CONTRIBUTORS AND ACKNOWLEDGEMENTS

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This report was written and compiled by members of the social security study group in the Strathmore Institute of Mathematical Sciences through Partnership with Enwealth Financial Services; a leading, innovative, customer centric social security financial services provider registered with the Retirement Benefits Authority.

This research was supported by the Institute of Human Resource Management (IHRM) through a collaborate partnership with Enwealth which saw their members participate in the survey. We are thankful to the Executive Director, the Management and entire staff of IHRM.

This collaborative industry based research partnership is aimed at generating authentic information and market experience with a view to propose innovative social security products and contribute to viable policy formulation. This is coupled with a shared vision of better livelihoods in retirement and enhancing sustainable growth and development of social security financial services in Kenya.

The outcome from the research is expected to impact the industry firstly in research based innovation for niche specific, relevant and modern social security and employee benefits products and services; secondly enhancing governance structures within organizations and retirement benefits schemes and lastly on policy formulation on issues of social security in Kenya.

The report from this survey and continuous research will be launched in a forum dubbed ‘The Enwealth Conversations’ which shall be held on a quarterly basis.

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TABLE OF CONTENTS

Introduction ........................................... 4
Executive Summary ................................ 5
Summary of Findings .............................. 6
Remuneration ....................................... 6
Trustee performance review and fund performance .......................... 7
Trustee perception on engagement and remuneration ...................... 7
Background to the study ................................ 8
Research objectives and methodology ................................. 9
Research findings ................................... 10
Trustee Remuneration ................................ 10
Trustee engagement and performance evaluation ....................... 13
Perception of trustees on pay and engagement ......................... 15
Commentary on industry policy and practice considerations .......... 19
### TABLE OF FIGURES

<table>
<thead>
<tr>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trustee remuneration by fund sponsor type</td>
<td>9</td>
</tr>
<tr>
<td>Trustee remuneration by fund size</td>
<td>10</td>
</tr>
<tr>
<td>Composition of respondents by type of selection to serve on the board of trustees</td>
<td>11</td>
</tr>
<tr>
<td>Composition of respondents by highest level in the board of trustees</td>
<td>12</td>
</tr>
<tr>
<td>Overall engagement in fund governance (mission and strategy)</td>
<td>14</td>
</tr>
<tr>
<td>Engagement in investment management</td>
<td>15</td>
</tr>
<tr>
<td>Trustee time engagement</td>
<td>16</td>
</tr>
<tr>
<td>Trustee trust and performance review</td>
<td>17</td>
</tr>
<tr>
<td>Trustee opinion for reasons to remunerate</td>
<td>20</td>
</tr>
<tr>
<td>Trustee opinion for reasons not to remunerate</td>
<td>22</td>
</tr>
<tr>
<td>Basis of remuneration</td>
<td>24</td>
</tr>
</tbody>
</table>
INTRODUCTION

The retirement benefits sector has tremendously grown since 2002 standing at industry estimated value of Kes.1 Trillion. The future growth prospects of the industry remains strong with many employers establishing occupational pension schemes.

The dynamic nature of the 21st century workforce presents unique challenges in terms of design of effective and relevant employee benefits. The shift in both social and demographic space driven by ICT innovations continuous to pose a critical need for deepening our understanding with respect to this sector.

The shift in scheme governance risk through scheme conversions has witnessed a higher proportion of scheme benefits designs being defined contribution schemes. In such schemes; the members (as opposed to the employers) bear the risk of adequacy of pension funds on leaving active work. Trustees of pension scheme, are tasked with, among other things ensuring “Investment of the funds of the scheme so as to maintain the capital funds of the scheme and generally to secure market rates of return on such investment”

With the value of pension fund assets growing five-fold in the last 10 years to over Kshs 900 billion, the average pension fund value per scheme has shifted from under Kshs 100 million to about Kshs. 500 million. This implies that the average scheme has shifted from the choice of simply placing all its funds in government securities to active investment management. Furthermore, and following instabilities in the financial sector, the regulatory and compliance framework has increased in volume and complexity impacting operational and cost efficiencies, especially for smaller schemes.

