

# Mitigating Longevity Risk in the face of Rapid demographic changes

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**Simon Wafubwa**



Chief Executive Officer,  
Enwealth Financial Services Limited, Kenya







Table 1: Overall Industry Investment Portfolio (Kshs. Billion)

S/No.	Investment Assets Category	Dec-21		Jun-22		Dec-22		Jun-23		Dec-23		
		Kshs. (Bn)	%	Kshs. (Bn)	%	Kshs. (Bn)	%	Kshs. (Bn)	%	Kshs	%	Change
1	Government Securities	706.99	45.69	695.51	45.90	722.04	45.81	814.26	47.79	818.86	47.46	↑
2	Quoted Equities	254.60	16.45	206.13	13.60	215.24	13.66	174.05	10.22	145.15	8.41	↓
3	Immovable Property	254.51	16.45	239.22	15.79	248.42	15.76	246.31	14.46	242.07	14.03	↓
4	Guaranteed Funds	259.79	16.79	284.51	18.78	298.01	18.91	326.99	19.19	358.12	20.76	↑
5	Listed Corporate Bonds	6.80	0.44	7.40	0.49	7.82	0.50	7.54	0.44	6.65	0.39	↓
6	Fixed Deposits	27.85	1.80	36.42	2.40	42.23	2.68	67.68	3.97	81.93	4.75	↑
7	Offshore	19.41	1.25	15.24	1.01	14.13	0.90	23.13	1.36	27.19	1.58	↑
8	Cash	9.54	0.62	20.66	1.36	16.79	1.07	22.62	1.33	24.95	1.45	↑
9	Unquoted Equities	3.48	0.23	4.38	0.29	4.99	0.32	5.08	0.30	3.63	0.21	↓
10	Private Equity	2.96	0.19	3.40	0.22	3.56	0.23	5.37	0.32	5.74	0.33	↑
11	REITS	0.37	0.02	0.27	0.02	0.28	0.02	10.64	0.62	11.12	0.64	↑
12	Commercial Paper, Non-listed bonds by Private companies	0.01	0.00	0.02	0.001	0.03	0	0.03	0.002	0.02	0.001	↓
13	Any Other Assets	1.12	0.07	2.00	0.13	2.67	0.17	-	-	-	-	
TOTAL		1547.43	100	1515.16	100	1576.22	100	1703.69	100	1725.438	100	↑

## Vision

A lifetime of financial well being and dignity

## Mission & Purpose

Positive social economic transformation of lives through innovative financial services.

## Our business model

Building an Ecosystem of Shared Value

## Ourbrand promise

For a better tomorrow

## Our Way

Trust



Excellence



Fun at Work



Innovation







# Enwealth's Journey - 13 years

## Human Capital



Above 70

## Corporate Clients



Over 300

## Retail Clients



Above 100,000

## Branches



Kenya, Uganda & Mauritius

## Assets Under Management



Above USD. 950 Million



# Service Pillars



**Pension**



**Insurance**



**Trustee Services**



**Investment**



# BOARD MEMBERS



**Peter  
Waiyaki**

*Board Chairperson*



**Don Odera**

*Board Member*



**Jane Kilonzo**

*Board Member*



**Sharon  
Kisire**

*Board Member*



**Kennedy  
Monyoncho**

*Board Member*



**Elizabeth  
Kyengo**

*Board Member*



**Simon  
Wafubwa**

*CEO & Board Member*



# Award and Recognition

## EYA 2023



Recognized and awarded as 1<sup>st</sup> Runners up for Responsible Business Conduct for the EYA 2023 Awards

## TOP 100 Mid-sized Co. 2022



Corporate Social Responsibility / Philanthropy Category Diversity, Equity and Inclusion Category

## FiRe Awards 2021



Recognized and awarded as 1<sup>st</sup> Runners up for best reporting in the 2021 Fire Awards, IFRS for the SME category

## Stanford Seed



Transformation Program graduation in 2021

## Africa Global Fund Awards 2020



Winner of 5<sup>th</sup> Annual AGF Service Providers Awards 2020 as Best Fund Administrator

## TOP 100 Mid-size Co. 2019



Pension Industry champions 2019 Fast Growing Mid-Sized Companies

## SMOYA Awards 2018



Business Excellence in the Category of Human Resource Focus, Customer Orientation and Financial Management

## Champion of Governance Awards 2016



The Award aims at recognizing institutions and individuals that exhibit the highest standards of practice of good governance.

## Africa Pension Awards on Innovation and Wide Coverage 2016



2<sup>nd</sup> best in Africa for driving pension coverage through innovation.

## Ethical Business Practices Awards 2014



By the Ethical Business Practice Awards after going through a survey by ECNET. Showing that we are ethical in our dealings.

## Think Business Awards 2014



The best Pensions Administrator of the year by Think Business.



# Our Clients

## HealthCare



MTRH Staff Pension Scheme



Kenya Hospital Association Staff Provident Fund



Mater Hospital Staff Pension Scheme



AIC Kijabe Staff Pension Scheme



MEDS Staff Provident Fund And Life Assurance Scheme

## Public Service



Public Service Commission Staff Pension Scheme



GDC Staff Retirement Benefits Scheme



PPRA Staff Pension Scheme



KARI (DC) Staff Retirement Benefits Scheme



KenTrade Staff Pension Scheme



# Our Clients

## Private Commercial Services



MAERSK Kenya Staff Retirement  
Benefits Scheme



Sasini PLC Staff Pension  
Scheme



British Airways Plc Kenya  
Staff Retirement Benefits Scheme



PZ Cussons (EA) Ltd Staff Provident  
Fund & Life Assurance Scheme



NAS Airport Services Limited  
Staff Provident Fund

## NGO's/ Churches



KCDF Endowment Fund



Food For The Hungry International (Kenya)  
Staff Retirement Benefits Scheme



African Economic Research Consortium  
Staff Provident Fund



VisionFund Kenya

# Our Clients

## Education



Machakos University Staff  
Retirement Benefits Scheme



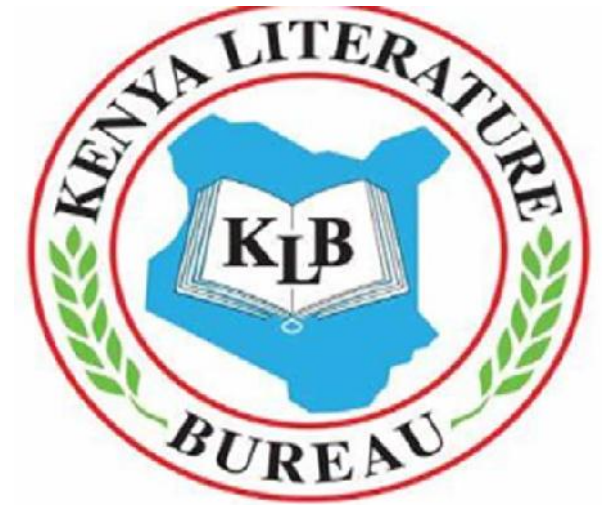
Machakos University Staff  
Pension Scheme



Murang'a University Staff  
Pension Scheme



KEMI Staff Retirement  
Benefits Scheme



KLB (DB & DC) Staff  
Retirement Benefits Scheme

## Financial/Investment & Insurance Services



Milele income Drawdown  
Fund



ICEA Umbrella Retirement  
Benefits Scheme



Ngao Umbrella Fund



Mavuno Tele Income Drawdown  
Fund



Direct Line Assurance Company Limited  
Staff Retirement Benefits Scheme



# Our Clients

## Banking



Equity Umbrella Fund (Provident & Pension)



