



“DIGNITY IN RETIREMENT”

ENWEALTH CLIENT BREAKFAST MEETING

***OVERVIEW OF THE EVOLVING REGULATORY
LANDSCAPE WITHIN THE FRAMEWORK OF THE
NATIONAL RETIREMENT BENEFIT POLICY***

John Keah

RBA

14th February 2025

PRESENTATION OUTLINE



RBA'S MANDATE



INDUSTRY OVERVIEW



KEY INDUSTRY UPDATES



POLICY & STRATEGIC INTERVENTIONS WITHIN THE NATIONAL RETIREMENT BENEFITS POLICY



STAKEHOLDER PROPOSALS

RBA'S MANDATE



**Regulate and supervise -
establishment and
management of retirement
benefits schemes**



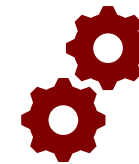
**Protect - interests of
members and sponsors**



**Promote - Development of
the retirement benefits
sector**



**Advise - The Cabinet
Secretary for the National
Treasury**



**Implement - Government
policies relating thereto**

INDUSTRY OVERVIEW

Pension Assets



1.9 Trillion

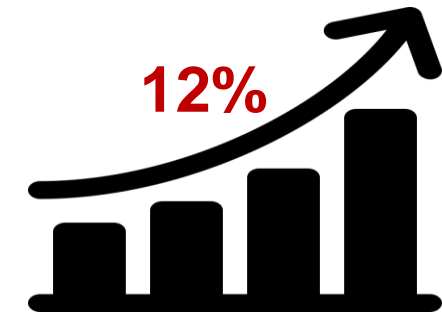