These changes increase pressure for better governance to protect member’s savings for retirement and places a higher demand for expertise, responsibility and involvement on the trustees who are charged with the governance of the pension schemes.

The legislation envisages delegation of the duties to professional persons registered with the Retirement Benefits Authority including custodians, actuaries, auditors, administrators and fund managers. However, this does not absolve trustees from the overall responsibility of decision making and governance with all duties referenced as actionable by trustees under the Retirement Benefits Act, Chapter 197 of Kenyan Laws.

A natural debate then comes up, on whether it is time to pay trustees for shouldering such responsibilities. And if so, what structure of pay would be considered permissible?

In Kenya, as it is with many jurisdictions, the policy environment is silent on compensation and its structure.

In publishing this Discussion Paper the Social Security Study group wishes to provoke a debate on the important issue of pension scheme governance focusing on trustee compensation.
EXECUTIVE SUMMARY

The trustee role provides a key bridge between the aspirations of scheme members saving for their retirement income, the strategy to meet the aspirations, and the eventual retirement benefit payout. As pension funds mature it is clear that the traditional voluntary based model of pension scheme governance may not work as well with increasing volume and complexity in the regulatory and investment environment.

Further, regulations have introduced the legal requirement for knowledge and understanding of highly technical areas such as investments, mortgage loan facilities and sponsor activities. The regulatory environment in Kenya helps trustees navigate these increasing demands through training as well as delegation of trustee duties to registered professional persons. This however, does not absolve trustees from the overall responsibility of decision making and governance with all duties referenced as actionable by trustees under the law.

An overwhelming majority of surveyed trustees – 88 percent – believe they should be paid for their role as trustees. 32 percent of trustees indicate they are currently receiving compensation for their role, with a further 36 percent indicating that the board is intending to review the remuneration of trustee’s policy in the near future. The average pay is Kshs 33,137 per annum for remunerated trustees.

Those advocating for compensation point to additional responsibility (44%), the need for motivation to perform better (32%), and the feeling that this is an additional uncovered risk (12%). Whereas those opposed mainly cite the fact that this was a voluntary role as the fund benefits them too (37%), compensation could open an avenue for abuse in pursuit of personal monetary interest (34%), and that trustees are already salaried employees of sponsor organizations (6%). Another 23% offered no reason for their opposition to pay.

We expect that the issue of trustee remuneration, together with related issues on engagement in scheme matters, monitoring and performance reviews will become areas of increasing challenge for trustee boards in the short and medium terms.

This discussion paper seeks the view of stakeholders on aspects of pension scheme governance with a focus on trustee remuneration.
SUMMARY OF FINDINGS

Remuneration

- 32% of trustees receive remuneration for their role as trustees.
- About a third of those not compensated indicate that their board is intending to review the policy of not paying trustees in the near future.
- Trustees of schemes with government agencies or public entities sponsor organizations are most likely to be remunerated (57.6%) whereas those of Non-Governmental Organizations least likely to be paid.
- The gender composition on the board has no statistically significant influence on the decision to pay and amounts paid.
- 69% of those remunerated are paid for attending full board meetings.
- 35% indicate that the chairperson of the board of trustees is remunerated differently from other trustees.
- The average amount of remuneration per annum is Kshs. 33,137 with a minimum of Kshs. 3,000 and a Maximum of Kshs. 100,000.
- With the statutory minimum of 4 meetings in a year, the estimated remuneration for every board meeting is Kshs. 8,284 per sitting.
- Nearly half of those remunerated indicate that the decision to remunerate is a collective decision by the board of trustees, while 33% indicating the decision to pay and amount is set by the sponsor of the fund.
- 72% of those remunerated are paid from the fund. 92% indicating that the fund rules allow for this. However 40% indicate that the board has not developed a formal policy for trustee remuneration.
- 69% indicate that the payment orders and transfers are made through the scheme’s administrators with 30% paid through the scheme’s sponsors.
Trustee performance review and fund performance

- Only 32% of the surveyed trustees are formally reviewed for their performance while 25% indicate that no performance review is conducted.

