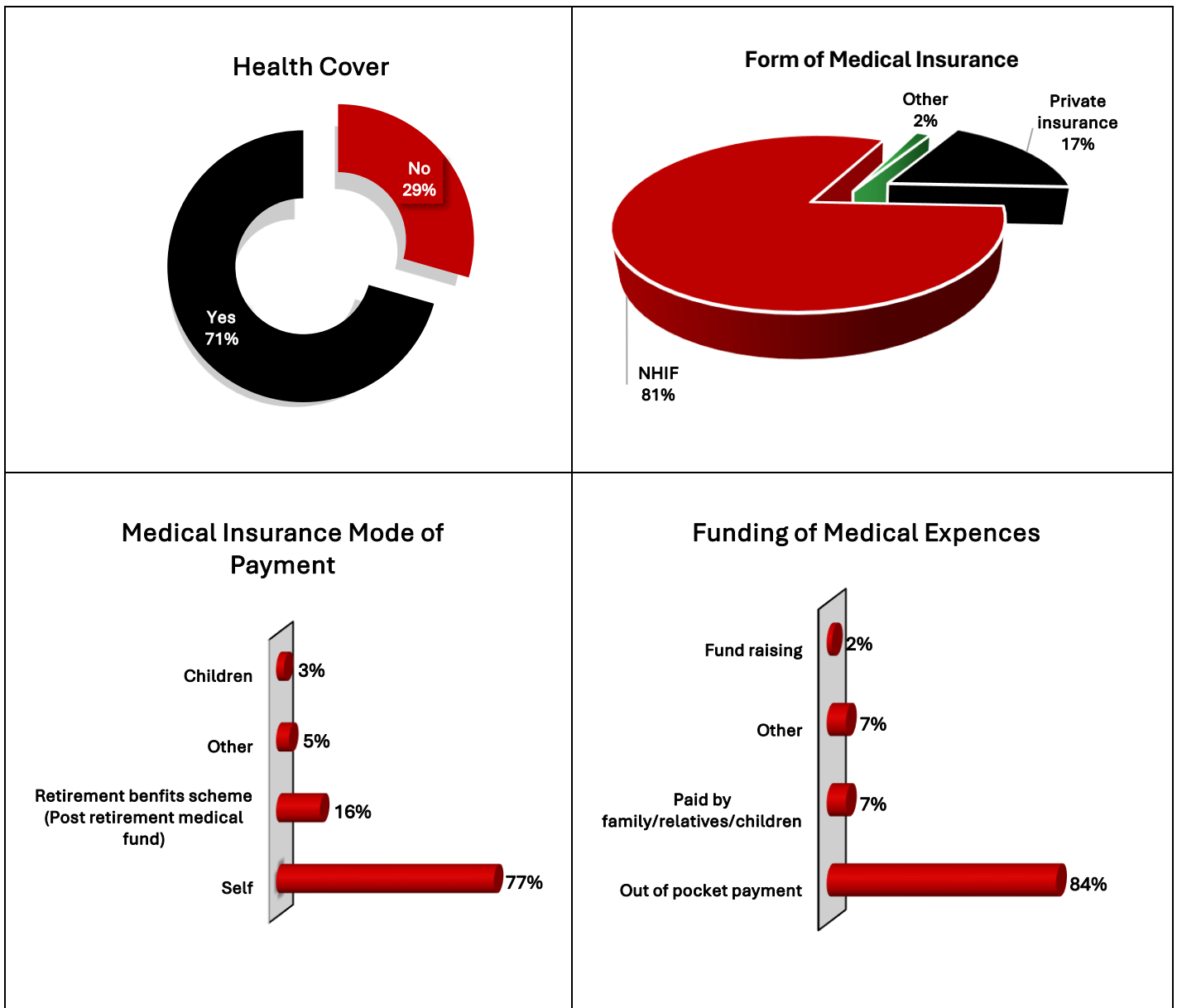


Figure 22: Healthcare Access

#### 4.3.15 Sources of Information about Retirement Benefits.

To enhance the dissemination of information regarding retirement benefits, it is recommended to leverage the most effective channels identified in the research.

The research findings reveal that respondents utilize diverse sources to gather information about retirement benefits. The employee's guide is the most prominent source, accessed by a significant majority of 274 respondents. Additionally, 149 respondents rely on information provided by the personnel section or pension officer. A substantial number of respondents, 73, seek insights from their colleagues, while 54 refer to benefit statements, and 18 obtain information from the RBA newsletter. Other sources include seminars attended (cited by multiple respondents), employer training sessions, information from trade unions, and personal knowledge about retirement planning. Some respondents also mentioned learning

through specific schemes such as LAPTRUST, CPF, and NSSF, as well as from family members and media broadcasts. The results are illustrated on Figure 23.

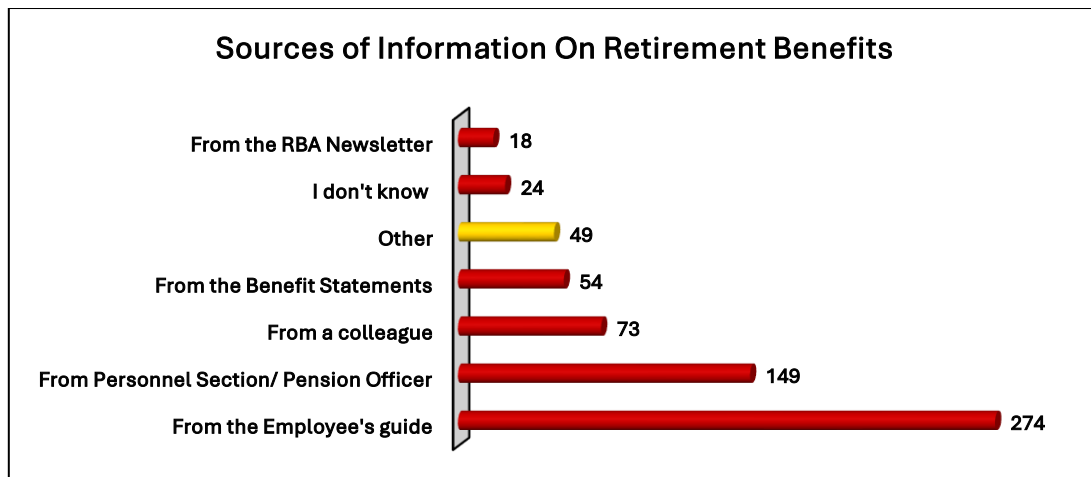


Figure 23: Sources of Information about Retirement Benefits

#### 4.3.16 Perception of Retirement Savings.

This section presents the survey findings regarding retirees' perspectives. Based on the survey findings, which aimed to gather insights from retirees about their views on retirement, 96% of pensioners appreciate the value of saving for retirement, while 4% of them felt that it was not worthwhile saving for retirement. The results are illustrated in Figure 24 below.

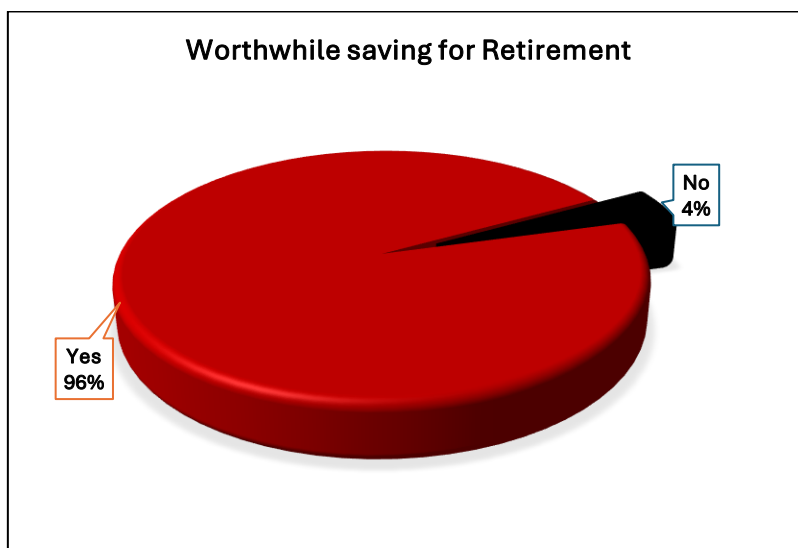


Figure 24: Perception of Retirement Savings

When asked to further explain their choice of answers, Many they provide a steady monthly income that helps cover basic needs and medical expenses and supports family members.

For some retirees, pensions enable them to continue investments or start new ventures, like businesses or farming, enhancing their income as shown in Table 4.

**Table 4: Reason for Answer on Whether it Was Worthwhile Saving for Retirement**

Category	Reason for Answer
<b>Income Security</b>	"Able to have an income in my retirement life because I saved for it"
	"I can survive during this period"
	"I have income security"
<b>Meeting Daily Needs</b>	"I am able to meet a few daily needs and it is paid on time"
	"I don't have to strain to put food on the table. My pension money can feed and sustain me"
<b>Financial Independence</b>	"I have reduced dependence on others"
	"I am able to sustain myself and my family without asking for help from others"
	"I don't have to depend on my children"
<b>Investments and Projects</b>	"I was able to invest in real estate business that generates income for me and my family"
	"I started farming with pension money. Without it, it would have almost been impossible"
<b>Dependant Support</b>	"I can pay school fees for my children and take care of my family"
	"As a single mother, I didn't want to put too much pressure on my kid to provide for my daily needs"

	“Helped him educate his children even in retirement”
<b>Peace of Mind</b>	“Knowing I'll get something at the end of the month gives me a lot of peace”
	“Because as I saved it is helping and am at peace getting my needs and not depending on others”
<b>Meeting Medical Costs and Well-being</b>	“Because savings help a lot. I was recently sick hence I supplemented my NHIF with my savings”
	“Has helped in medical bills and food for her home and also built a home for her retirement enough to accommodate her and her children”

#### 4.4 Retirement Planning

Retirement planning is crucial for securing financial stability, achieving personal goals, preparing for healthcare needs, protecting against inflation, reducing stress, and planning for legacy goals. It ensures a comfortable and fulfilling retirement by managing finances effectively and ensuring peace of mind.

##### 4.4.1 Retirement Planning Training

Retirement planning training plays a crucial role in enhancing individuals' comprehension of financial matters during retirement. As shown on Figure 25, research findings indicate an equal split among respondents regarding their participation in retirement benefits training, with 50% having attended and 50% not having attended. Notably, 57% of those who participated in the training did so just one year before their retirement. These results reveal diverse levels of engagement in retirement planning education and emphasize the critical need for timely preparation through organized training programs. Moreover, 23% of the participants felt the training they received was insufficient. This inadequacy may be attributed to the training being conducted shortly before retirement. The majority of these

training sessions were organized by employers (55%), followed by service providers (administrators, fund managers) (25%), RBA (15%), and a smaller number (4%) by trustees.