June 2024

Registered Schemes



1,031

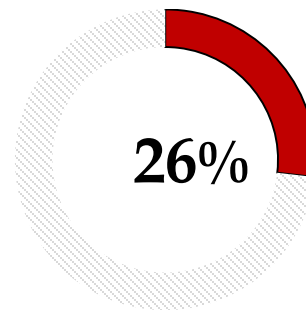
Average Industry Growth



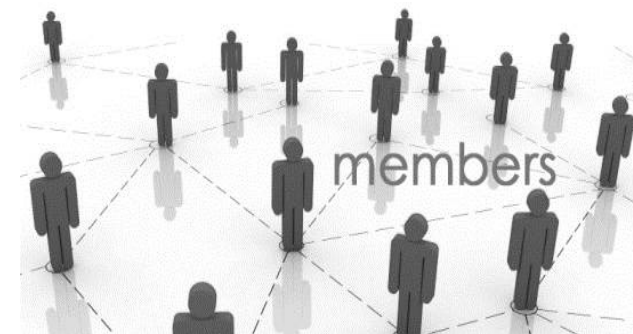
12%

Administrator - 31
Managers - 37
Custodian - 16
Corporate Trustees - 8

Service Providers

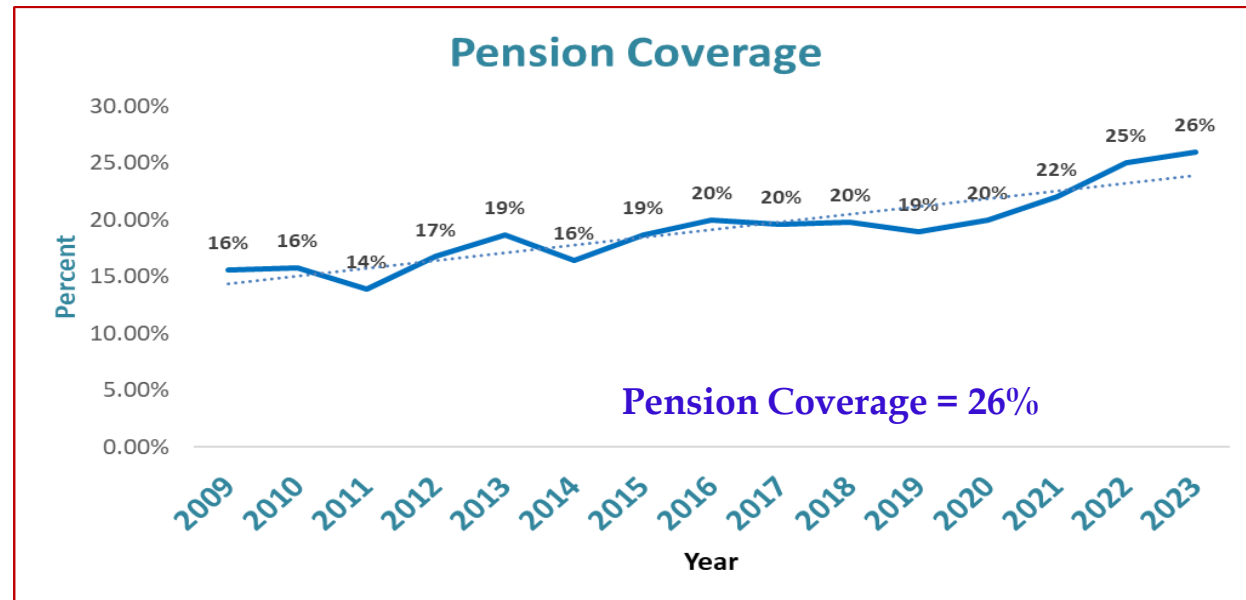
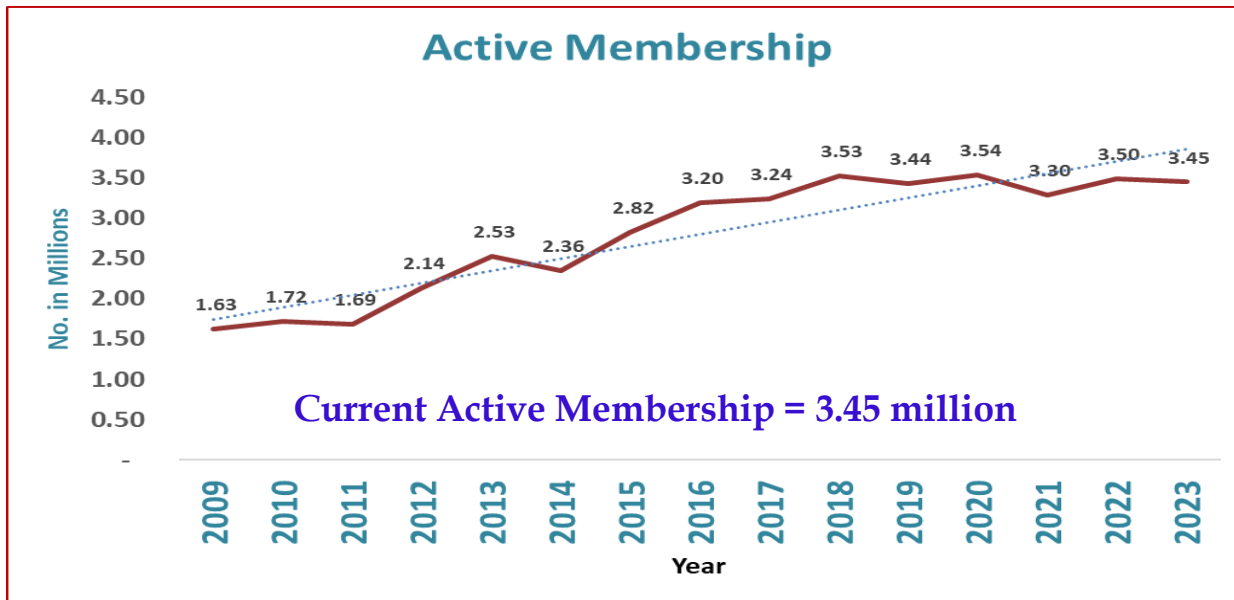
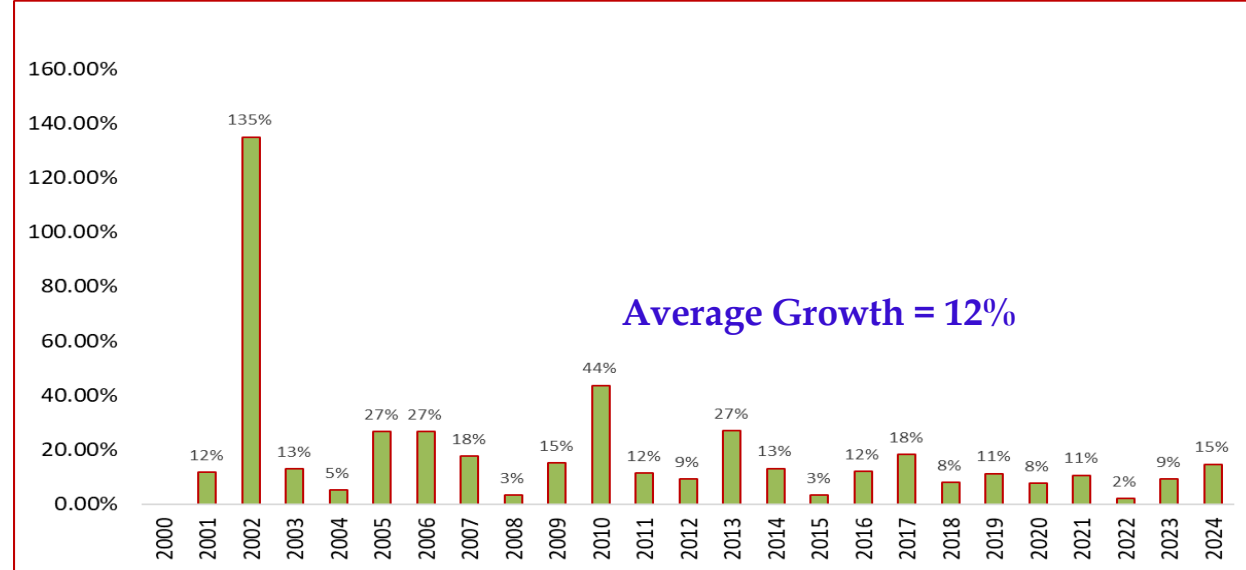
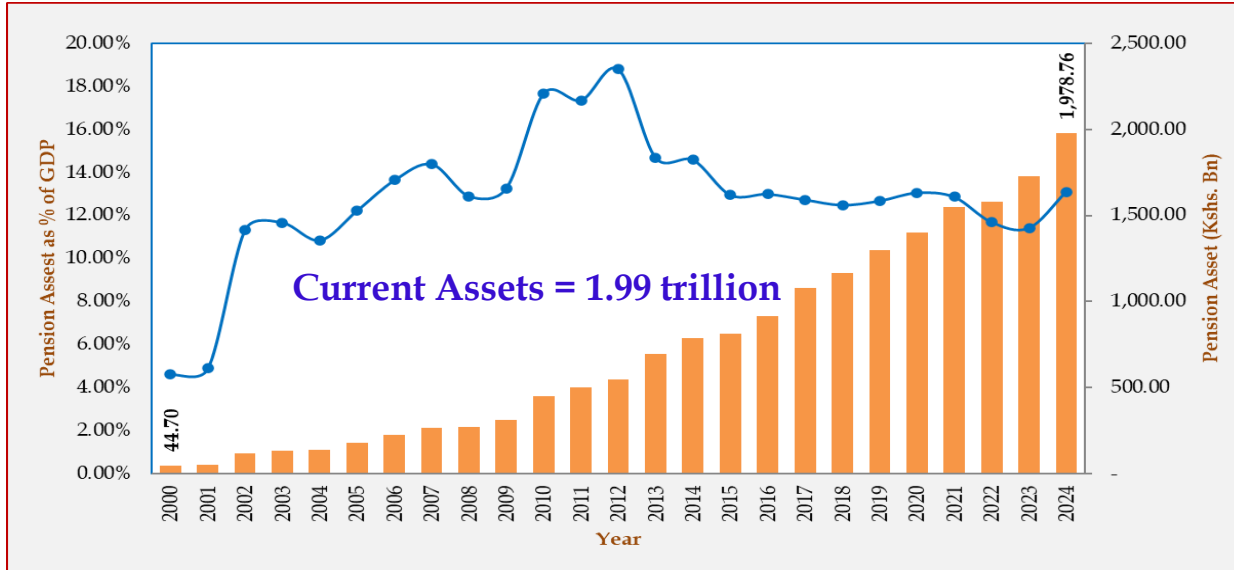