SBM Bank Staff Retirement Benefits Scheme



Rafiki Microfinance Bank Limited Staff Retirement Benefits Pension Scheme



NCBA income Drawdown Fund



African Banking Corporation Staff Provident Fund



SMEP Staff Retirement Benefits Scheme







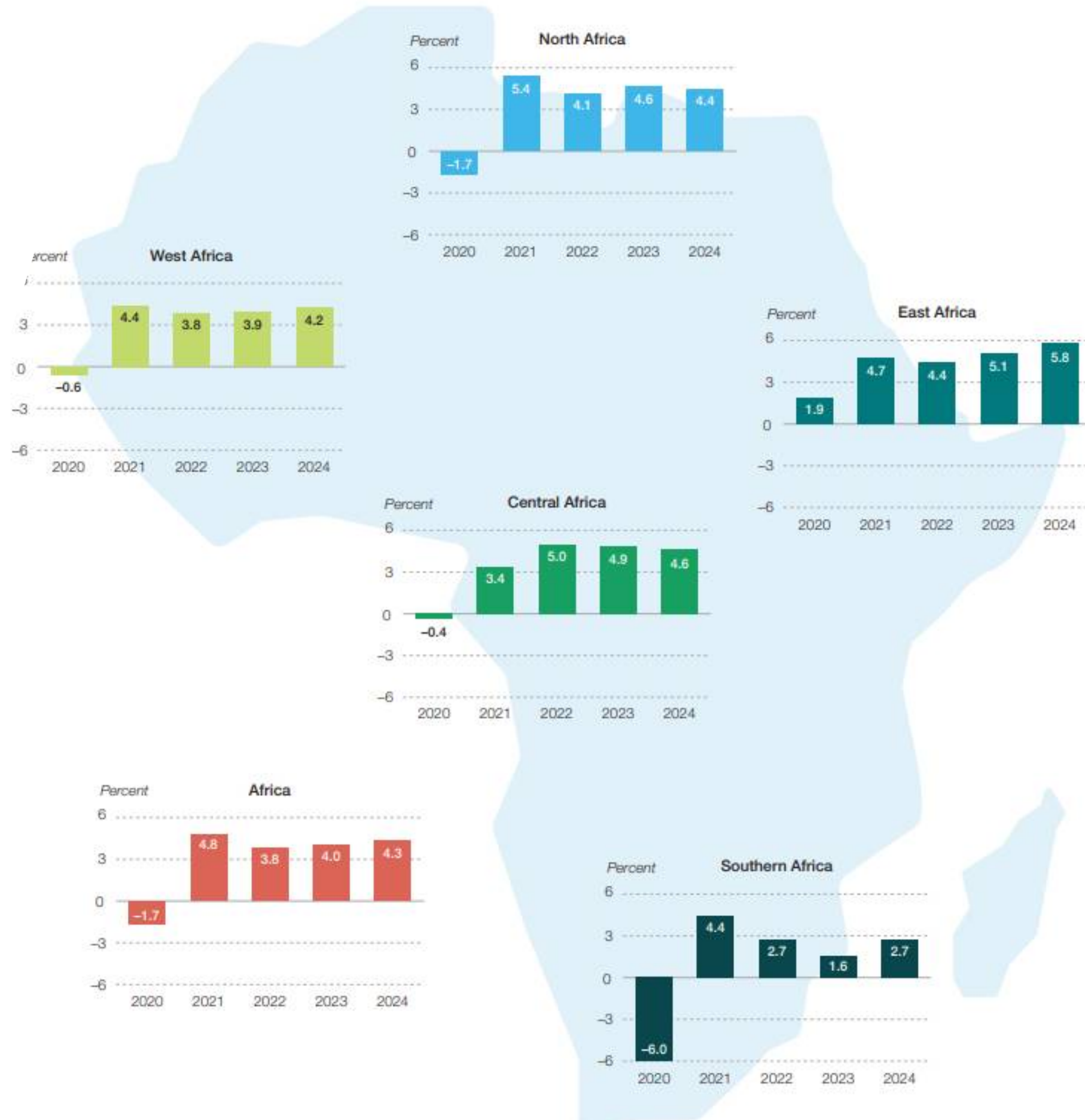
Serving clients with operational reach in:

- Kenya
- Rwanda
- Malawi
- Zambia
- Ghana
- Nigeria
- Namibia
- South Sudan
- Tanzania
- Mauritius
- Zimbabwe
- Botswana
- South Africa



# The Africa GDP Growth - Map

- Source : Africa Development Bank -2024



# Africa's Demographic Landscape

## 1. Population

- **Size and Growth:** As of 2024, Africa's population is estimated to be around 1.5 billion (<https://www.worldometers.info/world-population/africa-population/>). It's experiencing rapid growth, with an annual increase of about 100 million every three years (Wikipedia Demographics of Africa).
- **Growth Rate:** While the growth rate has shown a slight decline in recent years, it remains high compared to other regions ([Statista Demographics of Africa](#)).

## Population of Africa 2023

view live population, charts and trends: Population of Africa



Source - <https://www.worldometers.info/world-population/africa-population/>



# Africa's Demographic Landscape

## 2. Age Structure

- **Young Population:** Africa boasts a remarkably young population, with a median age of around 18.8 years. This is due to high fertility rates and lower life expectancy compared to other continents.
- **Youth Bulge:** This young population presents both opportunities and challenges.
- This signifies a large workforce potential, but also requires investment in education and job creation.

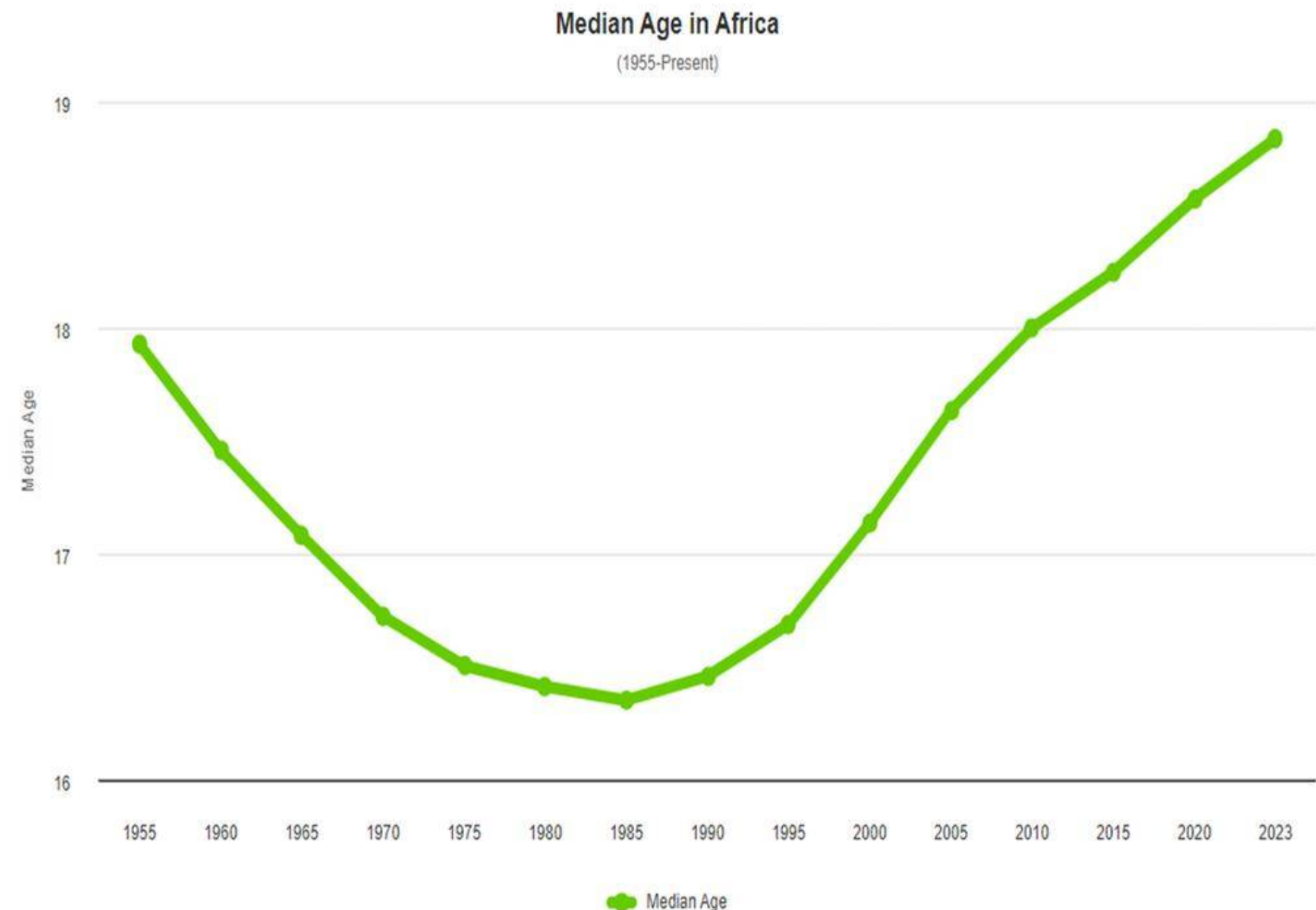
Source - <https://www.worldometers.info/world-population/africa-population/>