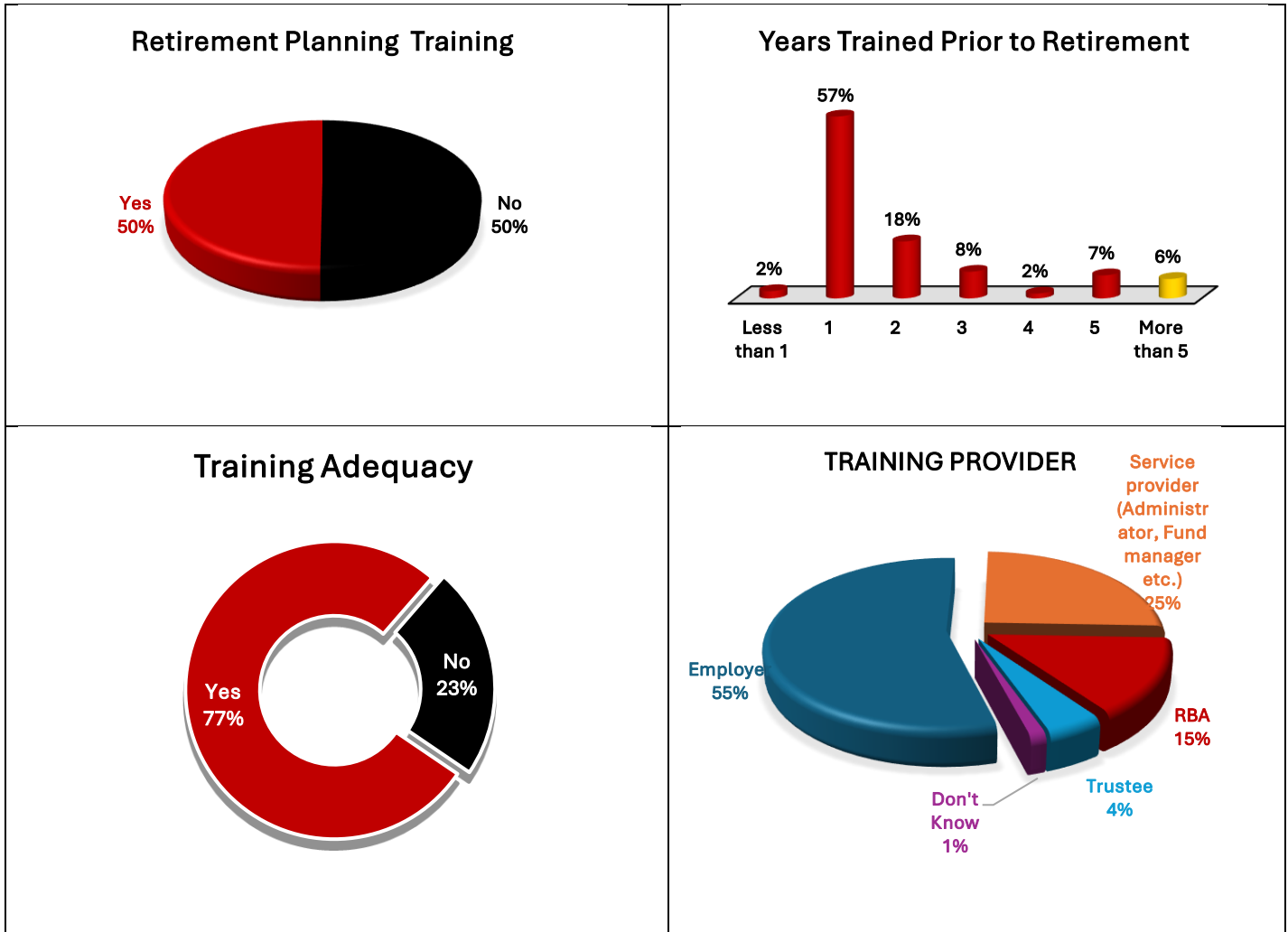


Figure 25: Retirement Planning Training

Feedback from respondents highlighted that the training provided several key insights and practical advice, such as financial planning, the importance of saving, and strategies for managing funds during retirement. The training equipped them with the skills to overcome fears and adapt to the transition from employment to retirement among other lessons as illustrated in Table 5.

Table 5: Reason for Answer on Adequacy of Retirement Planning Training

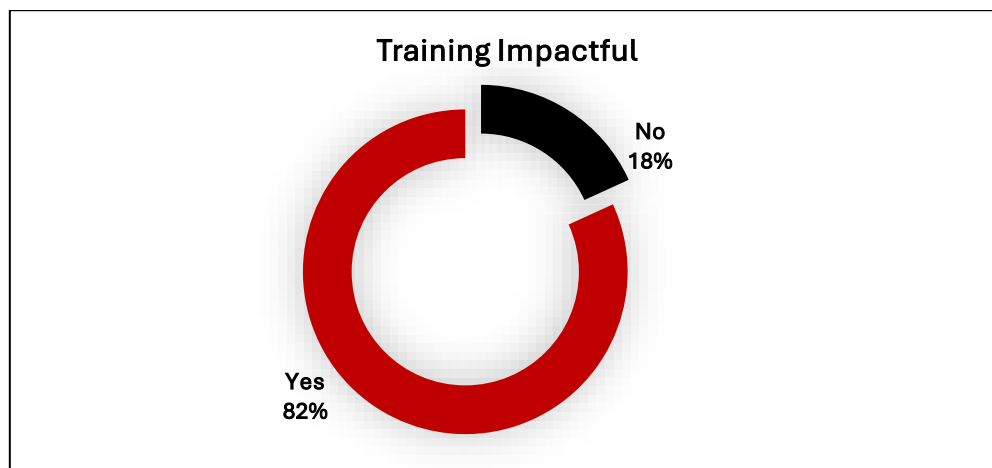
Category	Reasons for answer
Financial Planning and Management	"We learned about financial planning and management."
	"Helped in well management of funds."

	"We got enough education on how to spend our pension and the lump sum."
	"Advised on financial plan."
<b>Timing and Delivery of the Training</b>	"It should be done several times before one retires."
	"It came late, just when about to retire."
	"It would have been arranged in my early years of working."
	"The training was organized on the eleventh hour."
	"The session was rushed and too brief."
	"I just went once that's I didn't get much information"
<b>Psychological Preparation</b>	"It equipped me with skills to overcome fear of the unknown."
	"I prepared myself psychologically for retirement."
	"Preparedness to the retirement transition."
<b>Practical Application of Training</b>	"I discovered that what we had been trained on is very much applicable even today and I'm practicing it."
	"Helped him plan for retirement though late."
	"It enabled me to boost my already existing business."
<b>Comprehensive Coverage</b>	"It was comprehensive."

	"It was educational and it helped in decision making and to plan on how to use retirement."
	"The training explained to us in detail on how to invest our benefits based on the amount we were set to receive."
<b>Usefulness of the Training</b>	"It gave me skills on how to stay well in my retirement life."
	"It was good for me due to the fact that I got knowledge that was adequate for my retirement."
	"I was able to make an informed decision that has impacted me."

#### 4.4.2 Impact of Retirement Benefits Training on Participants

The findings reveal that 82% of respondents considered the training to be highly impactful, whereas 18% did not find it impactful. This is illustrated in Figure 26.



*Figure 26: Impact of Retirement Benefits Training on Participants*

Participants reported gaining valuable information on activities for retirement, advice from fellow retirees, and options for receiving retirement benefits among other lessons also shown in Table 6.

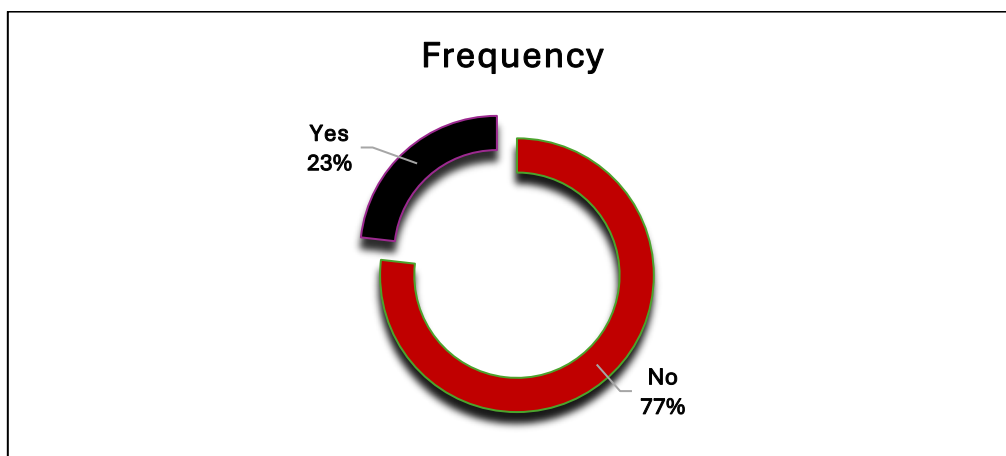
*Table 6: Reason for Answer on Impact of Retirement Planning Training*

Category	Please explain your reasons
<b>Psychological Preparation</b>	"It prepared me mentally for retirement".
	"It helped you accept you're about to retire and prepare psychologically".
	"I accepted the fact that I was leaving work...to stay home"
<b>Financial Planning</b>	"The training helped me plan my life after retirement and how to be usefully engaged in community service".
	"It helped me plan for my retirement in advance".
	"I am utilizing my finances in a better way by spending properly and avoiding unnecessary expenses"
<b>Investment and Income Generation</b>	"It made me choose the best option of receiving my retirement benefits".
	"I started a real estate business as a source of income".
	"It helped us immensely. I was able to invest and plan for an income-generating business that was able to sustain me and my family"
<b>Practical Skills and Knowledge</b>	"Am practicing the life skills that I learnt and they are helping me a lot to avoid various challenges".
	"It opened up my mind to some ideas on what I could do after retiring".
	"He learnt about starting a business and farming"
	"The training was conducted late in relation to my retirement, thus I could have accomplished more".

<b>Timing and Adequacy of Training</b>	"Due to the rushed training I attended, I did not have sufficient information that would have impacted my retirement".
	"It was too late for me to start because it was only one year to my retirement"
<b>Negative Feedback</b>	"There nothing that changed in my savings at the end, it was all the same".
	"They didn't focus on the main issues pertaining to retirement life".
	"The training was not helpful at all"

#### 4.4.3 Annual General Meeting Attendance

The data depicts attendance at the Annual General Meeting (AGM) over the past five years, showing that 77% of respondents did not attend, while 23% did participate. This is illustrated in Figure 27.



*Figure 27: Annual General Meeting Attendance*

Those who attended the AGM provided varying feedback, reflecting diverse perspectives on the meetings. Some found them educational, learning about investments and retirement benefits, which they considered beneficial for future financial planning. Others believed the meetings offered essential information on pension regulations and policies, although some expressed dissatisfaction with the timing or content. These responses are summarised in Table 7.