Pension Coverage



Active Members:
4.49 million

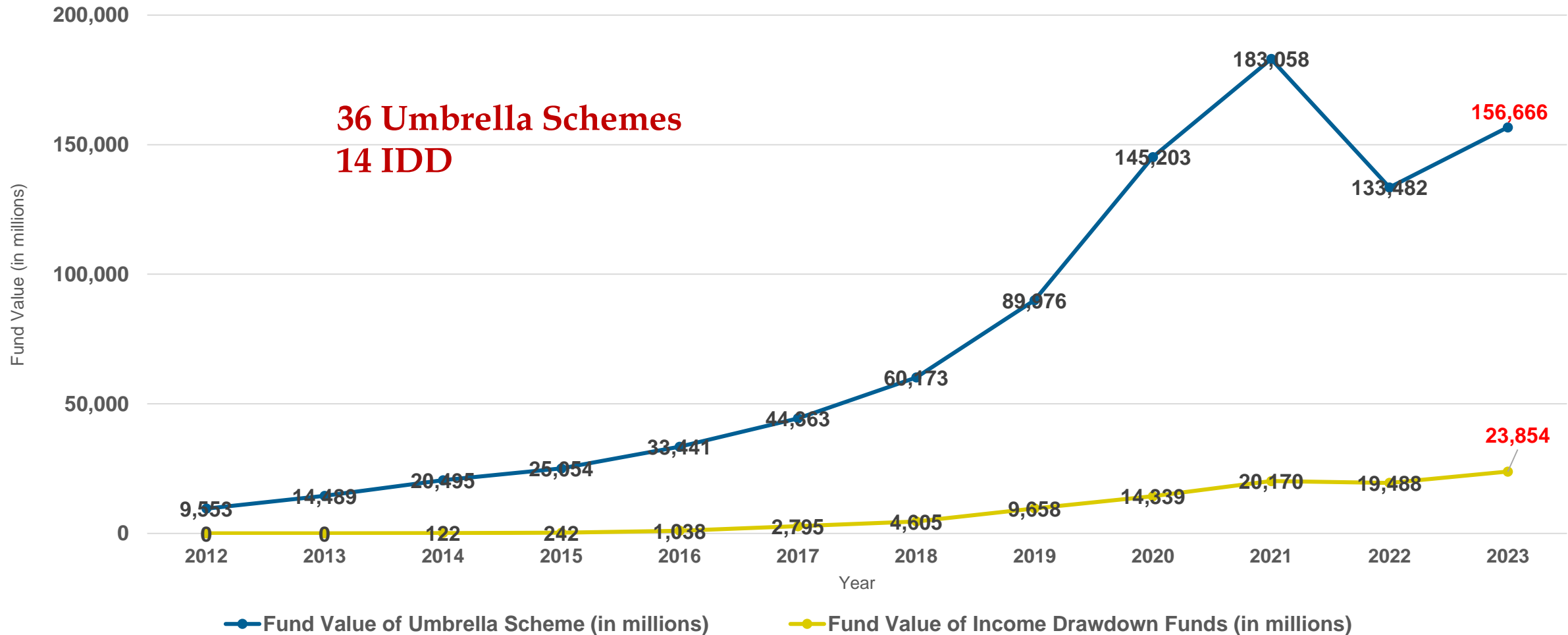
INDUSTRY GROWTH TRENDS



ASSET CLASS DISTRIBUTION

	June 2022		June 2024		Table G	
	Kshs. (BN)	%	Kshs. (BN)	%		
Government Securites	695.51	45.90	1,011.23	51.10	90	↑
Guaranteed Funds	284.51	18.78	405.24	20.48	100	↑
Immovable Property	239.22	15.79	236.31	11.94	30	↓
Quoted Equities	206.13	13.60	174.99	8.84	70	↓
Fixed Deposits	36.42	2.40	53.22	2.69	30	↑
Offshore	15.24	1.01	39.04	1.97	15	↑
Cash	20.66	1.36	24.71	1.25	5	
REITS	0.27	0.02	11.12	0.56	30	
Private Equity	3.40	0.22	8.77	0.44	10	
Listed Corporate Bonds	7.40	0.49	7.04	0.36	20	
Unquoted Equities	4.38	0.29	3.94	0.20	5	
Commercial Paper, Non-listed bonds	0.02	0.00	3.08	0.16	10	
Any other Assets	2.00	0.13	0.06	0.003	10	
Totals	1,515.16	100	1,978.75	100		

UMBRELLA AND INCOME DRAWDOWNS GROWTH



CONTINUED IMPLEMENTATION OF NSSF ACT 2013

National Average Earnings	36,000
NSSF Contribution Rate (6% of monthly pensionable earnings by employer and employee)	12%

YEAR	2023	2024	2025	2026	2027
Lower Earning Limit (Kshs)	6,000	7,000	8,000	9,000	LEL to be gazetted by CS
Upper Earnings Limit (Kshs)	18,000	36,000	72,000	108,000	144,000
Upper Earnings Limit UEL)	50% of National average earnings	1 times National average earnings	2 times National average earnings	3 times National average earnings	4 times National average earnings