## Median Age

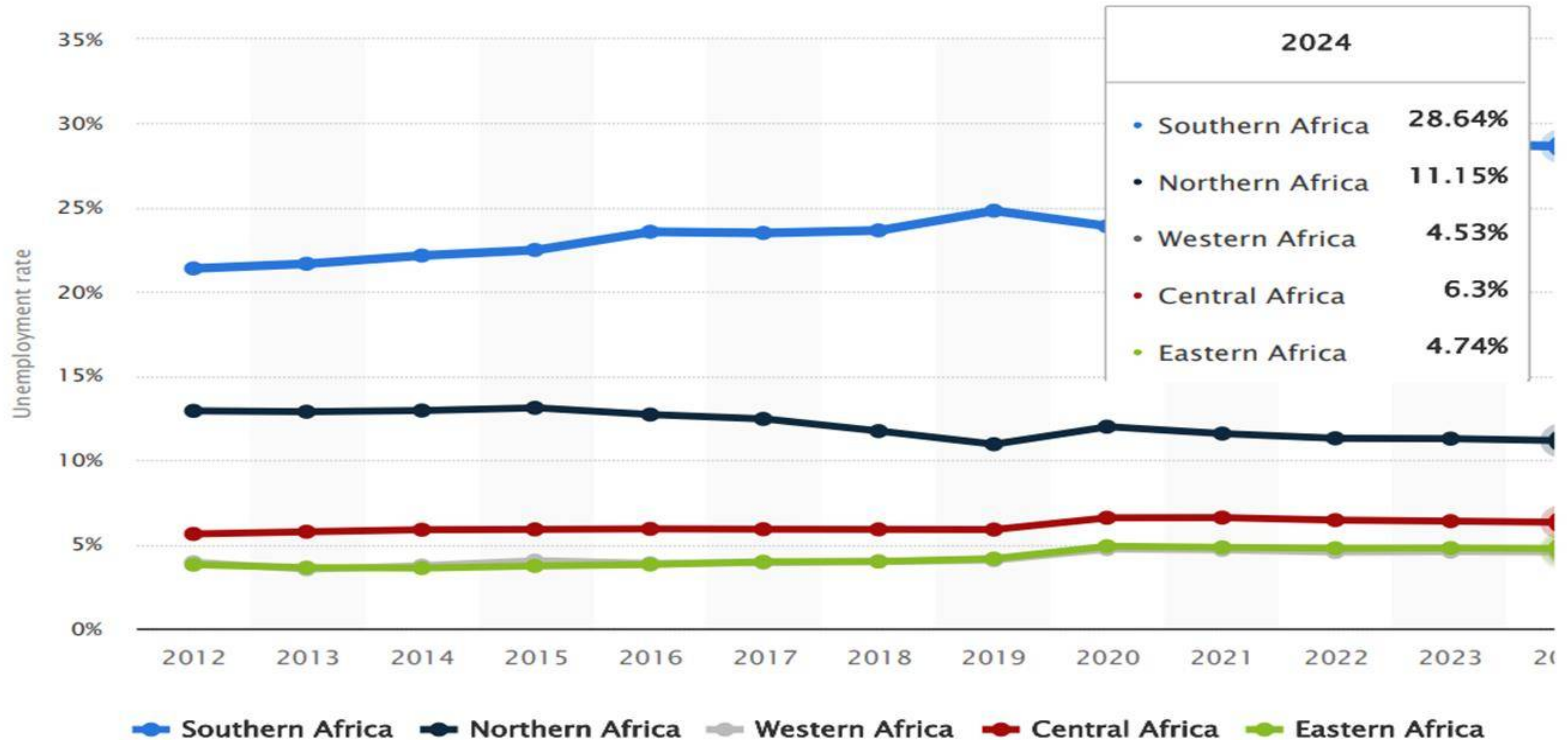
The **median age** in Africa is **18.8 years** (2023).

This is both an opportunity and challenge from a social security perspective

Labor supply / unemployment



# Unemployment rate in Africa from 2012 to 2024





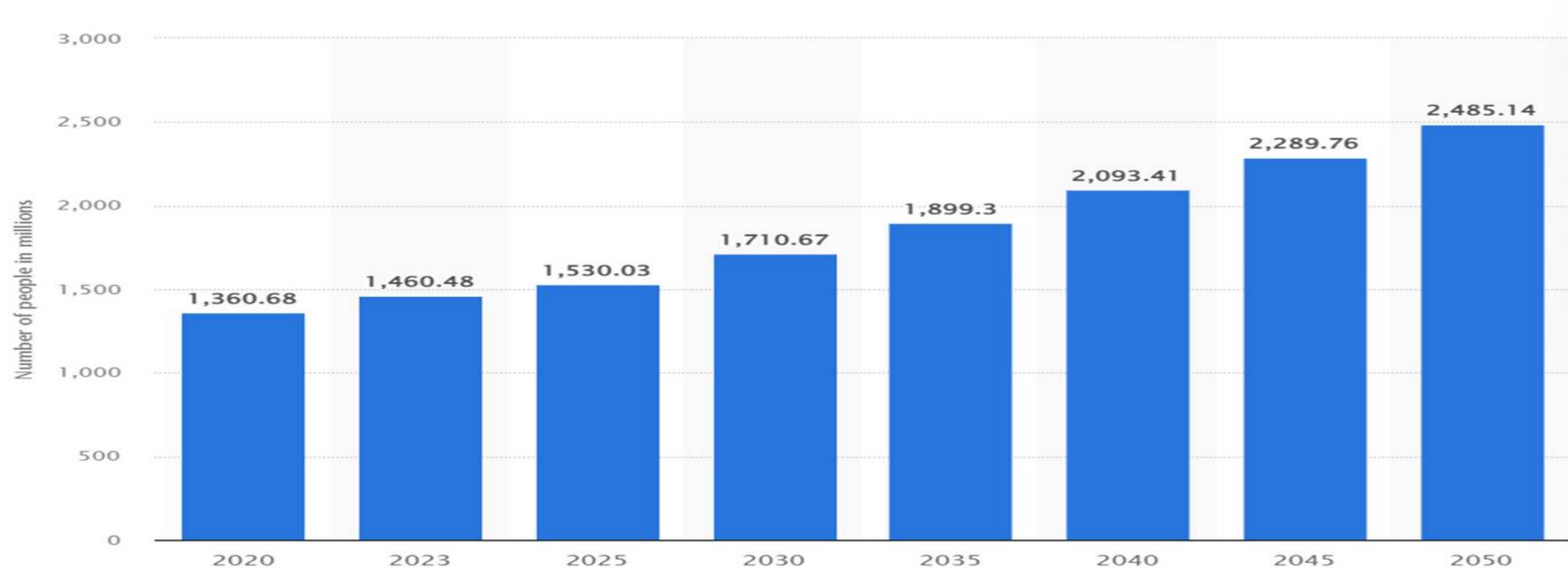
## Unemployment rate in Africa from 2012 to 2024

- In 2024, unemployment rate in Southern Africa was estimated at 28.64 percent.
- The region recorded the highest rate on the African continent, with South Africa having the highest unemployment levels among African countries.
- Moreover, Northern Africa registered an unemployment rate of 11.15 percent in 2024, while Eastern Africa had the lowest unemployment levels at 4.74 percent.
- Overall, the continent's average rate was seven percent in the same year.