*Table 7: Attendees Experience During Scheme's Annual General Meeting*

Type of Feedback	Specific Feedback
<b>Positive Feedback</b>	Amazing
	Beneficial
	Better since I had to also know the progress with the benefits.
	Better there is a good progress.
	Fair but not enough. I wish they called for more trainings
<b>Learning and Education</b>	At least I gained some substantial knowledge at the time
	At least I got necessary information on the pension benefits
	Education on how to use my pension well
	Educative
	Enhancing on ways to survive at retirement.
	It helped her know different developments she can do while in retirement.
	It was a lot of teaching from the officers who were facilitating.
	It was impactful. Advice was given to continue contributions towards Sacco. We were also given investment advice on planning for the future.
<b>Social Interaction</b>	I was happy to see those colleagues whom we have worked together.
	It was a moment for me to socialize with my colleagues who were both in employment and those who had retired. It enabled me to learn how to live my life after retirement as I got a chance to learn from others who had retired before me.
	It was good and we have interacted with colleagues and shared ideas.

<b>Critical Feedback</b>	I did not find it useful and necessary. I felt that I should be able to determine my own course.
	I didn't have enough time to prepare for it because my scheme did not notify me on its planning before.
	Not really good because some money were missing.
	People never took the training serious until they were about to retire
	They were not practical and the calculations were specialized so not straightforward to understand
	They were short and mainly about updates
	The scheme was not well run by the trustees
	There was a lot of discrepancies in the sense that what you get from the AGM is not what is on the ground

## 4.5 Wellbeing in Retirement

Wellbeing in retirement encompasses the overall quality of life experienced by individuals after they have ceased full-time employment. It involves various dimensions such as financial security, physical health, emotional well-being, social connections, and personal fulfilment. Achieving positive retirement well-being often requires careful planning, including financial preparation, maintaining social relationships, engaging in meaningful activities, and adapting to new lifestyles and routines. This phase of life presents opportunities for personal growth and enjoyment but also challenges that can be navigated through proactive planning and support systems.

### 4.5.1 View of Life During Retirement.

As shown in Figure 28, according to the survey findings, most of the retirees are generally happy (33%), enjoying their lives (26%), and have a strong sense of purpose in life (20%). However, 10% of the retirees reported that their everyday activities were becoming difficult. This indicates that some retirees may be experiencing physical or cognitive challenges. 7% of the respondents had trouble making ends meet, suggesting that financial insecurity is a concern for some retirees. 1% of the respondents felt lonely and isolated, which indicated that there was a need for social support among certain retirees. The remaining 3% of respondents had other views which had a wide range of perspectives.

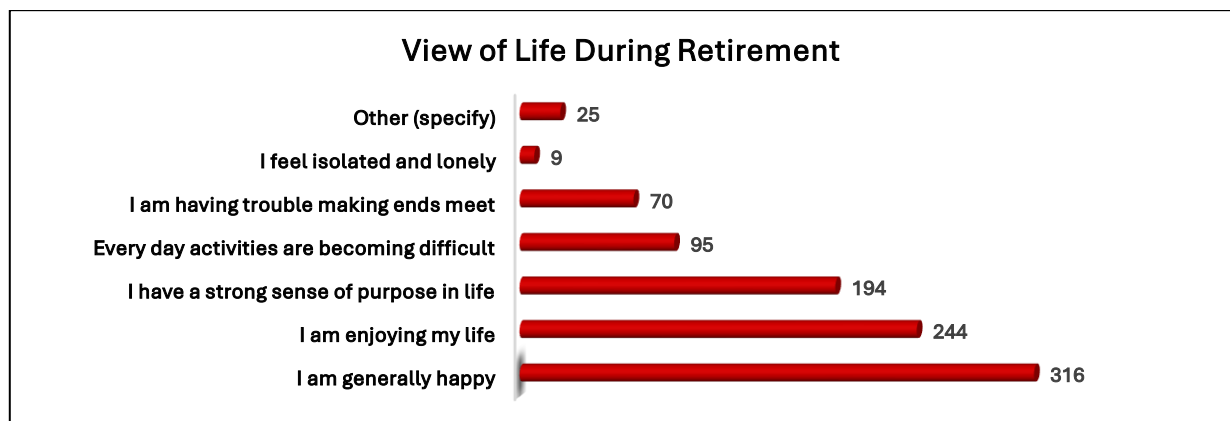


Figure 28: View of Life During Retirement

In addition, other notable comments on view of life during retirement include:

- "I am struggling with my health and thinking about my unemployed children makes it worse"

- "I attend a health facility twice a week, but my health condition is manageable. NHIF pays for my weekly medication. I can say that I am okay
- "I can say life is good. Fair. I have a few comments about it since I retired last year 2023"
- "I can't say that it's all bad but there are still some struggles. I have some things that keep me going like my businesses and my family."
- "I get to choose my own path and decisions with no restrictions. It's a great feeling."
- "I have an ongoing court case (Family dispute) that is really draining me. Both financially and emotionally. This is making my retirement life unbearable."

#### 4.5.2 Perception of Life in Retirement

As shown in Figure 29, 40% of the respondents were very satisfied with retirement life. 52% of the respondents also reported being moderately satisfied with retirement life. Despite the various challenges that were noted by the retirees only 8% of them found retirement to be not at all satisfying.

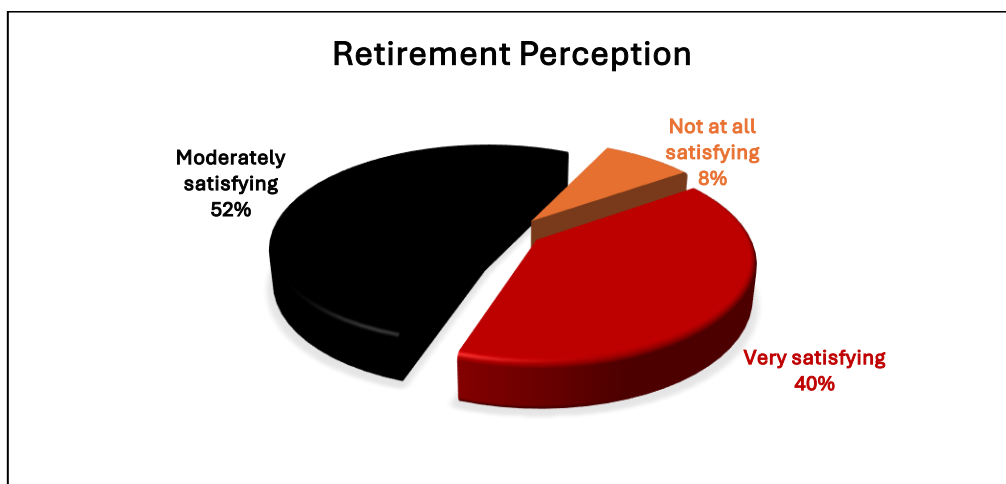
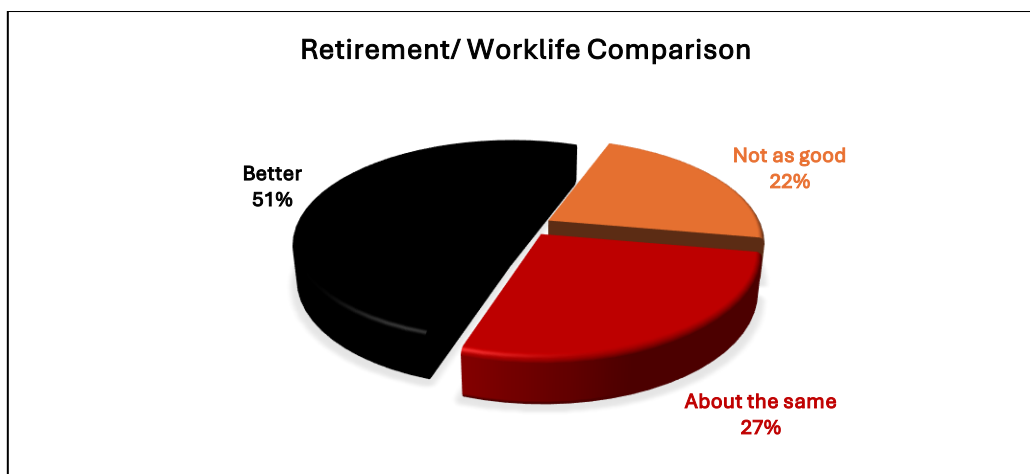


Figure 29: Perception of Life During Retirement

#### 4.5.3 Retirement vs Work life Comparison

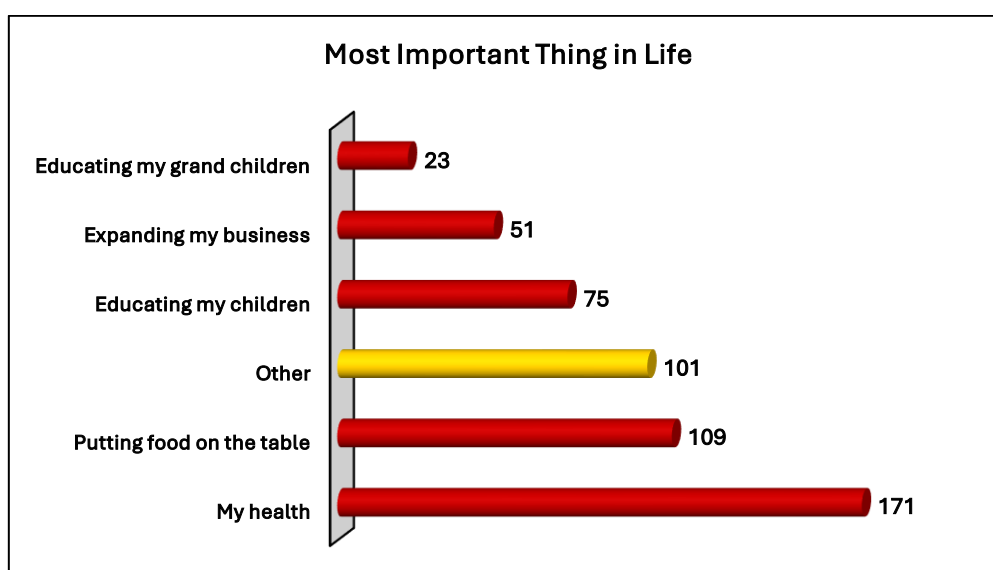
When told to compare their life in retirement with their working life, 51% of the respondents felt that retirement was better. A further 27% felt that retirement life was about the same as life in employment, while 22% felt that it was not as good. The results are illustrated in Figure 30 as shown.



*Figure 30: Retirement/ Work life comparison*

#### 4.5.4 Most Important Things in Life During Retirement

As per the results of the survey, most of the retirees (171) felt that their health was the most important thing in their lives. In comparison 109 felt that putting food on the table was the most important thing, 75 found educating their children more important, 51 preferred expanding their businesses while 23 respondents chose educating their grandchildren as the most important thing in their lives currently. Figure 31 below further shows the results.



*Figure 31: Most Important Thing in Life*

101 of the respondents had other responses on the most important thing in their lives and their responses included the following.

- "Believe in God and praise to him."
- "Believing in God. Having Money."