- 78% of non-remunerated trustees did not receive a service contract on appointment as trustees, compared with 47% for those remunerated.

- Only 13% of surveyed trustees indicate that performing the trustee role forms part of their employee performance appraisal by the sponsor.

- The average self-reported interest return of the funds during the last financial year was 6.00% and 5.81% for remunerated and non-remunerated trustees respectively.

- There is no statistical difference of the [self-reported] overall interest return of the fund comparing between remunerated and non-remunerated trustees.

- The average number of meetings and length of meetings do not vary significantly for the remunerated compared with non-remunerated trustees.

- On average trustees are engaged and understand their key duties well. Remunerated trustees, however, more strongly indicate their engagement to duties especially to review and terminate investment managers.

Trustee perception on engagement and remuneration

- 88% of surveyed trustees believe that they should be remunerated for their role.

- Those advocating for compensation point to additional responsibility (44%), the need for motivation to perform better (32%), and the feeling that this is an additional uncovered risk (12%).

- Those opposed mainly cite the fact that this was a voluntary role as the fund benefits them too (37%), compensation could open an avenue for abuse in pursuit of personal monetary interest (34%), and that trustees are already salaried employees of sponsor organizations (6%). 23% offered no reason for their opposition to pay.

- 53% indicate that time to be the main constraint to their ability to perform their duties satisfactorily; 23% cite fund governance issues while 13% indicate they have no constraints to performing their duties.

- 11 different criteria were suggested as a basis for remuneration. 31% felt that remuneration should be based on fund performance with 17% suggesting competitive market benchmarked basis.
BACKGROUND TO THE STUDY

In Kenya, as it is with many jurisdictions, the policy environment is silent on compensation structure for trustees of pension schemes, with the practice on compensation limited to meeting attendance tokens or cost reimbursements (Clark & Urwin, 2008).

The concept of compensation arguably originates from (Maslow, 1943) hierarchy of needs with compensation playing a role in providing a means of acquisition of the needs. However, not all needs can be paid for. Subsequently, studies have looked into the question of performance and satisfaction at the workplace, and specifically whether compensation motivates or demotivates. Extant literature has indicated weak to no relationship. Meta-analysis by (Judge, Piccolo, Podsakoff, Shaw, & Rich, 2010) finds similar results at a global level, different pay levels as well as across cultures and jurisdictions. Further, a review of controlled experiments by (Deci, Koestner, & Ryan, 1999) conclude “strategies that focus primarily on the use of extrinsic rewards do, indeed, run a serious risk of diminishing rather than promoting intrinsic motivation” p. 659

Proponents of compensating boards of trustees argue the unsustainability of relying on the altruistic call of duty to serve their roles. They point to the growing constraint on the time availability with increased fiduciary and legal responsibilities (Bussin & Phillips, 2015), shortfall in competencies (Ambachtsheer, Capelle, & Lum, 2007) and reduction in collective commitment (defined as “the ability to work together for a common purpose speeding up the decision making process” (Clark & Urwin, 2008) associated with the standard trustee models.

Modest compensation, it is argued, would help the pension funds attract and engage skilled committed trustees who will prioritize the funds work. It is argued then that at a minimum, a compensation would establish a contractual obligation to commit time and attention by the otherwise busy person.

In some Jurisdictions, the pressure for higher expertise and professionalism has led to transformations in the standard pension governance model to include professional trustees that are vetted competitively with a matching market based compensations as well as delegation of fiduciary responsibilities to professional service providers (Clark & Urwin, 2010).

In the Kenyan case, the legislation envisages delegation of the duties to professional persons registered with the Retirement Benefits Authority including custodians, actuaries, auditors, administrators and fund managers. This however, does not absolve trustees from the overall responsibility of decision making and governance with all duties referenced as actionable by trustees under the (Retirement Benefits Act, 2014).