With high un-employment rate –  
ability to save for the future is  
curtailed

Source: [unemployment rate by region 2024 | Statista](#)

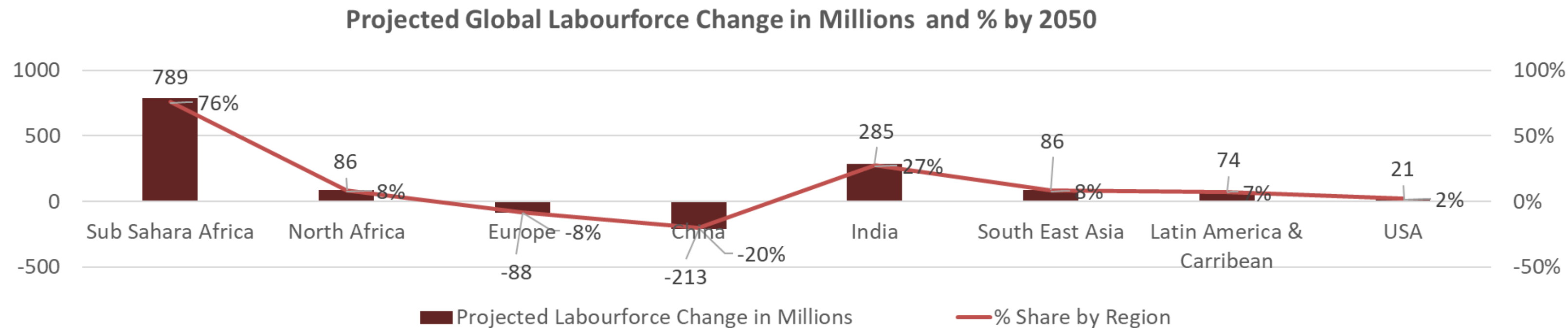
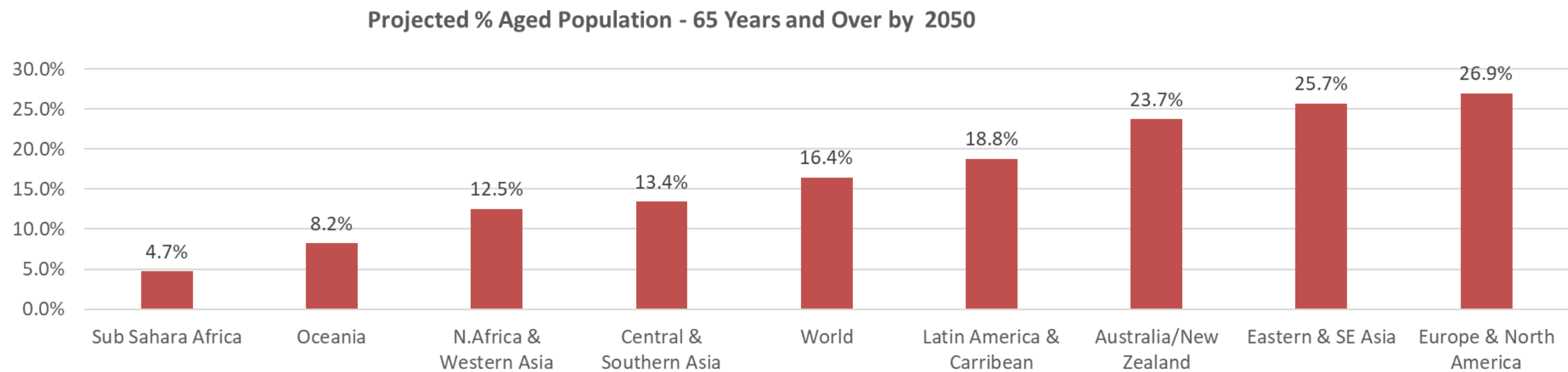
# Forecast of the total population of Africa from 2020 to 2050*(in millions)*



- According to the forecast, Africa's total population would reach nearly 2.5 billion by 2050. In 2024, the continent has around 1.4 billion inhabitants, with Nigeria, Ethiopia, and Egypt as the most populous countries. In the coming years, Africa will experience significant population growth and will close the gap significantly with the Asian population by 2100



# DEMOGRAPHICS – INVESTMENT DECISIONS BEING DRIVEN BY LABOURFORCE (FACTOR OF PRODUCTION & CONSUMPTION).



Source: IMF, Others

REPOSITIONING AFRICA – INVESTMENTS REQUIRED TO SHAPE AFRICA’S DESTINY IN GLOBAL COMMUNITY OF NATIONS .

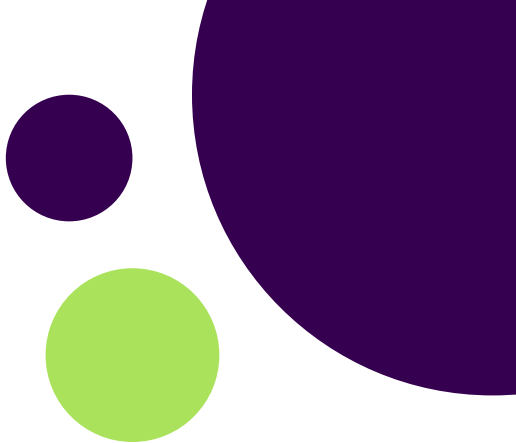
A coordinated & Integrated Africa is a Relevant Africa;

Africa’s % of Global GDP	2.8%
Africa’s % of Global Trade	3.0%
Africa’s % of Global Passanger Traffic	2.4%
Africa’s % of Global Manufacturing	2.8%
Africa’s % of Global Energy Consumption	3.4%
Africa’s % of Global Food Supply	8%

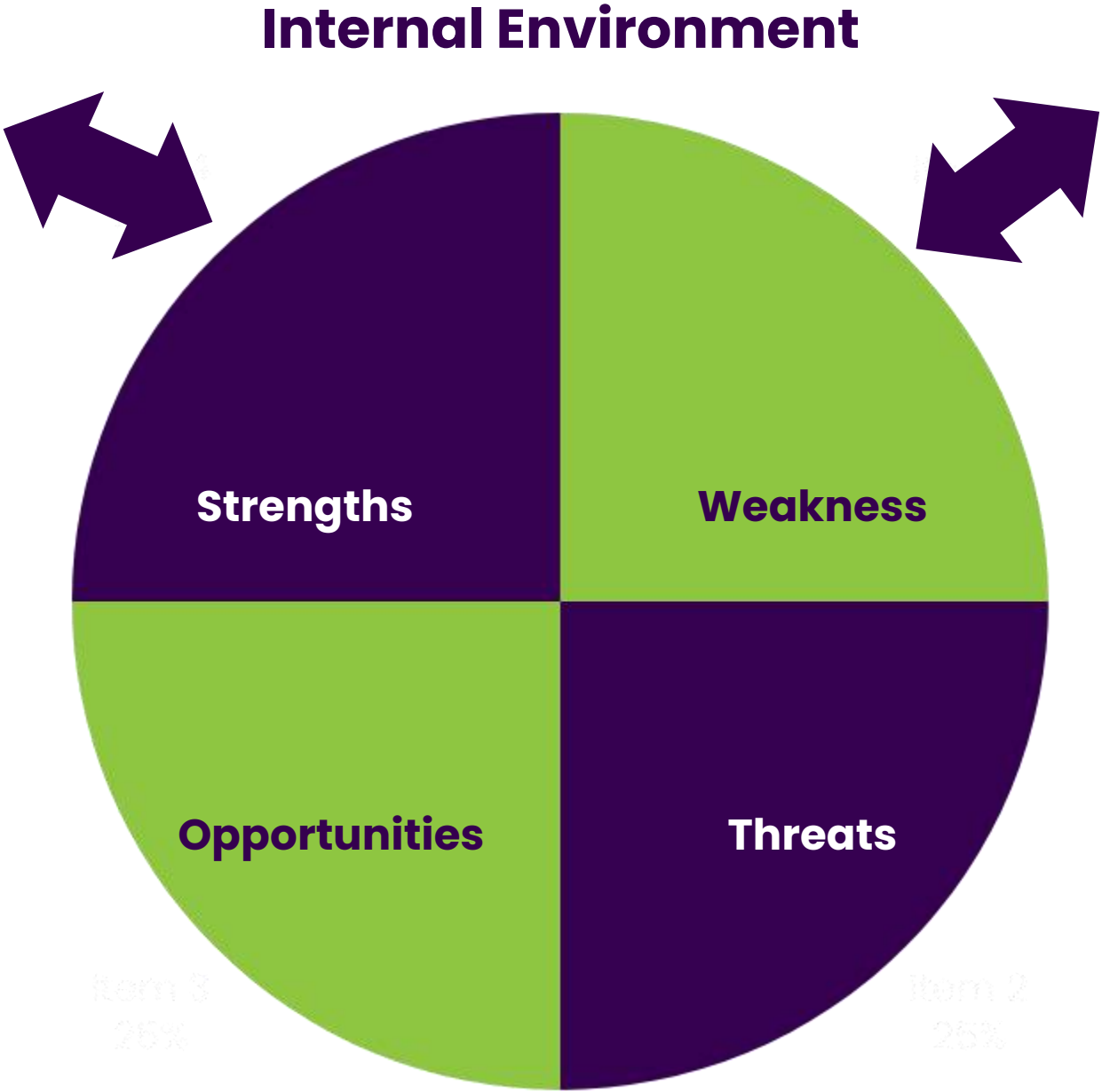
Africa’s % of Global Population	17%
Africa’s % of Global Land Mass	20%
Africa’s % of Global Arable Land	65%
Africa’s % of Global Renewable Fresh Water	10%
Africa’s % of Global Natural Resources (Minerals)	30%