- "Enjoying money and travel to places"
- "Expanding his daily farming like getting more cows and enough food for the cows"
- "Giving back to the society."
- "Health, Peace, and Educating my children"
- "Knowing God first who is the provider and one who has sustained me since I got employment and even now that I have retired"
- "My life has structure. Structure allows me to have discipline which allows me to tend to my farming and also take care of my family. It is a strong foundation."
- "Trying to find balance more so with this hard economy we are experiencing now"

#### 4.5.5 Most missed aspect of work

As per the research findings, most of the retirees (281) miss the company of their colleagues, indicating that social interaction with coworkers was important to them. The second most common response was salary and other benefits such as travel and training opportunities indicating that retirees miss the opportunities for personal and professional growth that came with their jobs. The employer-provided medical insurance cover was mentioned by 98 people suggesting that retirees value the health benefits and security that came with their employment. Other aspects that retirees miss include work routines (52) people, their position/title (28 people), office meetings (15 people), and office tea and meals (13 people). 99 people chose 'other' whereby they had a diverse range of opinions. These figures are further illustrated in Figure 29.

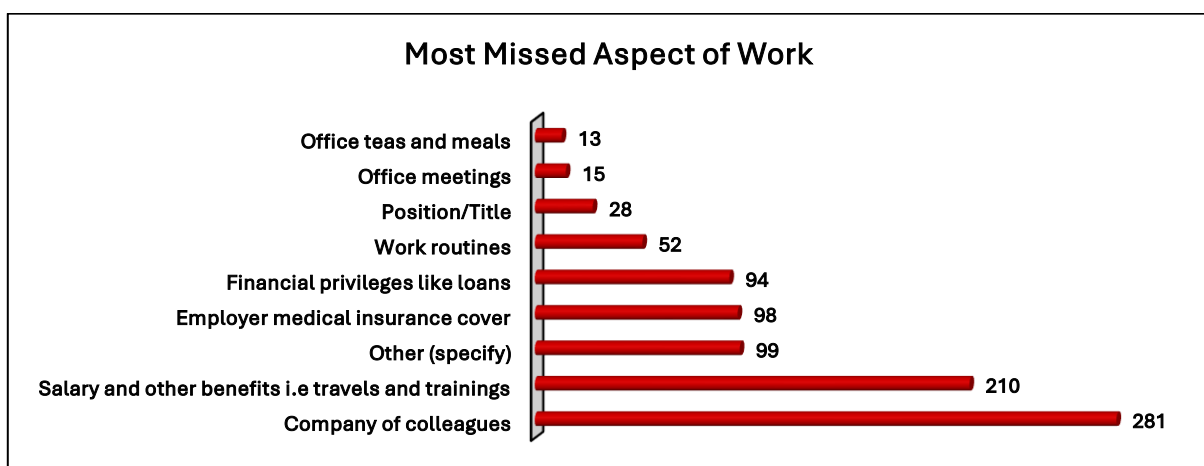


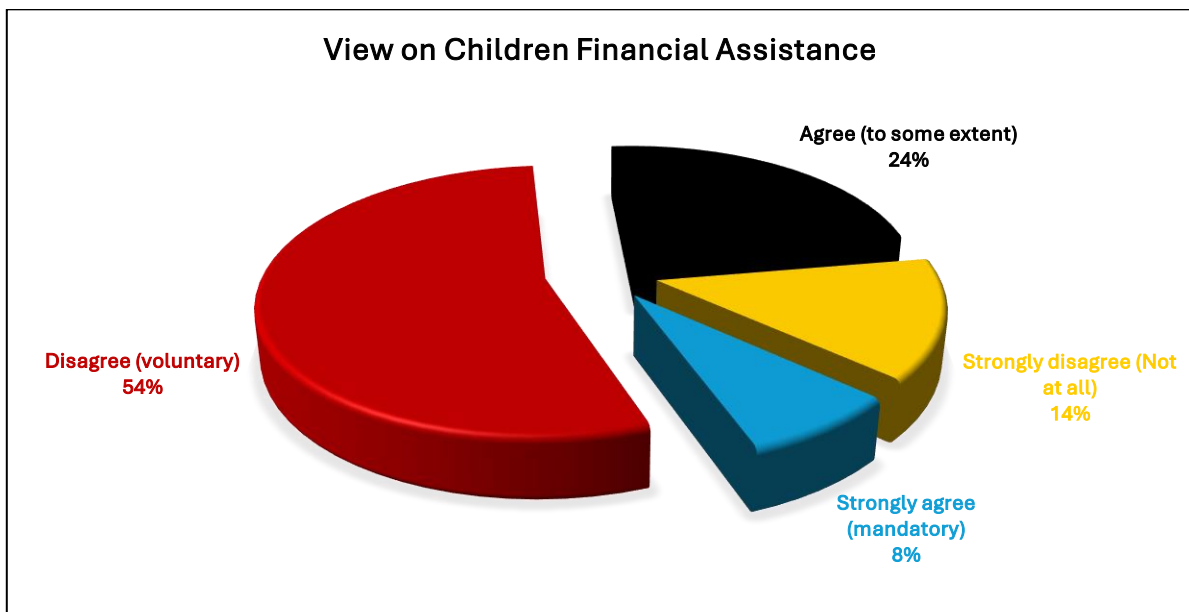
Figure 32: Most Missed Aspect of Work.

For the respondents who chose 'other' some of their responses included: -

- *“I had a passion for work... and misses the same... working for the patients was the best thing”*
- *“Happy moments. Like when sharing nyama choma and beer”*
- *“I loved my job”*
- *“He has accepted his retirement life, and he is still in contact with his colleagues so he is very much content in his retirement life.”*
- *“I would have continued working but I pursued a higher calling- spiritual ministry, that I still do even to date”*
- *“I don't miss anything at all. I'm very much okay.”*

#### 4.5.6 Views on Children’s Financial Assistance During Retirement

As on in Figure, 57% of the respondents feel that children don't need to assist them during retirement and that such help should only be voluntary. 24% answered that children should help them to some extent, 14% completely disagree that children should help them, while only 8% think that children must help them during retirement.



*Figure 33: Views on Children’s Financial Assistance During Retirement*

#### 4.6 Outlook of the Retirement Industry

The outlook for the retirement industry is increasingly dynamic, shaped by shifting demographics and evolving retirement trends. As people live longer and work patterns transform, there's a growing focus on innovative solutions and financial planning to meet diverse retirement needs.

#### 4.6.1 Retirement Reflections: Opportunities for Change and Growth

According to the research findings, a significant number of retirees (356 individuals) expressed a desire to increase their savings if given the chance to make changes. This highlights their understanding of the importance of financial stability and their intention to secure their future through enhanced savings. Additionally, 188 retirees indicated an interest in pursuing income-generating activities, indicating their desire to remain active and financially engaged during retirement. Moreover, 128 retirees mentioned planning for early retirement, while 101 retirees prioritized contributing to post-retirement medical funds. On the other hand, 70 retirees expressed contentment with continuing their pre-retirement activities, suggesting satisfaction with their current lifestyle. Furthermore, 77 retirees expressed a desire to further their education to support economic activities in retirement. Finally, 55 retirees chose 'other,' encompassing various responses. These results are illustrated in Figure 33.

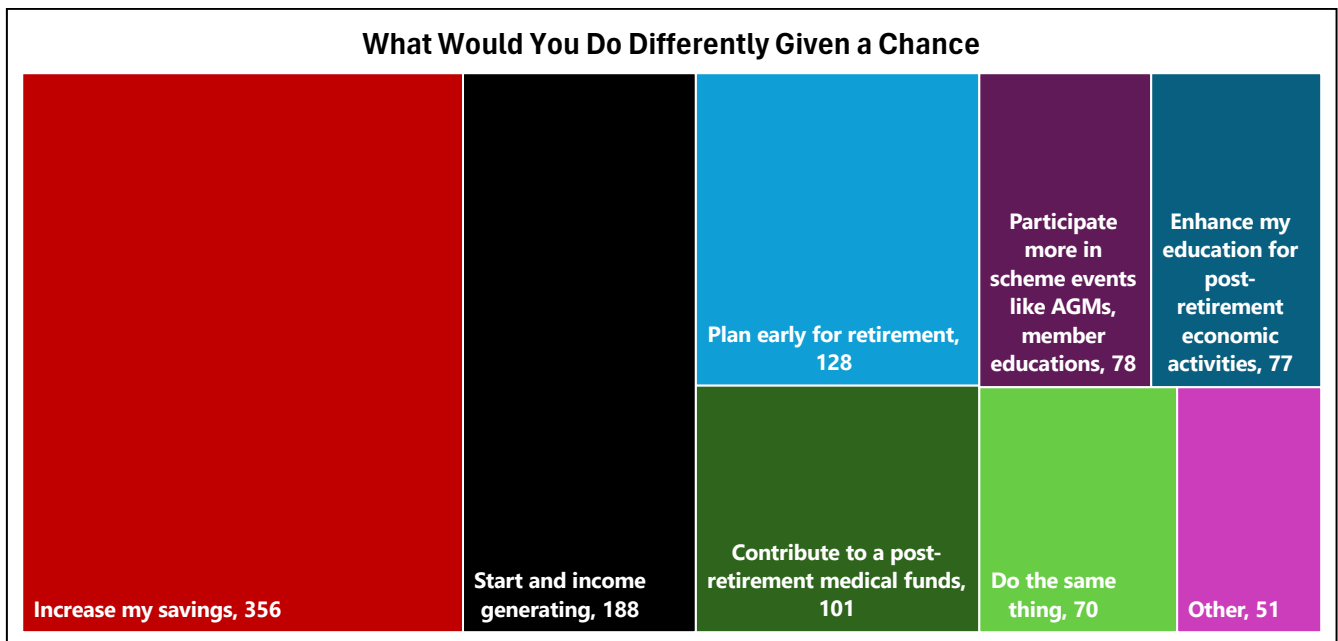


Figure 34: Retirement Reflections: Opportunities for Change and Growth

For the respondents who answered 'other' Some of their responses included the following:

- "I don't want anything that would mean me going back to work again. It was not easy"
- "I would be on the Frontline to advocate for a different way of taxation in pension schemes"
- "Live within my limit."
- "Would have asked for an increment"
- "Would have made an earlier retirement at 56"

### 4.6.2 Ideal Retirement Age

According to the survey findings, the majority of the retirees consider their ideal retirement age to be between 60 and 64 suggesting that many people prefer to retire at an age when they have had a chance to work and accumulate savings, but they are still young enough to enjoy their retirement and have a reasonable expectation of life expectancy. 23% considered their ideal retirement age to be 55-59, indicating that some people prefer to retire slightly earlier than the majority but still within the traditional retirement age range. 11% of retirees preferred to retire between 65 and 69, 5% chose more than 70 and another 5% chose 50-54. The 1% who chose less than 50 may represent the small number of people who choose to retire very early either by choice or due to circumstances beyond their control. Figure 34 illustrates the findings.