Opponents of compensation point to increasing research indicating no concrete evidence that compensation leads to higher level of engagement or better work performance.
RESEARCH OBJECTIVES AND METHODOLOGY
Trustee Remuneration

32% of the 270 trustees in our sample receive a remuneration for their duties with an average remuneration per annum is Kshs. 33,137.25. The minimum annual pay reported was Kshs. 3,000 and the maximum reported was Kshs. 100,000.

Trustees of Funds with Government Agencies or Public entities sponsor organizations are most likely to be remunerated (57.6%) whereas those of Non-Governmental Organizations least likely to be paid.
With an average board of six, the annual payout per scheme ranges between Kshs. 18,000 and Kshs. 600,000 (Average of Kshs. 219,992). This less than 0.1% of the total fund value at each level. Further, this is less than 1% of the estimated annual contributions to the funds.

Majority of those paid (73%) are paid an allowance for every full board meeting.

The board of trustees is typically composed of persons selected to serve on the board in one of three ways. First, some trustees are elected by scheme members themselves. Second, ex officio trustees – the trust secretary, appointed on the board after vetting by the Retirement Benefits Authority to provide trust services. The third group of trustees are appointed by the sponsoring organization.

Our data captured all types of trustees as described within the legislations.

<table>
<thead>
<tr>
<th>FUND SIZE</th>
<th>MEAN</th>
<th>SD</th>
<th>MIN</th>
<th>MAX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mega Scheme: Over 2 Billion Shillings</td>
<td>51,125.00</td>
<td>32,432.07</td>
<td>4,000.00</td>
<td>84,000.00</td>
</tr>
<tr>
<td>Large Scheme: 500 million to 2 Billion Shillings</td>
<td>38,411.76</td>
<td>24,189.51</td>
<td>3,000.00</td>
<td>90,000.00</td>
</tr>
<tr>
<td>Medium Scheme: 100 to 500 million Shillings</td>
<td>32,103.23</td>
<td>19,784.09</td>
<td>10,000.00</td>
<td>100,000.00</td>
</tr>
<tr>
<td>Small Scheme: Less than 100 million Shillings</td>
<td>25,021.88</td>
<td>21,899.03</td>
<td>6,000.00</td>
<td>80,000.00</td>
</tr>
<tr>
<td>Total</td>
<td>33,137.25</td>
<td>23,657.71</td>
<td>3,000.00</td>
<td>100,000.00</td>
</tr>
</tbody>
</table>
COMPOSITION OF RESPONDENTS BY TYPE OF SELECTION TO SERVE ON THE BOARD OF TRUSTEES

There exists no statistically significant relationship between the occurrence and level of pay and the type of trustee on the board. The regulations also provide limits of board number (between 3 to 9 members depending on the scheme benefits design type) with defined roles of chairpersons and trust secretary. The baseline survey also captured the various board roles within the board with responses from 18 board chairs, 15 board sub-committee chairs and 210 members of board.

11.2% 43.7% 20.2% 15.6% 12.2% 8.4%
SPONSOR NOMINATED MEMBER ELECTED TRUSTEE INDEPENDENT TRUSTEE (INDIVIDUAL) TRUST SECRETARY INDEPENDENT TRUSTEE (CORPORATE)
COMPOSITION OF RESPONDENTS BY HIGHEST LEVEL IN THE BOARD OF TRUSTEES

There exists no statistically significant relationship between the occurrence and level of pay and the role level of responsibility of the trustee on the board.

The legal framework further specifies percentage of member elected trustees – Not less than a third in the case of a defined benefits scheme; and not less than a half in the case of a Defined contribution scheme unless the scheme has appointed a corporate trustee. The constitution of Kenya enshrines gender representation (of at least a third) in public institutions. Private organizations are voluntarily embracing this.

Interestingly the cross tabulation between receiving a pay and member elected or gender composition of boards indicates a significant positive correlation. That is as the percentage of female and member elected trustees increases, the level of pay increases.
TRUSTEE ENGAGEMENT AND PERFORMANCE EVALUATION

We further evaluated the level of engagement using various indicators. This provided the trustee with a set of 13 questions to evaluate on a scale from strongly disagree to fully agree examining engagement on fund strategic goals, roles and responsibilities to investment management and board functioning, compensation and performance.