# ARE INVESTMENT DECISIONS RELEVANT IN A GLOBAL RESET?



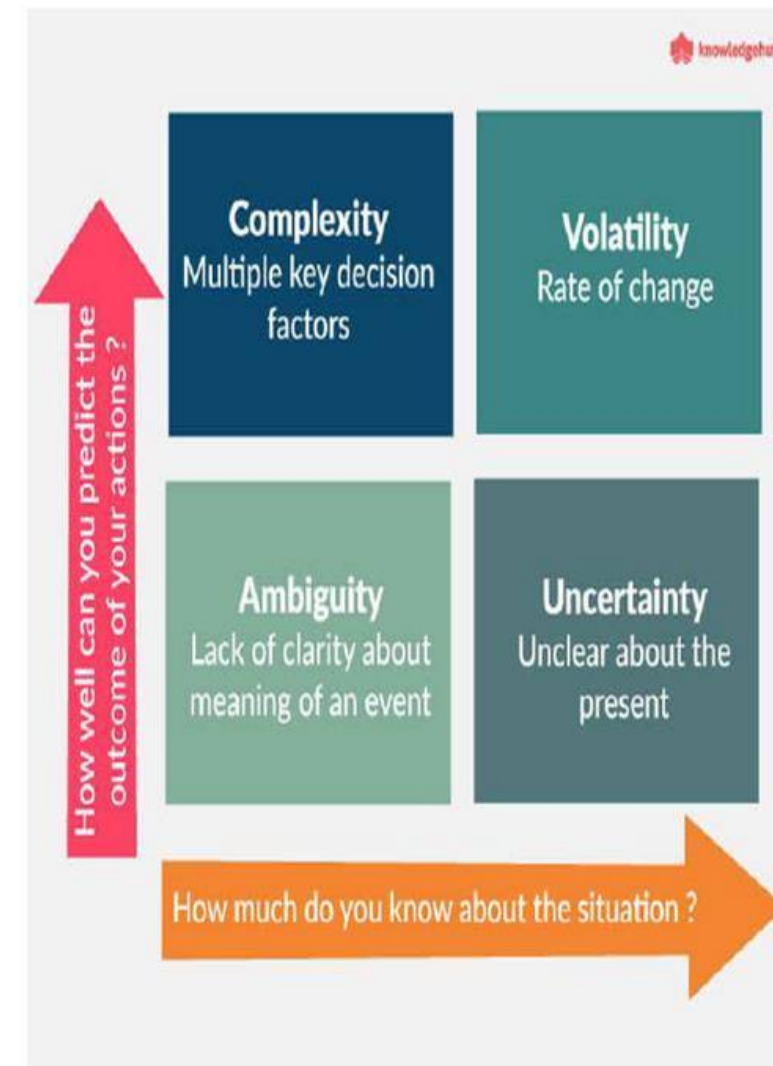
External Environment Then (Pestel)
Political
Economical
Social
Technological
Environment
Legal



External Environment Now (7Ds)
Dollar Effect
De-globalization & Decentralization
De-carbonization & Energy
Digitization & Technology
Destabilization of Geopolitical Order
Debt
Demographics

# VUCA Model

The world we live in is often described as VUCA: Volatile, Uncertain, Complex, and Ambiguous. This environment presents challenges for governance, but also opportunities for those who embrace sustainability.



VUCA stands for:

- **Volatility:** Rapid and significant changes in markets, economies, and regulations.
- **Uncertainty:** Difficulty in predicting future events and outcomes.
- **Complexity:** Interconnected and interdependent systems that are difficult to understand.
- **Ambiguity:** Lack of clarity or multiple interpretations of a situation.



# In the Headlines today

## BUSINESS DAILY

ECONOMY NEWS CORPORATE LIFESTYLE OPINION & ANALYSIS MARKETS DATA HUB VIDEOS SPECIAL REPORTS

.50 | CIC 2.16 | COOP 13.00 | CRWN 35.90 | CRWN-R - | CTUM 14.10 | DCON 0.45 | DTK 57.50 | EABL 160 | EGAD 12.35 | EQTY 51.50 | EVRD 0.97 | FAHR 6.22 | FTGH 1.22 | GLD

myStocks Live Quotes | 9:00 AM EAT - Market Auction

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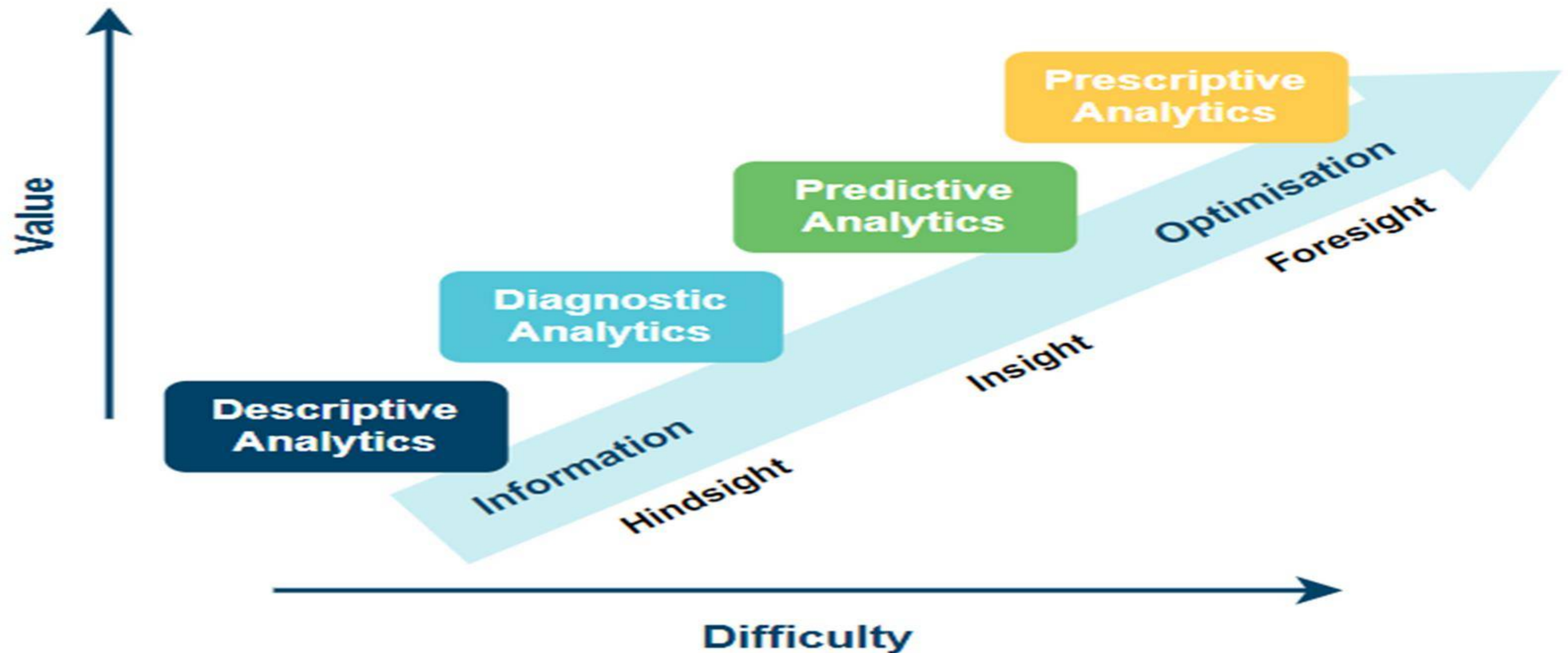