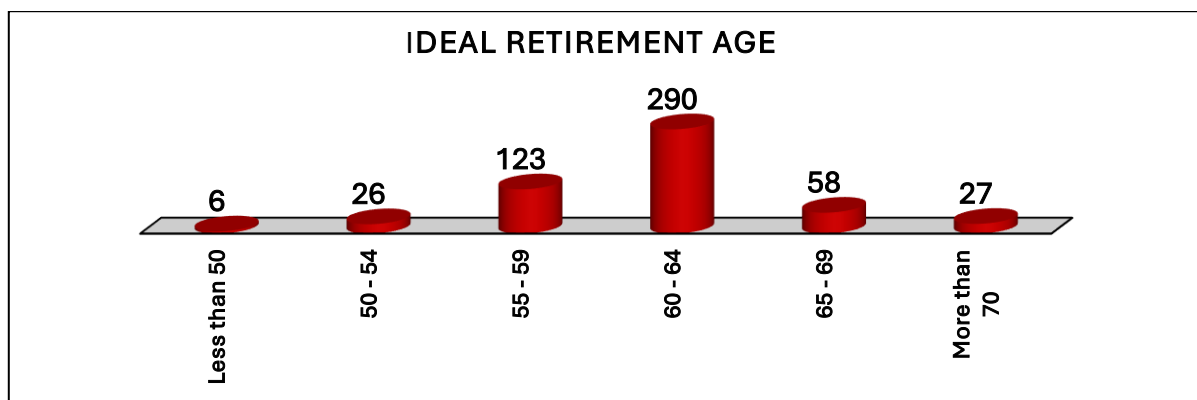


Figure 35: Ideal Retirement Age

### 4.6.3 Elements Liked About Scheme

As shown in Figure 35, most retirees (452) appreciate the efficiency and timely payment of benefits. This suggests that they value the reliability and punctuality of receiving their benefits. 243 retirees value good scheme governance, indicating that they appreciate the overall management and administration of their pension schemes which might include transparency, accountability and responsiveness to member concerns. 209 respondents value the flow of information and communication to members, suggesting that they value transparency and regular updates about their schemes. 176 respondents appreciate the advice on retirement planning, 86 like the timely issuance of membership statements suggesting that they value receiving statements and updates about their accounts promptly. 66 respondents appreciate the prudent investment of funds implying that they appreciate

schemes that invest their funds wisely, aiming to maximize returns and minimize risks. 54 appreciated other factors that contribute to their overall satisfaction and trust in their pension schemes.

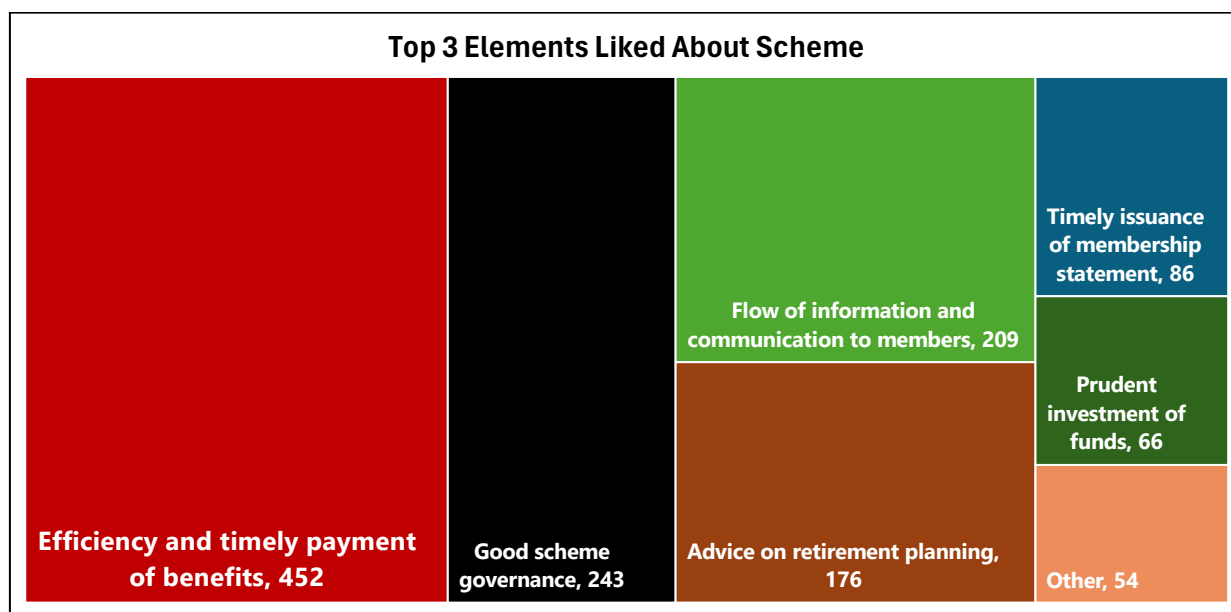


Figure 36: Elements Liked About Scheme

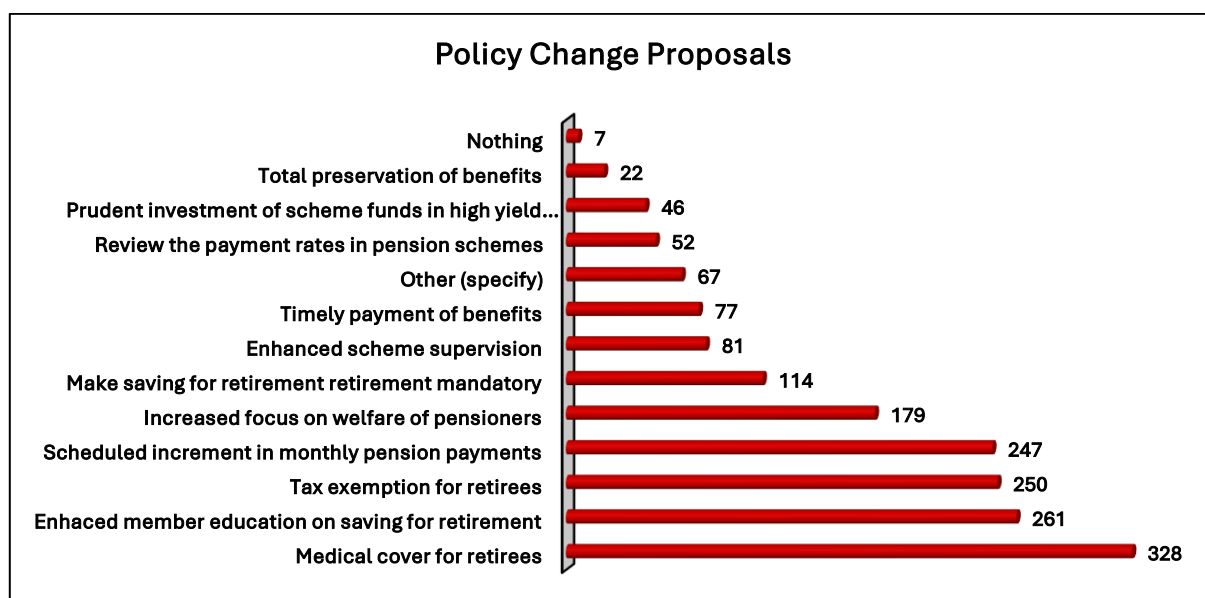
Among the respondents who chose 'other' some of their responses include: -

- *“The fact that I was allowed to choose a mode of payment of my benefits. The retirees' survey being done today has motivated me knowing that I'm still remembered is a good thing.”*
- *“Attending seminars where I get to interact more with other people so my former colleagues. Seminars also enable more learning which I like”*
- *“I didn't like anything about my retirement benefits because of how they have frustrated me with my benefits.”*
- *“I was able to access my lumpsum with ease, there is an option to save separately apart from NSSF or what the employer deducts, I love the education they give to members”*
- *“Small increments in pension payment despite the payment amount is still little”*
- *“Yearly seminars by the scheme to know how we're faring on as retirees”*

#### 4.6.4 Policy Change Proposals

According to the survey results, retirees have expressed a range of policy suggestions. The majority (328) stressed the importance of medical coverage. Additionally, 261 respondents called for increased resources to educate individuals on retirement savings and financial

decision-making. Other popular suggestions included tax exemptions for retirees (250), regular increases in monthly pension payments (247) to counteract inflation and a stronger focus on welfare for pensioners (179). Some retirees also advocated for mandatory saving schemes (114) to improve financial preparedness. Additional proposals included better supervision of schemes (81), timely payment of benefits (77), review of pension scheme payments (52), prudent investment of scheme funds (46) for higher returns, total preservation of benefits (22), and 7 respondents suggested no changes. These responses indicate a clear desire among retirees for policy changes that enhance financial security, healthcare, and overall well-being in retirement. These results are illustrated in Figure 36.



**Figure 37: Policy Change Proposals**

Among the respondents who chose ‘Other’ Some of their comments included: -

- *“1. Discourage members from accessing the saved funds before they retire. 2. Use the interest earned by members to cover for their medical insurance post-retirement. 3. increase interest rates to be earned by members.”*
- *“1. Include all workers in all job categories in the pension schemes. It should not be discriminatory. 2. We should be allowed to choose the mode of payments to receive our pensions depending on our needs and interests. 3. Retirees' welfare should be a priority. There should be more follow-up on post-retirement life to ensure that they are living a fulfilling life.”*
- *“Could have the retirement industry direct employers to restructure the savings for retirement. Ensure employees contribute more.”*

- *“Empowerment through education. Many people are not knowledgeable on pensions and therefore may not save for retirement and there needs to be a push for a lot more education.”*
- *“If possible, start paying all pensioners a monthly pension. Discourage the lumpsum benefits method. Because most pensioners waste the lumpsum within 1 or 2 years and then start struggling too much financially. So, I would wish it would be mandatory that all pensioners receive monthly pensions. Also, encourage conducting more awareness and training for retirement topics among young employees.”*
- *“RBA to create forums to see that pensioners are benefitting from their schemes. Also to assess how pensioners are doing life.”*
- *“The scheme should be transparent on how our money is invested because I feel there is a mismatch on what they are making and what we are rewarded from that. There should be a significant show of support and care for the pensioners. A medical policy that caters for lifestyle diseases. A show of care that they value not only our contributions but us as well. That should show.”*
- *“To introduce regional seminars for pensioners.”*
- *“When doing such surveys, at least give us gifts like T-shirts, umbrellas, Bags Etc. Otherwise, I appreciate the visit.”*

#### **4.6.5 Top 3 Advise Given by Respondents to Future Retirees**

Based on the respondents' comments, the top three pieces of advice for potential retirees were centred around early financial planning, investment in income-generating activities, and ensuring proper home and family preparation. First, respondents emphasize the importance of starting financial preparations early by saving diligently and making additional contributions to pension schemes. They stress the necessity of having multiple sources of income through investments to maintain financial stability during retirement. Finally, ensuring that one's home and family are well-prepared before retirement is highlighted, as this provides security and reduces potential stress. The approach ensures retirees can enjoy a comfortable and stress-free retirement. Table 7 summarises the responses given by the retirees.