Remunerated trustees have overall stronger indicators of engagement approximately 10 percent points in key variables.
TRUSTEE ENGAGEMENT AND PERFORMANCE EVALUATION
OVERALL ENGAGEMENT IN FUND GOVERNANCE (MISSION AND STRATEGY)

I CAN DESCRIBE THE SCHEME'S MISSION

<table>
<thead>
<tr>
<th>Complete disagreement</th>
<th>Slightly disagree</th>
<th>Neutral</th>
<th>Slightly disagree</th>
<th>Fully agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO</td>
<td>3.0</td>
<td>9.6</td>
<td>18</td>
<td>69.5</td>
</tr>
<tr>
<td>YES</td>
<td>1.3</td>
<td>3.8</td>
<td>10.3</td>
<td>75.6</td>
</tr>
</tbody>
</table>

I CAN EXPLAIN THE FUNDS STRATEGIC GOALS AND ACCOMPLISHMENT THIS FAR

<table>
<thead>
<tr>
<th>Complete disagreement</th>
<th>Slightly disagree</th>
<th>Neutral</th>
<th>Slightly disagree</th>
<th>Fully agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO</td>
<td>0.6</td>
<td>4.8</td>
<td>14.4</td>
<td>51.5</td>
</tr>
<tr>
<td>YES</td>
<td>1.3</td>
<td>7.6</td>
<td>6.5</td>
<td>64.9</td>
</tr>
</tbody>
</table>
TRUSTEE ENGAGEMENT AND PERFORMANCE EVALUATION

ENGAGEMENT IN INVESTMENT MANAGEMENT

I SPEND TIME REVIEWING THE REPORT AND PERFORMANCE OF THE FUND MANAGER

- **NO**
  - Complete disagreement: 6.7%
  - Slightly disagree: 5.5%
  - Neutral: 21.8%
  - Slightly agree: 28.5%
  - Fully agree: 37.6%

- **YES**
  - Complete disagreement: 3.8%
  - Slightly disagree: 6.4%
  - Neutral: 12.8%
  - Slightly agree: 21.8%
  - Fully agree: 55.1%

I HAVE AUTHORITY TO RETAIN OR TERMINATE THE FUND MANAGER

- **NO**
  - Complete disagreement: 32.3%
  - Slightly disagree: 8.4%
  - Neutral: 15%
  - Slightly agree: 16.8%
  - Fully agree: 27.5%

- **YES**
  - Complete disagreement: 16.9%
  - Slightly disagree: 13%
  - Neutral: 13%
  - Slightly agree: 10.4%
  - Fully agree: 46.8%
TRUSTEE ENGAGEMENT AND PERFORMANCE EVALUATION

TRUSTEE TIME ENGAGEMENT

**MY ROLE AS A TRUSTEE IS PERCEIVED AS AN IMPORTANT DUTY BY THE SPONSORING ORGANIZATION**

- **NO**
  - Complete disagreement: 6.0%
  - Slightly disagree: 9.0%
  - Neutral: 14.5%
  - Slightly agree: 28.9%
  - Fully agree: 41.6%

- **YES**
  - Complete disagreement: 1.3%
  - Slightly disagree: 3.9%
  - Neutral: 11.8%
  - Slightly agree: 21.1%
  - Fully agree: 61.8%

**I HAVE THE NECESSARY TIME TO PERFORM MY DUTIES WELL**

- **NO**
  - Complete disagreement: 1.8%
  - Slightly disagree: 4.8%
  - Neutral: 18.2%
  - Slightly agree: 10.9%
  - Fully agree: 64.2%

- **YES**
  - Complete disagreement: 6.6%
  - Slightly disagree: 10.5%
  - Neutral: 82.9%
TRUSTEE ENGAGEMENT AND PERFORMANCE EVALUATION
TRUSTEE TRUST AND PERFORMANCE REVIEW