### CAPITAL MARKETS

## NSE sheds Sh92bn in a day as Russia invades Ukraine

FRIDAY FEBRUARY 25 2022

# The Opportunity of Data Analytics





What you focus on matters...

**Opportunities are nowhere**

Did you see

**Opportunities are nowhere**

or

**Opportunities are now here  
?**

“resources have never been scarce  
,only resourceful minds are”

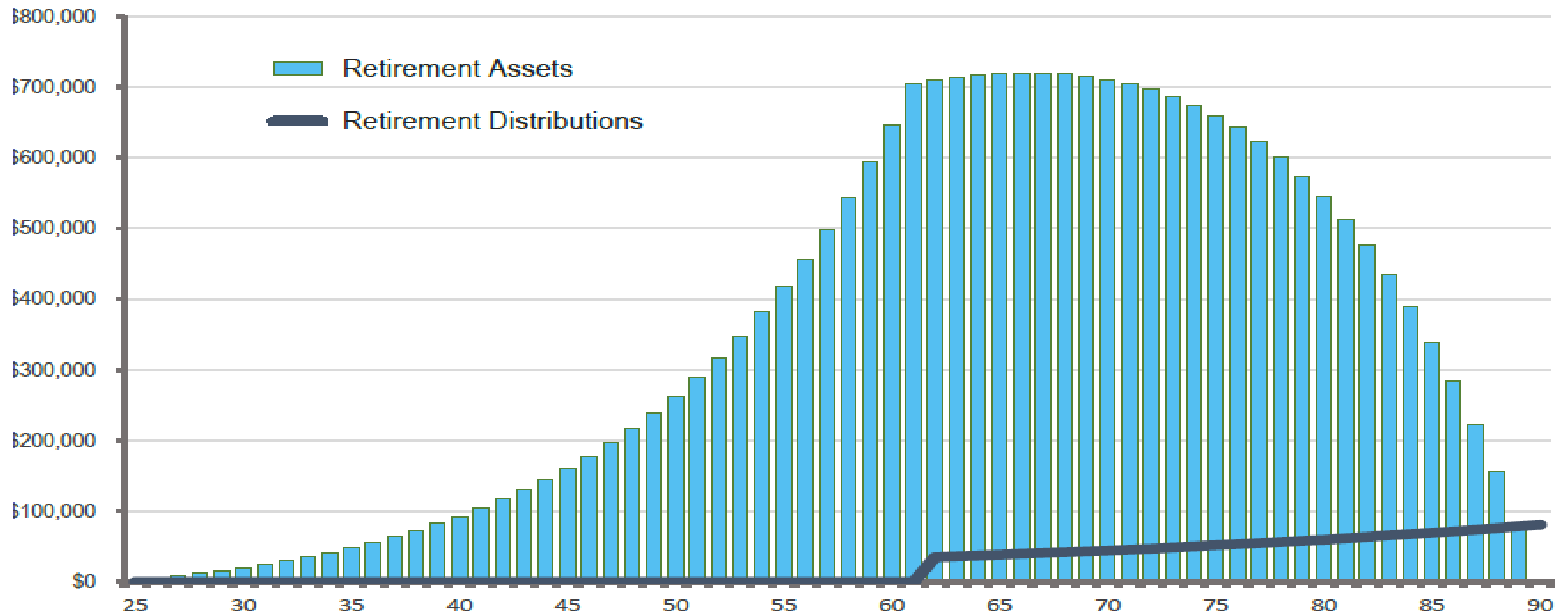


# Mitigating Longevity Risks



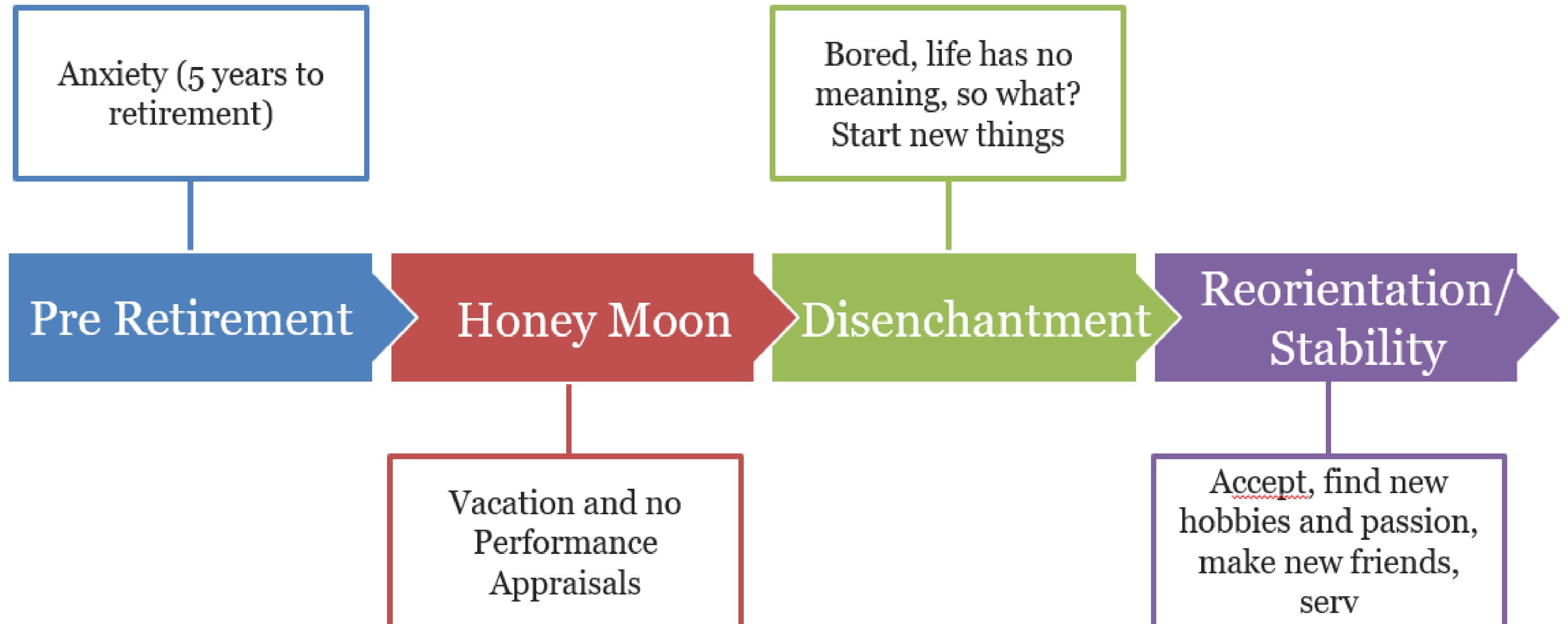
# Decumulation

*Spending down your retirement savings strategically*

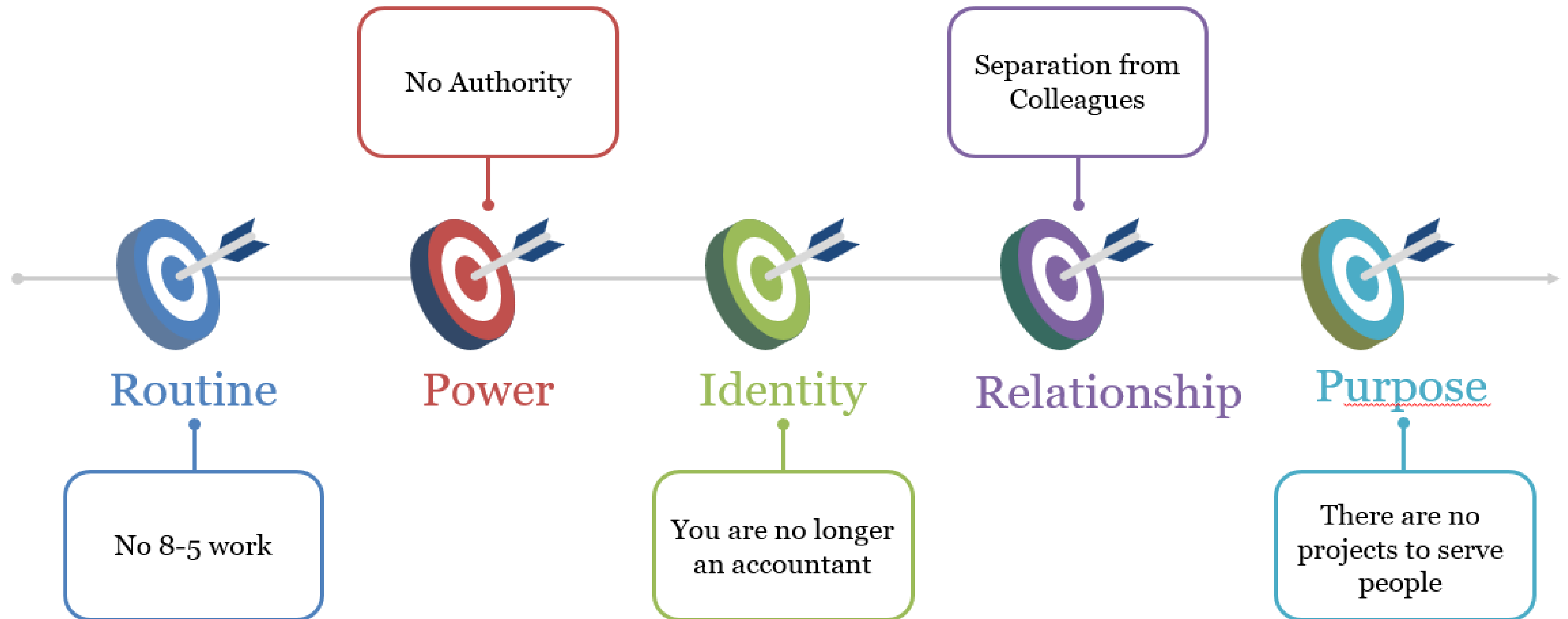




# The Stages of Retirement



# Losses At Retirement





# Impact of Growing Elderly Population:

This demographic shift will have a significant impact on Africa:

- **Increased Demand for Social Services:** There will be a growing need for healthcare, social security programs, and other services specifically designed for the elderly.
- **Potential Strain on Resources:** Governments will need to adapt to support a larger elderly population, which could put a strain on resources.
- **Economic Opportunities:** The growing elderly population also presents opportunities for businesses catering to their needs, such as healthcare services and senior housing.
- **Depletion of Retirement savings :** Your retirement savings may not be enough to cover your expenses for a longer lifespan.
- **Pension funds face strain:** Pension plans that promise fixed payouts may find themselves struggling to meet their obligations if people live longer than anticipated.
- **Inflation:** Eats away at the purchasing power of savings, potentially requiring adjustments to retirement budgets.