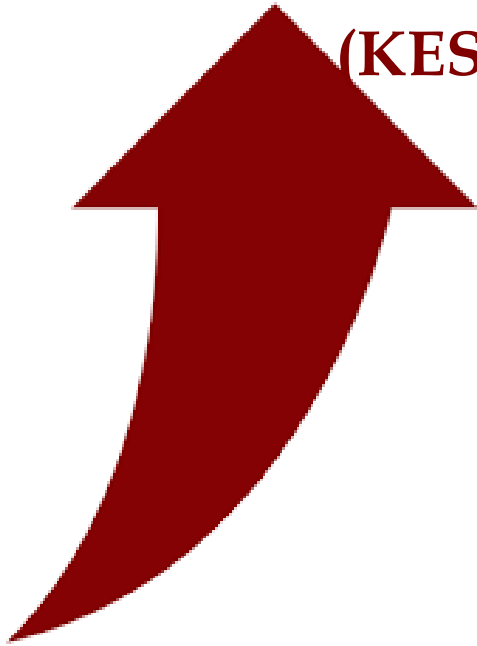
2483
contracting
-out
certificates

Year	2023	2024	2025	2026	2027
Tier I	720	840	960	1,080	Lower Earning Limit (LEL) to be gazetted by CS
Tier II	1,440	3,480	7,680	11,880	
Total NSSF	2,160	4,320	8,640	12,960	

TAX LAWS (AMENDMENT) ACT 2024 - TAXATION OF RETIREMENT BENEFITS

1. Limit for Tax-Free Pension Contributions up by 50%

To: KES 360,000 p.a
(KES30,000 p.m)



From: KES 240,000 p.a
(KES 20,000 p.m)

Key Benefits:

- Enhanced Disposable Income
- **Reduction in PAYE Liabilities**
- Incentivized Savings Culture
 - **Inflation Mitigation**

TAXATION OF RETIREMENT BENEFITS



You can now keep more of what you've earned for your golden years

RBA
Retirement Benefits Authority
Safeguarding your retirement benefits.

With the Tax Laws (Amendment) Act 2024:
"Retirement Benefits: Now Tax-Free!"

- Pension benefits are exempt from income tax for retirees who:
 - o Reach retirement age.
 - o Withdraw early due to ill health.
 - o Have 20+ years of membership in a scheme.

2. You no longer have to wait until you clock 65 years to access your benefits tax-free

Retirement age: as defined by the scheme

TAXATION OF RETIREMENT BENEFITS



3. Tax exemption of contributions to Post-Retirement Medical Fund:

- Provides immediate tax relief, increasing net salaries
- Encourages saving for healthcare

TAXATION OF RETIREMENT BENEFITS



RBA
Retirement Benefits Authority
Safeguarding your retirement benefits.

DID YOU KNOW?

The Tax Laws (Amendment) Act 2024 has lifted requirement for funds to register with KRA

Retirement funds now register only with RBA-no dual process.

4. Acknowledgement of registration of schemes by RBA as the final registration for purposes of tax exemptions

THE NATIONAL RETIREMENT BENEFITS POLICY

- The policy aims to provide a framework to guide the harmonization, coordination, good governance and growth of the retirement benefits sector



KEY POLICY ISSUES - I



Harmonisation of the legal framework under which retirement benefits schemes operate.



Pension Coverage

How can the uncovered mainly the informal sector be covered?

The role of auto-enrolment and bundled products to encourage saving for retirement. *The case for KNEST with long-term and short-term savings*

Retirement solutions for changes with labour dynamics – Gig employment, short-term contracts.



Use of Technology in the Retirement Benefits Industry

Are we ready for an integrated ICT platform facilitating real-time data sharing among stakeholders?

Can emerging technologies like AI be incorporated into the retirement benefits sector and are we ready?

KEY POLICY ISSUES - II



Adequacy of benefits/income replacement rate

Should we have minimum contribution rates?

Total preservation of benefits to ensure that people do not outlive their benefits with increased longevity

Correlation of expenses and benefits



Diversity in scheme investments

Why are pension schemes shying away from alternative asset classes?

Availability of alternative investments and research on risk versus return

Utilisation of specialised fund managers.

ESG investment of pension funds

STAKEHOLDER PROPOSALS TO BE CONSIDERED

Trustee Term Limits

Registration of Trust
Funds

Unremitted
contributions and
role of KRA as an
agent

Preservation of
benefits

Shariah-compliant
investment

Commissions paid
to Deposit
Administration
Funds

CONCLUSION



The tax incentives enable us to expand coverage, and we should motivate members to save more to take advantage of the new tax incentives.



Discussions initiated with KRA to address and provide clarity on some areas of concern in the Tax Amendments Act 2024



The Authority is implementing the National Retirement Benefits Policy to ensure it remains robust and to enhance growth



Two Tax Forces constituted and steered by the National Treasury to address challenges of unremitted contributions and explore possibilities for pension funds to participate in Public Private Partnerships



Thank You

Rahimtulla Tower 14th Floor Upper Hill Road

P.O. Box 57733 - 00200 Nairobi Kenya

Tel: 2809000@rba.go.ke

Toll Free No: 0800720300

Website: www.rba.go.ke