

**BILLS SUPPLEMENT**

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**Bill No. 2 Retirement Benefits Sector Liberalisation Bill** **2011**

**THE RETIREMENT BENEFITS SECTOR LIBERALISATION  
BILL, 2011**

**MEMORANDUM**

**1. Policy and Principles**

The policy behind this Bill is to liberalise the retirement benefits sector; to remove monopoly over mandatory contributions; to provide for fair competition among licensed retirement benefits schemes; to provide for mandatory contributions and benefits; to consolidate and reform the law relating to retirement benefits; to convert the public service pension scheme into a contributory scheme; to repeal the Pensions Act, Cap 286 and the National Social Security Fund Act, Cap. 222 and preservation of funds under the National Social Security Fund.

The major principles of the Bill include providing for mandatory contributions for all employees and employers in both formal and informal employment to licensed retirement benefits schemes, ensuring portability and transfer of retirement savings to a licensed retirement benefits scheme of the employee's choice, allowing licensed retirement benefits schemes to compete for the mandatory contributions and ensuring that all licensed retirement benefits schemes are fiscally sustainable.

**2. Defects in the Existing Law**

The pension sector in Uganda is currently composed of the Public Service Pension Service Pension Scheme which is a Government scheme that caters for the pensions of civil servants and the National Social Security Fund which is responsible for the retirement benefits under private sector.

The Public Service Pension Scheme regulated by the Pensions Act, Cap 286 is a defined non- contributory system that is guaranteed by the State and funded from taxes collected by the Government thus making it fiscally unsustainable hence the need to rectify the situation by enacting a law that will transform the public service pension scheme into a contributory scheme.

The National Social Security Fund which is responsible for the retirement benefits under private sector is regulated by the National Social Security Fund Act Cap. 222. There is wide public perception that the National Social Security Fund has not been run on sound governance principles and this could have a negative effect on savings mobilisation in the country. It is therefore imperative that immediate action should be taken to enact a law to reform and liberalise the retirement benefits sector in order to avert the collateral damage that has been caused to the retirement savings of employees from the private sector and the retirement benefits sector as a whole.

### **3. Remedies Proposed to deal with Defects in the Existing Law**

There have been efforts since the early 1990s to introduce reforms in the retirement benefits sector as a whole. The liberalisation of the retirement benefits sector will bring about fair competition for mandatory contributions and innovation of products by the licensed retirement benefits schemes thus improving efficiency, transparency, governance, accountability and harnessing the growth potential in the liberalised retirement benefits sector.

### **4. Objects of the Bill**

The objects of the Bill are—

- (a) to provide for liberalisation of the retirement benefits sector;
- (b) to remove monopoly of a single retirement benefits scheme over mandatory contributions;

- (c) to provide for fair competition among licensed retirement benefits schemes for mandatory contributions;
- (d) to provide for mandatory contributions and benefits;
- (e) to consolidate and reform the law relating to retirement benefits;
- (f) to provide for the transfer of retirement savings from one retirement benefits scheme to another scheme in accordance with the Act and Regulations made under the Act.
- (g) to convert the public service pension scheme into a contributory scheme;
- (h) to repeal the National Social Security Fund Act, Cap. 222;
- (i) to repeal the Pensions Act, Cap 286; and
- (j) for other related matters.

**5.** The Bill is divided into seven parts and two Schedules.

5.1 Part I of the Bill incorporating clauses 1 and 2 provides for preliminary matters relating to commencement and the interpretation of words and phrases used in the Bill.

5.2 Part II of the Bill in clauses 3 to 6, deals with, among other things, the liberalization of the retirement benefits sector by allowing all licensed retirement benefits schemes to operate and compete for mandatory contributions in an open market in accordance with the Act.

Clause 4 provides for the minimum requirements for operating a retirement benefits scheme in a liberalised retirement benefits sector.

Clause 5 requires every retirement benefits scheme other than a scheme funded out of the consolidated fund to have a scheme fund into which all contributions, investment earnings, income and all other moneys payable under the scheme rules or the provisions of the Act shall be paid.