# Impact of Growing Elderly Population: Solutions:

## **1.Asset Liability Modeling:**

Analyze future financial obligations (healthcare, pensions) and projected assets (savings, investments) to assess individual and national longevity risk. This helps individuals and governments plan for a longer lifespan.

## **2.Income Sustainability:**

Develop programs and policies that encourage lifelong income generation, such as promoting flexible work options, entrepreneurship, and continuous skill development.

This ensures a steady income stream throughout life, even after retirement.

## **3.Data-driven Predictive Analytics:**

Analyze demographic and financial data to predict future trends related to longevity and retirement needs. This helps governments and financial institutions develop proactive solutions.

## **4. Legislative Policy Interventions for Gen Z & Alpha:**

Introduce policies like automatic enrollment in retirement savings plans for younger generations. Develop financial products tailored to the needs of Gen Z and Alpha, considering their unique financial landscape.

## **5. Innovative Products for Gen Z & Alpha:**

Develop new financial products tailored for younger generations, such as longevity-linked annuities or investment products with higher growth potential. These products can help Gen Z and Alpha build a strong financial foundation for their extended lifespans.



# Growth Opportunity



“The key to investing is not assessing how much an industry is going to affect society, or how much it will grow, but rather determining the competitive advantage of any given company and, above all, the durability of that advantage.”

“—

**Find a way to  
make Money  
while you sleep.**

—Warren Buffet—

—”