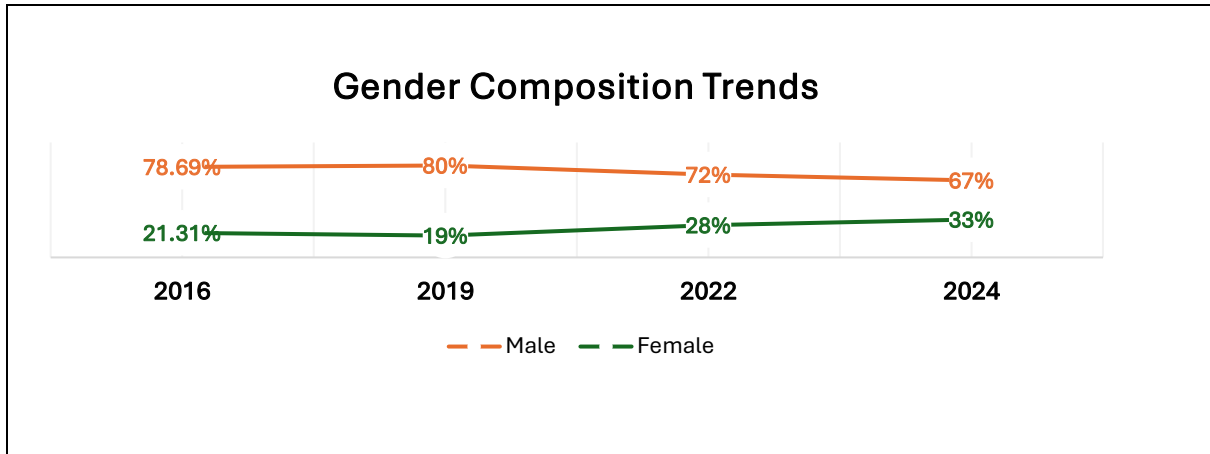
*Table 8: Advise Given by Respondents to Future Retirees*

Category	Comments
<b>Home and Family Preparation</b>	"Don't wait until retirement to start building a home."
	"Make sure to develop a home for your family."
	"They should save for a home."
	"They should start preparing for their retirement as soon as they are employed. They should build their dwelling places early. They should not use their retirement benefits to build their houses. Their benefits should only be used to sustain them during retirement They should prepare themselves for health deterioration in future"
<b>Financial Planning and Savings</b>	"Try to manage the small amount you're earning and make additional contributions to your pension."
	"Encourage employees to save at least 30% of their salary in retirement schemes."
	"They should increase savings for retirement beyond the employer's contribution rate."
	"They should make additional voluntary contributions in the scheme to boost their benefits so that they get a good amount of money after retirement. They should also plan early for retirement so that they don't end up being seen as a burden in the community."
	"They should assess their expenditure and lifestyle before retiring."
	"They should ensure they have cash flow by the time they retire (Minimize spending on loan repayment)"
	"To increase the savings for their retirement to avoid stress in life."
	"To save extra for their retirement for them to live better."
	"Invest in your children's education and encourage them to become financially independent."

	"Be business-oriented; employment is not permanent."
<b>Investing and Income Generation</b>	"They should save more from the little they still get They should not be afraid of starting a business. When starting the business, I would advise them to start small and be patient until the business grows. They should not be afraid of life after retirement."
	"Invest in a project that will impact your life in retirement."
	"They should invest in income-generating activities before retirement."
	"They should have a medical insurance cover to cater to their medical expenses in retirement."
<b>Early Planning and Education</b>	"If they could take early retirement the better."
	"Request the employer for Retirement training."
	"They should learn about retirement benefits early enough."
	"Plan early for retirement as it will enable you to live comfortably in retirement. Also, educate yourself if possible while still working as it will help you get promoted at work. Finally, Invest in educating your children and invest in a profitable business like building houses for rentals"
	"They should start preparing 5 years before retirement."
<b>Health and Well-being</b>	"Your health is very important."
	"Work on your health, avoid drugs and alcohol."
	"Plan yourself well in advance and have an idea of what you plan to do after retirement Start saving as soon as you start working. Pay for NHIF or medical insurance as medical bills use a lot of money"

## 4.7 Comparison of Data for a period Across 2016-2024

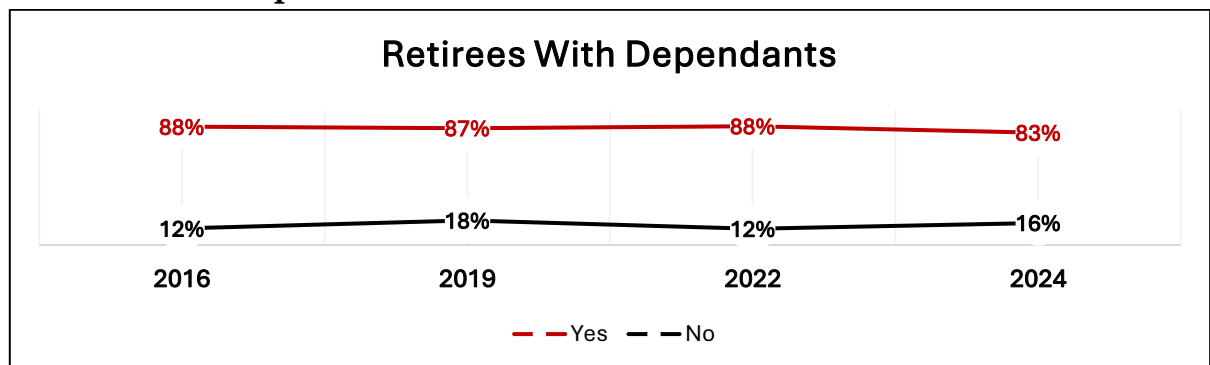
### 4.7.1 Gender of the Respondents Trend



*Figure 38: Gender of the Respondents Trends*

The chart illustrates the distribution of gender responses across four different years: 2016, 2019, 2022, and 2024. Overall, the data indicates a gradual shift towards a more balanced gender response over the years, with a consistent decrease in male responses and an increase in female responses, and the percentage of no responses being negligible except for the slight occurrence in 2019. This indicates the changing gender composition at the workplace with increasing labour force participation by women.

### 4.7.2 Retirees with Dependants

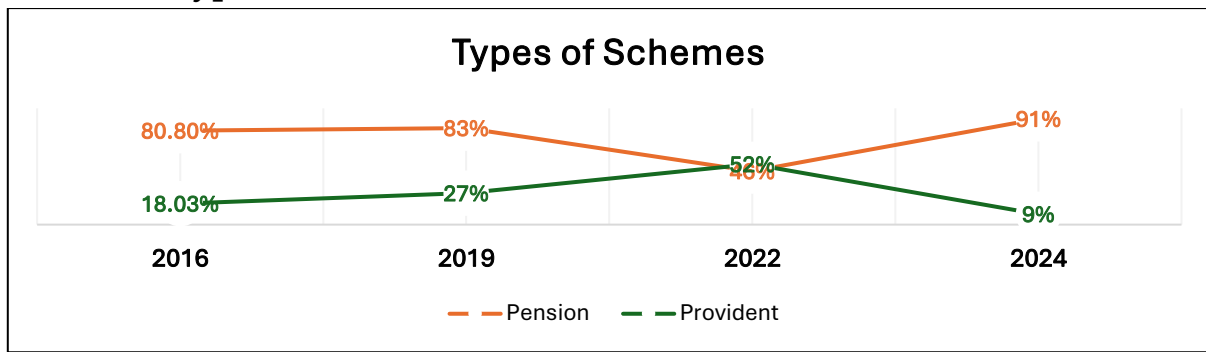


*Figure 39: Trend for Retirees with Dependants*

The chart shows the distribution of responses regarding dependants for 2016, 2019, 2022, and 2024.

Overall, the data indicates a generally high percentage of respondents with dependants across all years, with slight fluctuations. This shows there is a high likelihood that retirees will have dependants when they retire. Therefore, policies should be formulated with the dependants in mind, especially aiming at increasing pension benefits.

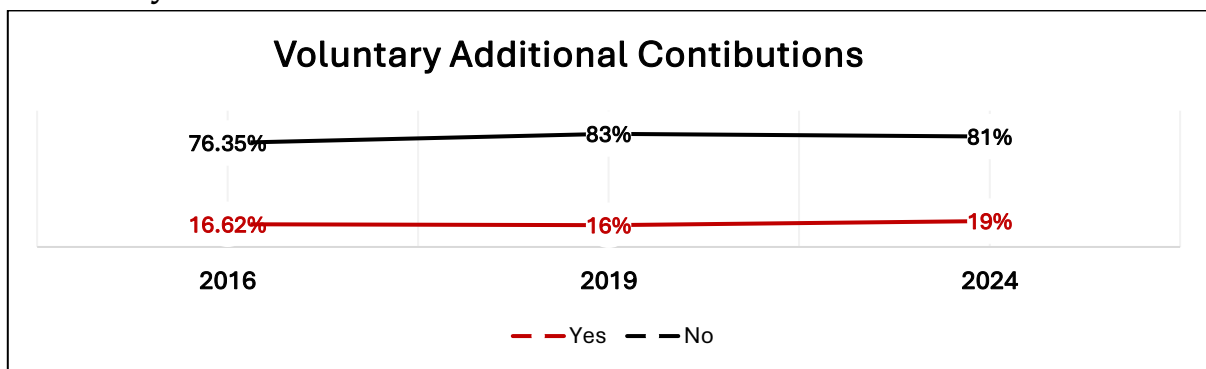
### 4.7.3 Trends in Types of Schemes



*Figure 40: Types of Schemes Trend*

The chart illustrates the distribution of responses regarding the types of schemes (Pension and Provident) across the years 2016, 2019, 2022, and 2024. The data indicates a significant preference for the pension scheme in most years, except for 2022 when the provident scheme briefly surpassed it. In planning for retirement, pension schemes are seen to be more effective since they offer a more long-term source of income for retirees.

### 4.7.4 Voluntary Additional Contributions Trends



*Figure 41: Voluntary Additional Contributions Trends*

The data presented in the chart illustrates the trends in voluntary additional contributions to retirement benefit schemes over three specific years: 2016, 2019, and 2024.

The chart indicates a consistent prevalence of respondents not engaging in voluntary additional contributions to their retirement benefit schemes across the three designated years, with a slight decrease evident in 2024 compared to 2019. Despite this trend, there is a gradual increase in the percentage of individuals making additional contributions, moving from 16.62% in 2016 to 19% in 2024. More effort should be put into encouraging people to make additional contributions to their retirement funds as this has been shown to improve the quality of retirement.