THERE IS A HIGH LEVEL OF TRUST BETWEEN MY FELLOW TRUSTEES AS WELL AS BETWEEN THE SERVICE PROVIDERS

- **NO**
  - Complete disagreement: 4.2%
  - Slightly disagree: 4.8%
  - Neutral: 12.1%
  - Slightly agree: 23.6%
  - Fully agree: 55.2%

- **YES**
  - Complete disagreement: 6.6%
  - Slightly disagree: 9.2%
  - Neutral: 19.1%
  - Slightly agree: 64.5%

PERFORMANCE BASED COMPENSATION IS AN IMPORTANT COMPONENT OF OUR SCHEME DESIGN

- **NO**
  - Complete disagreement: 24.8%
  - Slightly disagree: 12.7%
  - Neutral: 32.7%
  - Slightly agree: 11.5%
  - Fully agree: 18.8%

- **YES**
  - Complete disagreement: 15.6%
  - Slightly disagree: 10.4%
  - Neutral: 27.3%
  - Slightly agree: 13%
  - Fully agree: 33.8%
TRUSTEE ENGAGEMENT AND PERFORMANCE EVALUATION

42% of those remunerated indicate their performance as trustees is formally monitored compared with 26% of those not remunerated. 20% of those remunerated indicate their performance as trustees is not monitored, compared with 29% of those not remunerated. These variations are however not statistically significant.

The average self-reported interest return of the funds during the last financial year was 6.00% and 5.81% for remunerated and non-remunerated trustees respectively. There is, however, no statistical difference of the [self-reported] overall interest return of the fund comparing between remunerated and non-remunerated trustees.

<table>
<thead>
<tr>
<th>Trustee Pay</th>
<th>mean</th>
<th>sd</th>
<th>min</th>
<th>max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Remunerated</td>
<td>5.809048</td>
<td>4.036652</td>
<td>0</td>
<td>15.5</td>
</tr>
<tr>
<td>Remunerated</td>
<td>6.000972</td>
<td>3.529782</td>
<td>1.2</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>5.872146</td>
<td>3.870258</td>
<td>0</td>
<td>15.5</td>
</tr>
</tbody>
</table>
The survey posed three open ended questions

1. What, in your opinion, most limits your ability to satisfactorily conduct your duties as a trustee of the pension fund?
2. In your opinion should trustees be remunerated? Why?
3. In your opinion, what is a fair criteria for determining trustee remuneration (if remunerated)?

The responses were categorized into key themes based on the typed in responses.

A majority indicate time to be a major constraint in performing their duties. Interestingly a critical percentage indicate fund governance issues as a factor limiting their performance as trustees.

An overwhelming 88% of respondents feel that trustees should be remunerated. 5.3% indicate that trustees should not be remunerated while 8.2% suggest that the decision to pay should depend on some factors.

Majority point to the fact that this is an additional responsibility and that pay would motivate them for better performance.
TRUSTEE OPINION FOR REASONS TO REMUNERATE

- 9.9%: NO REASON
- 32.2%: MOTIVATED TO PERFORM BETTER
- 1.0%: TO ATTRACT BETTER TALENT
- 12.4%: IT IS ADDITIONAL UNCOVERED RISK
- 44.6%: IT IS ADDITIONAL RESPONSIBILITY
Illustrative quotes from the survey reasons for remuneration:

“Considering this is not a full time job one has to sacrifice time to do the work of a trustee.”

“Affordability and sustainability of the remuneration by the fund”

“Yes because of the responsibilities they are expected to carry out and the risks inherent in being a trustee”

“Yes, they should be remunerated because it will compensate them for the time and effort they put in. It will increase their accountability as custodians of member’s funds, it will generally motivated them and make them more engaged in serving their roles.”

“Yes. The duties require a high level of commitment, trust, fidelity and knowledge. To encourage trustees to optimise their performance, some form of compensation is necessary.”