# Pillars for a Sustainable Retirement



## •Income Adequacy

- IRR above 40%



## •Medical Insurance

- Prefunding and linking to annuitization



## Housing

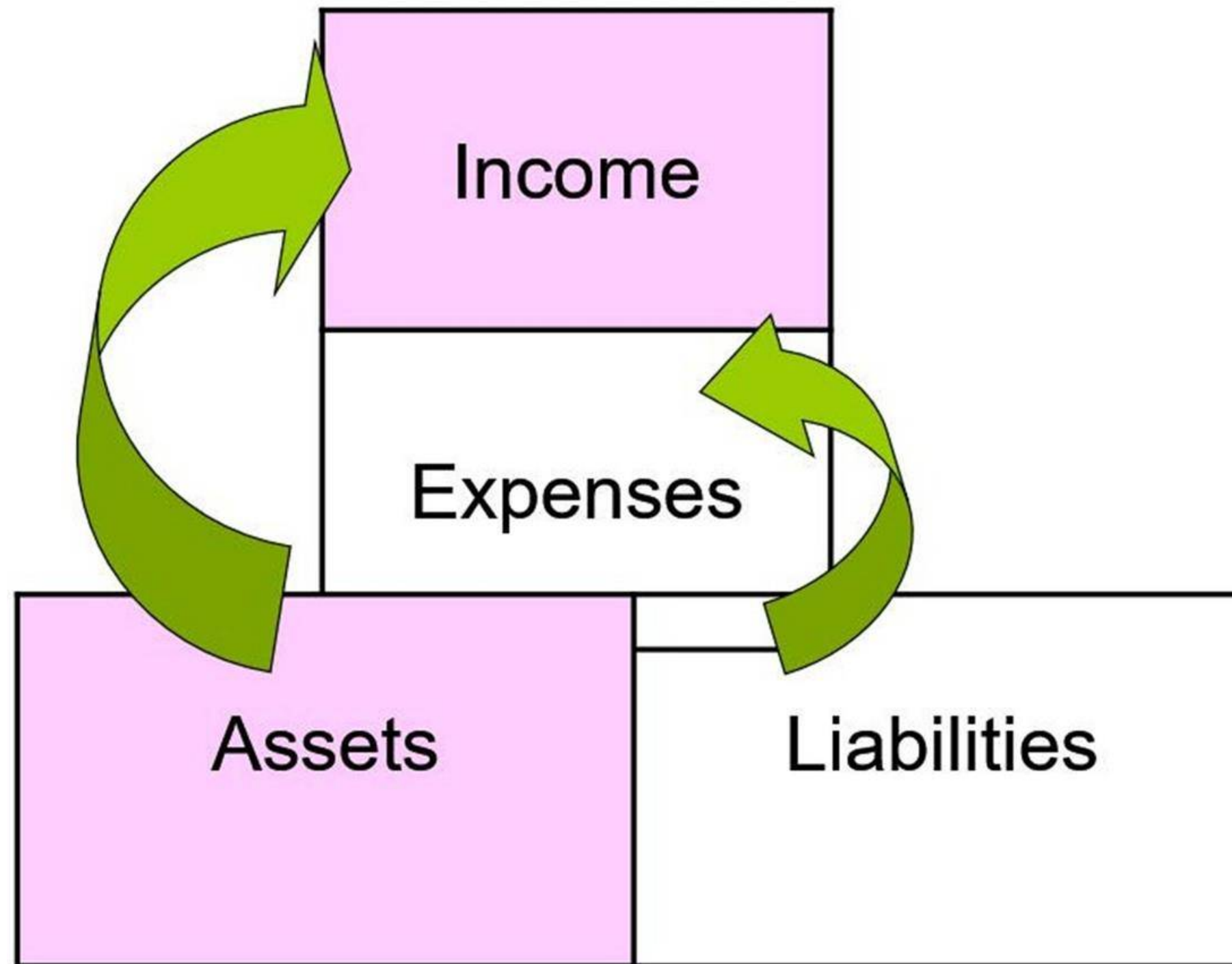
- Early Access to mortgage



## Purpose and Social Capital



# Building Your Networth



# Income Ability



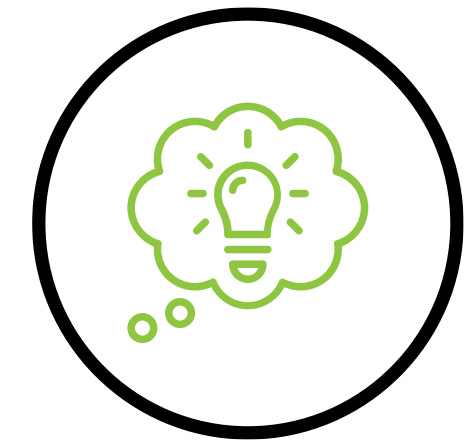
## •Ability to attract wealth

- Skill, Experience , competency
- Career, Credibility ( Employee or Business Owner)



## •Ability to Preserve wealth

- Spending and savings behavior, knowing your why



## •Ability grow wealth

- Savings , financial knowledge , risk management, , discernment of time and risk

## Some Fun Questions

Would you rather have a partner who is beautiful/handsome but broke or less beautiful/handsome but rich?





# The Starting point

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Evaluate  
where you are

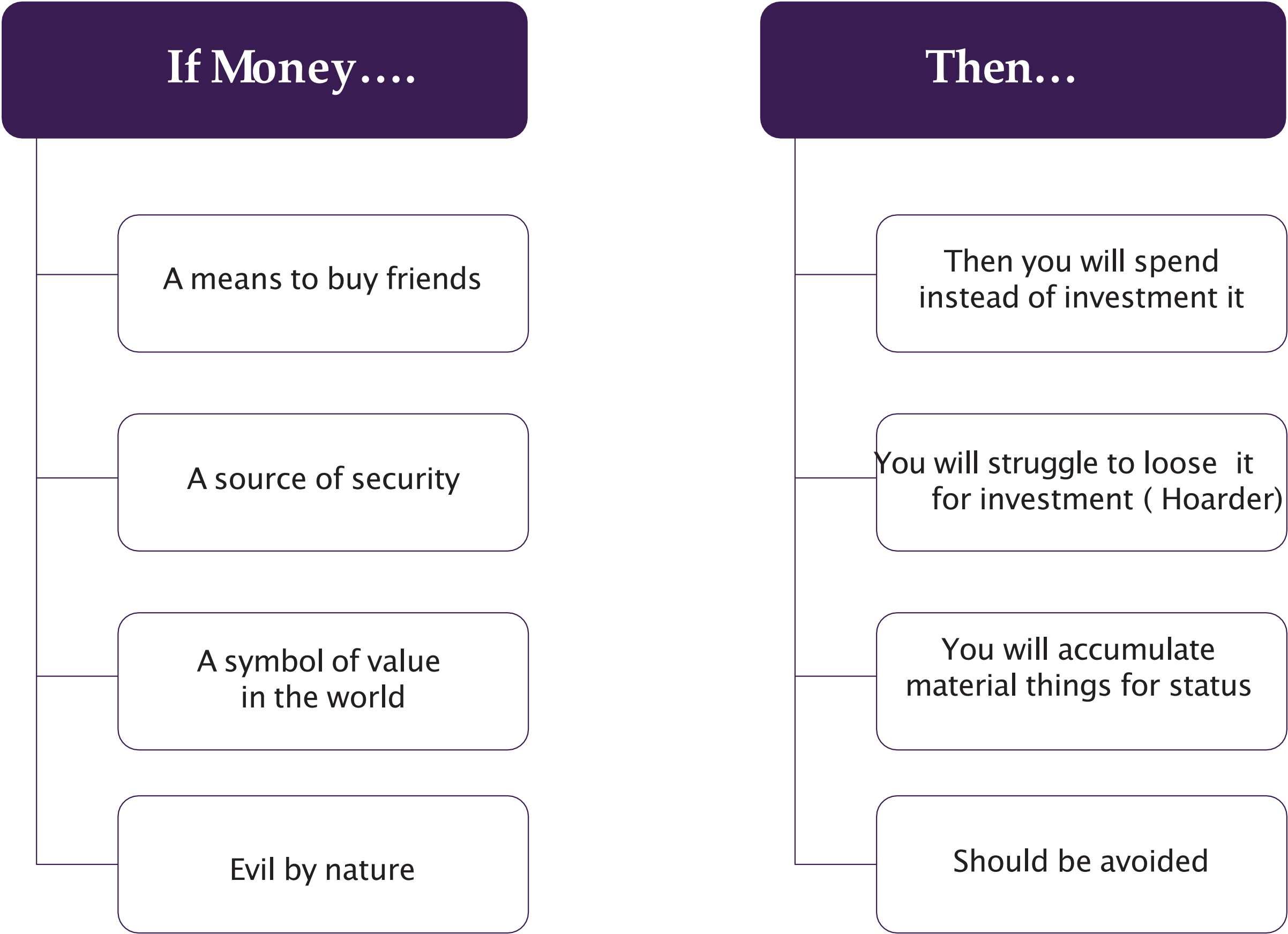
Where you  
want to be

How do you  
get there

Why do you  
want to get  
there

What do you  
have at hand

What are the  
risks



# The Poor and Rich Mindset

---

## Poor

- Hate the rich
  - Look for money
  - Use time to save money
  - They eat the future now
  - They spent by hope ... expected income
- They make long-term commitments based on short-term commitments
- Take money to the Bank for Safety

## Rich

- Celebrate one another
  - Look for opportunities to express purpose
  - Use money to save time
- They enjoy progressively
- They earn and spent
- They get their priorities right at each life stage
- Take money to the bank as collateral



# Diversifying Investment Portfolio

Age	20 – 30	31 – 40	41 – 50	51 – 60	61 – 70
Equities	60%	40%	30%	20%	15%
Fixed income	25%	30%	35%	35%	45%
Property	10%	25%	30%	40%	35%
Other	5%	5%	5%	5%	10%

# Where do I Invest?

Asset class	Returns	Volatility	Liquidity	Suitability
Equities	Dividends	High Volatility	Moderate to high liquidity	Short-term & long-term investors
Fixed Income Securities	Interest income	Low volatility	Moderate to High liquidity	Short-term & long-term investors
Mutual Funds	Capital appreciation Interest Income Dividends	Low volatility	Moderate to High liquidity	Short-term & Long-term investors
Private Equity	Dividends Capital appreciation	Relatively stable	Low liquidity	Long-term investors
Real Estate	Rental income Capital appreciation	Relatively stable	Low to moderate liquidity	Long-term investors
Structured Products	Capital appreciation Dividends Interest Income	Low to moderate volatility	Moderate liquidity	Long-term investors
Pension funds	Capital appreciation Dividends Interest Income	Low to moderate volatility	Moderate liquidity	Long-term investors

# Key Notes on Toxic Charity

**1**

**Give once and you elicit appreciation**

**2**

**Give twice and you create anticipation**

**3**

**Give three times and you create expectation**

**4**

**Give four times and it becomes entitlement**

**5**

**Give five times and you establish dependency**





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