#### 4.7.5 Expenditure of Lumpsum Payments Trends

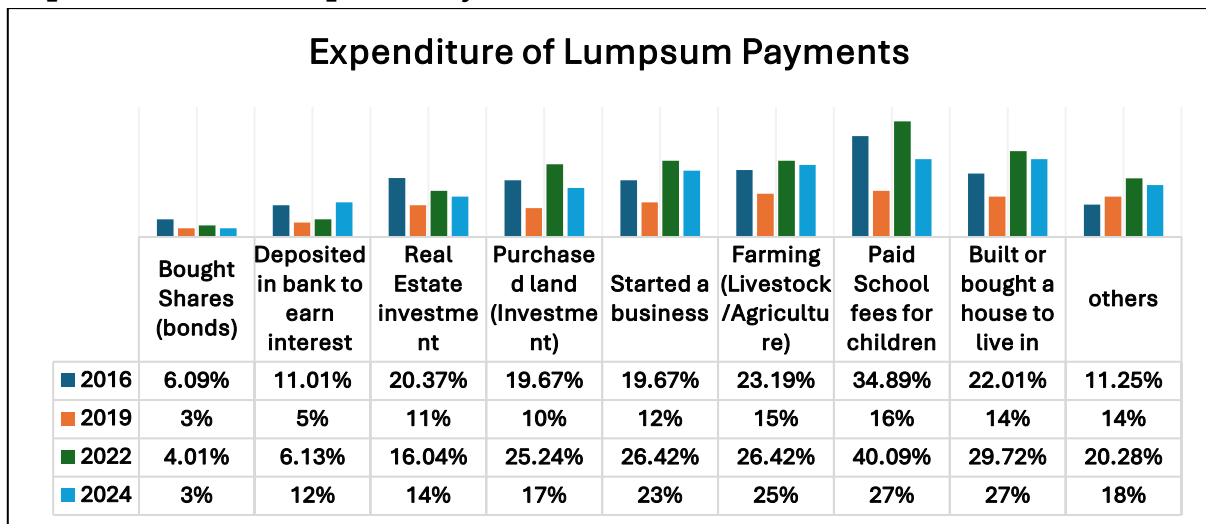


Figure 42: Expenditure of Lumpsum Payments Trends

The figure above compares how lumpsum payments were spent in 2016, 2019, 2022, and 2024 across various categories.

Over the years, paying school fees for children consistently remained a top priority. School fees payment by retirees go hand in hand with retirees having dependents. Expenditures on purchasing land and starting a business saw noticeable increases, particularly in 2022. Depositing money in the bank to earn interest showed relatively lower percentages across all years. Farming and building or buying a house maintained moderate and relatively stable percentages.

#### 4.7.6 View of Life in Retirement Trends

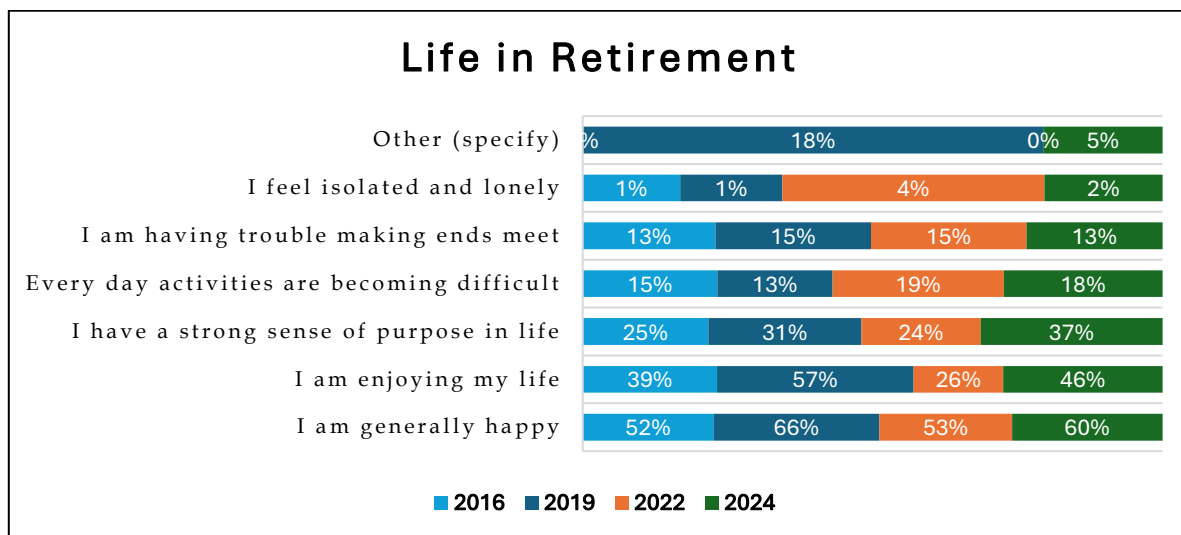


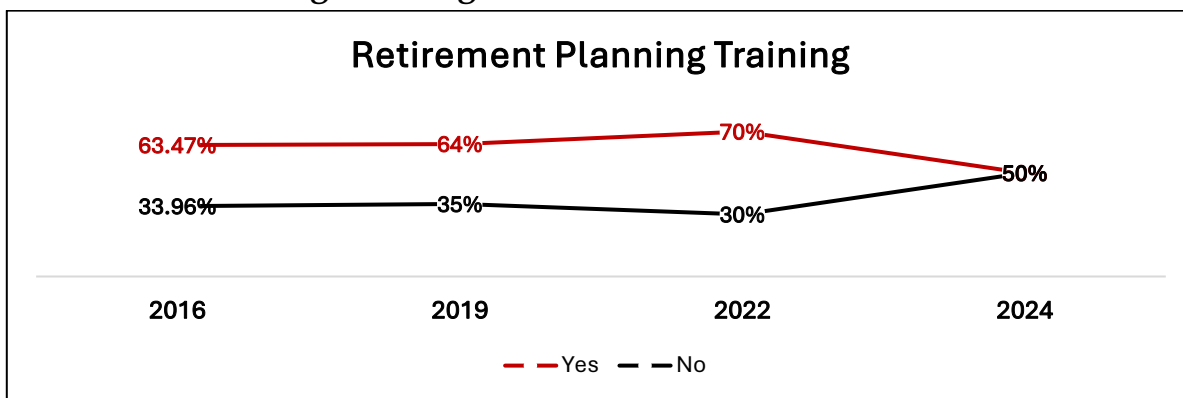
Figure 43: Changes in View of Life in Retirement

The visual representation provides an overview of retirees' experiences during the years 2016, 2019, 2022, and 2024. The assessed categories encompass feelings of isolation, financial

constraints, challenges with daily activities, sense of purpose, enjoyment of life, general happiness, and other unspecified factors.

In conclusion, the research findings illustrate varying experiences among retirees throughout the observed years, with general happiness and life satisfaction rebounding in 2024 after a decline in 2019. Financial constraints and feelings of isolation demonstrated a general decline, while a strong sense of purpose displayed an increasing trend through 2024. The data portrays a positive trajectory in retirees' satisfaction and well-being over the observed period.

#### 4.7.7 Retirement Planning Training Trends



*Figure 44: Changes in Attendance of Retirement Planning Sessions*

The analysis of attendance at retirement planning training sessions from 2016 to 2024 reveals interesting trends. In 2016, 63.47% of the respondents attended the training. This figure saw a slight increase in 2019, reaching 64%. The attendance rate continued to rise significantly, peaking at 70% in 2022, marking the highest attendance recorded during the period. However, by 2024, the attendance rate experienced a notable decline, dropping to 50%. This data shows the need for more training for retirees since half of them are currently retiring without any form of training. Policymakers should consider enforcing mandatory retirement training through schemes to improve the trend.

#### 4.7.8 Trends in Organizers of Retirement Training

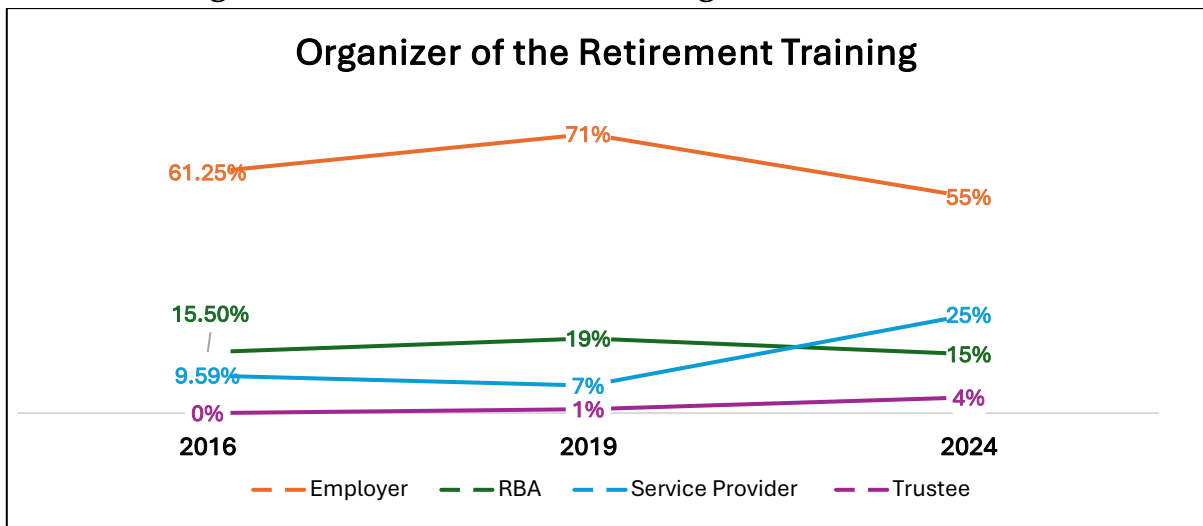


Figure 45: Trends in Organizers of Retirement Training

This chart illustrates the organizers of retirement benefits training sessions over three different years: 2016, 2019, and 2024. Employers have traditionally been the primary organizers of these training sessions, with 61.25% in 2016, rising to 71% in 2019, before dropping to 55% in 2024. Service providers are however playing a bigger role in the training of retirees. The increase in sessions organized by service providers suggests their growing influence in the sector. However, there is also a need for RBA as the regulator to play a bigger role in training retirees and the noted decline proves the need to put more resources toward this course

#### 4.7.9 Adequacy of the Training

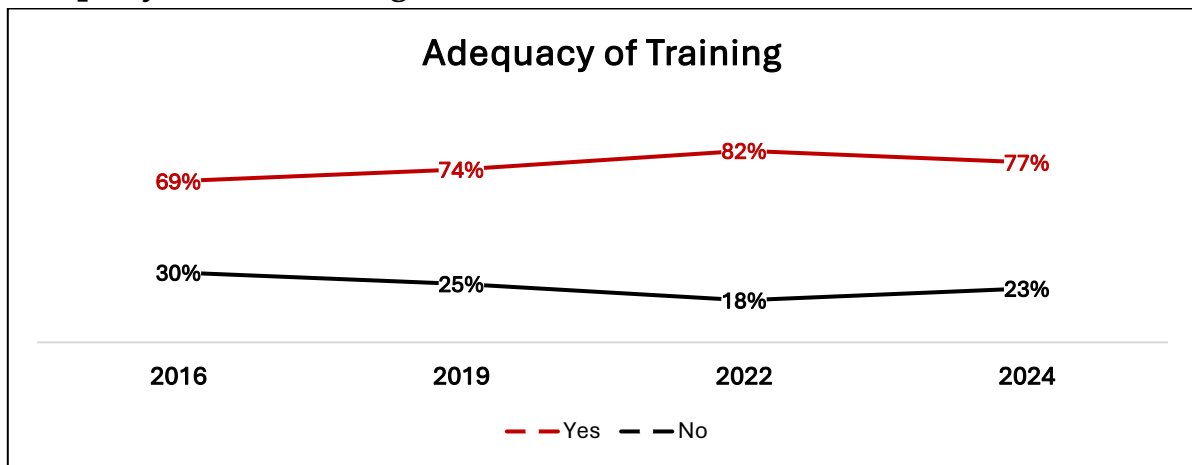


Figure 46: Adequacy of the Training Changes

The chart illustrates respondents' perceptions of the adequacy of retirement planning training across the years 2016, 2019, 2022, and 2024. Notably, satisfaction with the training continued to rise, reaching 82% in 2022, reflecting a positive trend in perceived adequacy. However, by 2024, there was a slight decrease in satisfaction, with 77% of respondents indicating that the training was adequate. This analysis reveals a generally favourable view of the training's effectiveness over the years, with a small decline observed in the latest

data. Since most retirees agree that retirement training is important, RBA should work toward providing adequate training to potential retirees.