“Yes they should, because they are performing a fiduciary duty where they are even liable for prosecution. Remuneration is also important to motivate trustees to work hard and acquire more knowledge for the betterment of the scheme.”
TRUSTEE OPINION FOR REASONS NOT TO REMUNERATE

- NO REASON: 28.6%
- ALREADY REMUNERATED BY SPONSOR: 21.4%
- ABUSE IN PURSUIT OF PERSONAL MONETARY INTEREST: 21.4%
- VOLUNTARY AS FUND BENEFITS THE TOO: 28.5%
Illustrative quotes from the survey reasons against remuneration:

“No, it would lead to trustees being more focused on earning instead of the actual role. Will also create unnecessary competition among members.”

“No, Since the meetings take place during working hours and the sponsor is paying the salary of the trustee there is no need to remunerate the trustee.”

“I do not really think they should be remunerated as it is part of the roles undertaken mainly as a Human Resources Manager of the Company.”

“If one is a trustee for an organizational scheme, then there’s no need for remuneration especially since they are full time employees.”

Illustrative quotes from the survey reasons “it depends” remuneration:

“No. It should be considered a voluntary role. This may however be reconsidered in large funds which require more from the Trustees.”

“Not really for smaller pension schemes, for major schemes it’s good we outsource independent trustees whom can be remunerated based on their professional input.”

“Where the fund is able to afford the trustees should be remunerated. Trustees bear heavy responsibilities and require incentive to motivate them and enhance commitment and accountability.”

“No unless where the sponsor/founder does not allow time off nor facilitates capacity improvement.”
BASIS OF REMUNERATION

- NO BASIS
- TRUSTEE BOARD DETERMINED
- SPONSOR DETERMINED
- REGULATOR DETERMINED
- EXPENSE REIMBURSEMENT
- FUND MEMBER DETERMINED
- COMPETITIVE PERFORMANCE MEASURES
- COMPETITIVE MARKET BENCHMARKED MEASURES
- STANDARD SITTING/ RESPONSIBILITY ALLOWANCE
- FUND PERFORMANCE BASED
- FUND VALUE/ SIZE
- TIME SPENT
Illustrative quotes from the survey on basis of remuneration:

“Everyone should receive the same remuneration for the duration of their service. Any segregation in pay will be difficult to justify.”

“It should be a flat amount that is sustainable in the long run. Fair criteria would be basing the remuneration with the responsibilities at hand after benchmarking the current market.”

“A reasonable token in form of sitting allowance and or honoraria at the end of the financial year. Budget can be capped as a percentage of the fund or fixed amount.”

“Sitting allowance approved by members during AGM meeting depending on the scheme performance or fund value at that moment which can be reviewed only during AGM by members, decision to do so.”

“The RBA needs to come up with a formula for determining remuneration based on size of the scheme.”
Commentary on industry policy and practice considerations

The overall objective of the study was to gain insight on the current practices applied by pension schemes to remunerate trustees. This was achieved by examining the occurrence of pay and segmenting the outcome based on various factor such as trustee characteristics, scheme characteristics and performance; and trustee performance and engagement.

In Kenya, as it is with many jurisdictions, the policy environment is silent on compensation and its structure. The regulations makes mention of the scheme's rules provision for remuneration but does not regulate the amount and structure paid to trustees. It does however require a disclosure in the annual general meetings.

The baseline survey established the following salient features in respect to the current remuneration practices:

1. 69% of remunerated trustees indicated that remuneration was paid for attendance of full board meetings and a further 14% for attendance of sub-committee meetings whereas 7% are provided an allowance for attendance of scheduled training.

2. 33% of trustees who are not remunerated indicated that their board intends to review the policy of not paying trustees in the near future.

3. Whereas 92% indicate that the scheme rules allow for remuneration, 40% of surveyed trustees indicate that the board has not developed a formal policy for trustee remuneration.

4. Respondents were asked to suggest fair criteria for remuneration. 11 criteria were analyzed with 38% advocating for a fund performance basis, 16% for a competitive market based rate and 14% for a standard sitting or responsibility allowance.

5. 53% of respondents indicate time to be the major constraint in performing their duties as trustees with a notable 23% indicating fund governance issues as the major constraint.

Consideration

While noting the complexity of achieving an ideal trustee remuneration structure in the absence of clear legislative framework, the urgent need to consider an appropriate industry remuneration policy is evident.