## 5 SUMMARY, CONCLUSION AND RECOMMENDATIONS

The 9<sup>th</sup> pensioners survey was carried out between April and May 2024. The main aim of the survey was to enhance pension benefits adequacy and sustainability. This study is undertaken on a biennial basis and is usually aimed at improving the economic and social welfare of retirees. Some of the issues that stood out during the survey include the following:

### 5.1 Summary of Findings and Conclusions

#### 5.1.1 Employment History, Change of Jobs and Benefit Utilization on Change of Jobs

As the report indicates, 76% of the respondents typically worked for only one employer. This means that at any point they did not have the opportunity to access their retirement savings before attaining the early retirement age of 50. As much as this is a good thing, in recent years, labour market dynamics in the country are changing and job changes are now more common among employees mostly due to career progression, better compensation or dissatisfaction with their current employer. As shown by the report, only 9% of workers tend to transfer or defer access to their retirement benefits on their first job change. This calls for strategies aimed at benefit preservation, particularly to discourage the withdrawal of retirement savings before attaining the early retirement age.

In addition, almost all the respondents (99%) were in formal employment. This reflects the low numbers of people in the informal sector who are saving for retirement. This disparity between the formal and informal sectors underpins the pressing need to address retirement planning in the informal sector, which is notably not being addressed by traditional pension schemes. Considering that a larger percentage of workers are in the informal sector, increasing coverage within the sector would go a long way in improving pension coverage in the country, which currently stands at 26%.

#### 5.1.2 Dependency Burden

The results of the survey show a significant dependency burden on retirees mainly from their adult children. 83% of the respondents noted that they have people who still depend on them. This can be attributed to the level of unemployment in the country being high leading to many of the adult dependents having no source of income. On the kind of support provided by the retirees, 43% were providing daily upkeep and shelter, 34% were paying school fees for the dependants, and 14% were providing for other needs for their dependants. The dependency burden further continues to strain the retirees, eroding the amount they receive as pension which is mainly meant for their upkeep since it is assumed that in retirement, one is done with providing for their dependants. In addition, Grandchildren also form a considerable number of dependants.

These findings show that retirees need to plan for their dependents when saving for retirement. The goal of saving for retirement is to ensure that retirees can meet their future financial obligations without being a burden to society. In budgeting for these needs, retirees must be trained on the possibility of having dependants to enable them to budget appropriately.

It further highlights the hidden effects of unemployment due to the increased financial burden placed on the retirees from the unemployed dependants. This dependency often leads to the depletion of pension resources faster than anticipated. This calls for strategies from the government that can help reduce unemployment rates. By reducing unemployment, the government will have alleviated the financial pressures on some retirees, ensuring a more sustainable and secure retirement for them and their dependents.

### **5.1.3 Saving Patterns and Adequacy**

The survey noted that 51.89% of the respondents saved for their retirement for between 30 – 40 years. A further 30% of them saved for retirement for between 20-30 years. However, despite the long saving period, when asked about the sufficiency of their benefits, only 41% of the respondents answered that their pension savings were enough for their retirement. Over 57% of the respondents felt that the benefits were not enough. This could be interpreted to mean that the amounts the employees were saving were too small to ensure sufficiency during retirement. This calls for action on determining savings rates to encourage higher rates of savings that will ensure retirees earn a sufficient income during retirement.

In ensuring sufficiency, the survey also compared income during employment and what the retirees were currently earning from their pension. 81% of the respondents reported earning over Ksh. 40,000 per month. However, in retirement, only 24% of the respondents reported earning over Ksh. 40,000 per month. This shows the sharp drop in earnings that is often attributed to retirement especially where employees have a low savings rate. When asked about the amount that they felt would be sufficient to support a similar lifestyle to the one they had before retirement, 73% of them felt that they needed an amount more than Ksh. 40,000. This again reflects the need to encourage more aggressive saving for retirement during employment.

Additional voluntary contribution uptake was also low among the respondents, with only 19% of the respondents having made them during their employment and among those who made them, 66% contributed less than Ksh. 10, 000. 55% of the respondents cited a lack of adequate income as the main reason they failed to make additional contributions, while 30% answered that they were not aware that one could make additional contributions to their pension. This calls for more training to encourage employees to save more for their retirement by making additional voluntary contributions.

#### **5.1.4 Sources of Income Spending and Expenses During Retirement**

74% of the respondents answered that they had other sources of income which they relied on apart from their pension. Despite having other sources of income, it is interesting to note that 59% of them still selected their monthly pension as their most important source of income during their retirement. This again underlines the importance of adequate pension payment to retirees.

91% of the respondents were in a pension scheme, meaning that they received their benefits in the form of a lump sum and monthly pension payments. When asked how they spent their pension, 16% noted that they spent the money to build a house, and a similar number spent the money to pay school fees for their dependents. However, 56% of the respondents invested the money in either farming, land, bank deposits, shares or other forms of business with farming being the most common form of investment at 15%. On average, 66% of the businesses that started using the lumpsum payment are still in existence with shares, and real-estate investments having the highest rates of returns.

On expenditure, 64% of the respondents answered that their biggest expenditure was the purchase of household goods. However, despite fewer respondents (23%) having school fees bills, on average it was the biggest expenditure item for the respondents with respondents spending an average of Ksh. 28,495 per month on the item. This can be attributed to retirees continuing to pay school fees for their children and grandchildren even after they have retired.

#### **5.1.5 Medical Insurance and Funding of Medical Bills**

Health was selected as the most important thing by 32% of the retirees. This number is even higher than those who responded that putting food on the table was the most important thing to them (21%). This underscores the high regard that retirees hold for their health. For this reason, medical insurance is an important aspect of every retiree's life.

71% of the respondents had medical cover with 81% of those who had medical cover relying on the National Health Insurance Fund (NHIF) to meet their medical needs. In addition, 77% of those with medical insurance were paying for the coverage from their pockets while 16% of the respondent had these costs met by their schemes or a post-retirement medical fund. Of those who did not have health insurance, 84% of them met medical costs from their pocket with a few (7%) relying on their children to pay for them.

#### **5.1.6 Retirement Training, Involvement in Scheme Activities, and Scheme Perception**

Only 50% of the respondents had attended any form of retirement training. Given that 82% of those who attended retirement training found it to be impactful, there is a need to ensure that more employees are trained. 95% of the respondents were trained only five years before their retirement which shows that pre-retirement training in most cases starts when employees are almost retiring. This may not be very helpful in trying to change their savings

behaviour and encouraging them to save more for their retirement since they are already so close to their retirement age. However, 77% of their respondents felt that the retirement they received was adequate.

Members are usually encouraged to also be actively involved in scheme activities. According to the results of the survey, 77% of the respondents attended their scheme's annual general meeting in the last five years before their retirement. Among those who attended, a majority found the meetings to be helpful and educative in planning for their retirement. It is thus crucial to ensure members attend these meetings since they can help them navigate retirement planning.

A large majority of the members also felt that their schemes were doing a good job of managing their funds. 85% of the respondents particularly pointed out that they liked how efficiently and timely their benefits were paid out. 46% of the respondents also noted that the schemes had good governance, and 39% agreed that there was a good flow of communication and information to members. On the other hand, only 12% of the respondents felt that the schemes were investing their money prudently, only a lowly 16.22% felt that there was timely issuance of member statements, and only 33% of the respondents would rank advice from their retirement scheme as one of the top three things they liked about their scheme.

### **5.1.7 Life in Retirement, Perceptions and Retirement Advise**

Most of the respondents interviewed had a positive outlook on life during retirement. 60% noted that they were generally happy with life. 46% were enjoying their retirement life while 37% had a strong purpose in life despite being retired. However, 18% felt that daily activities were becoming more difficult, and 13% were having trouble making ends meet, while 2% felt isolated and lonely. This shows that there is still a need to improve retirement training to ensure that people have a more positive perception of retirement. It is important to note that perceptions can be attributed to the level of social support that a retiree enjoys.

When asked on what they missed most from their working life, 53% of the respondents answered that they missed the company of their colleagues, while 40% missed the salaries and other benefits that came with their jobs. A further 18% missed their employer-provided medical cover, while 18% also missed financial privileges that came with the job such as loans.

When asked what they would do differently if given a chance to work again, 67% of the respondents noted that they would increase their savings. This is in line with earlier observations whereby a majority of the respondents felt that their pension amounts were not sufficient. 35% answered that they would start an income-generating project while 24% would start planning early for retirement. Only 13% of the respondents would do the same thing if given the opportunity again.

Most of the respondents noted that they would like to see policy changes towards retirement. 62% felt that retirees should be provided with medical cover. In addition, 49% would recommend more education on saving for retirement, 47% would like tax exemption for retirees, 46% would also like scheduled increments in monthly pension payments, and 32% would recommend that strategies be put in place to increase focus on the welfare of pensioners.

## 5.2 Recommendations

1. RBA should come up with benefit preservation strategies aimed at discouraging withdrawal of benefits before one reaches retirement age. This will ensure that retirement savings are utilized for their intended purposes.
2. RBA should explore ways of encouraging the development of products aimed at reaching the informal sector. Targeting this section would greatly improve the pension coverage in the country.
3. There should be more sensitization to retirees on the expected dependency burden to encourage them to save more for their retirement.
4. RBA should consider introducing incentives that encourage higher pension savings such as more aggressive tax saving or matching contributions for additional voluntary pension contributions.
5. RBA should consider introducing mandatory retirement training programs that start early in an employee's career. Early and ongoing retirement training can change employees' behaviour and encourage more savings.
6. RBA should consider making post-retirement medical fund contributions compulsory for every employee in a scheme.
7. RBA should explore ways of ensuring schemes have regular, transparent communication with their members
8. Introduce policies for scheduled increments in monthly pension payments to account for inflation and cost of living adjustments
9. RBA should consider developing policies on tax exemptions or reductions for retirees to increase their disposable income.

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## Appendix

### Photos of Retiree Projects and Businesses

#### *Farming Projects By Retirees*



#### *Commercial Houses Constructed by Retirees*



**Residential Houses Constructed by Retires**



## Businesses By Retirees