Clause 6 provides for formation and registration of umbrella retirement benefits schemes

5.3 Part III in clauses 7 to 18 deals with mandatory registration and contribution. Clause 7 (1) requires every employee in the formal sector to register with a licensed retirement benefits scheme of his or her choice and to make regular contributions to the retirement benefits scheme in accordance with the Act and regulations made under the Act.

Clause 7(2) provides for every employer in the formal sector, irrespective of the number of employees, to make regular contributions for his or her employees to a licensed retirement benefits scheme in accordance with the Act and regulations made under the Act

Clause 8 (1) provides for voluntary contributions for an employer or employee in the informal sector.

Under Clause 8(2), an employee in the formal sector may, in addition to the mandatory contributions made by him or her, and his or her employer under clause 7, make voluntary contributions to a licensed retirement benefits scheme of his or her choice.

Clause 9 deals with portability and transfer of retirement savings from one retirement benefits scheme to another scheme in accordance with the Act and Regulations made under the Act.

Clause 10 provides for the rate of contributions and Clause 11 deals with remittance of contributions.

Clause 12 provides for every employee to open and maintain a retirement savings account in his or her name with a licensed retirement benefits scheme of his or her choice. Clause 13 requires every retirement benefits scheme to issue a social security number to every person who opens a retirement savings account with the scheme.

Clause 14 provides for crediting of retirement savings account and records of retirement savings account.

Clause 15 provides for ceasing of membership and mandatory contributions.

Clause 16 provides for utilization of the balance of retirement savings account.

Clause 17 provides for a reserve account and Clause 18 deals with closing of a retirement savings account.

5.4 Part IV in clauses 19 to 23 deals with benefits. Clause 19 requires a retirement benefits scheme to offer basic mandatory benefits including—

- (a) age benefit;
- (b) survivor's benefit;
- (c) invalidity benefit;
- (d) medical and maternity benefit;
- (e) unemployment benefit;
- (f) education benefit;
- (g) home ownership benefit; and
- (h) any other benefit as the Authority may approve.

Clause 20 deals with additional benefits, Clause 21 deals with voluntary benefits. Clause 22 provides for modification of categories of benefits and clause 23 provides for innovation of retirement benefits products and services.

5.5 Part V in Clauses 24 to 43 covers accessing of benefits. Under Clause 24, a member to is entitled to receive his or her benefits whenever they are due.

Clause 25 provides for midterm access of benefits. Clause 26 provides for accessing of unemployment benefits. Clause 24 deals with accessing of age benefits. Clause 28 provides for lump sum and annuity arrangement.

Clause 29 provides for survivor benefits. Clause 30 provides for disability benefits.

Clause 31 deals with emigration grant. Clause 32 provides for circumstances for retirement. Clause 33 provides for computation of benefits.

Under clause 34, a benefit granted under the Act is not assignable or transferable except for the purposes of satisfying—

- (a) a debt due to Government; or
- (b) an order of any court for the payment of sums of money towards the maintenance of the spouse, or former spouse, or minor child of the person to whom a benefit is granted.

Clause 35 provides for protection of member's contributions. Clause 36 provides for tax exemption. Clause 37 provides for indexation of benefits. Clause 38 provides for Government to guarantee the basic mandatory contributions.

5.6 Part VI in clauses 39 to 41 deals with miscellaneous provisions. Clause 39 provides for powers of the Minister to make Regulations. Clause 40 provides for amendment of Schedules.

Under clause 41, the Authority may issue guidelines for giving effect to the provisions of the Act and for its due administration.

Clause 42 provides for offences and penalties. Clause 43 provides for recovery of civil penalties.

5.7 Part VII in clauses 44 to 56 provides for repeal, savings and transition. Clause 44 provides for the repeal of the National Social Security Fund Act, Cap. 222 and the repeal of the Pensions Act Cap. 286.

Clause 45 provides for migration of the Public Service Pension Scheme into a contributory scheme. Clause 46 provides for public officers to contribute towards retirement benefits. Clause 47 provides for accrued benefits of public officers to be converted into a retirement bond. Clause 48 provides for a public officer to be issued with a retirement bond.

Clause 49 establishes a retirement benefits redemption fund into which the Government shall make periodic payments for purposes of paying retirement benefits bonds issued under clause 47.

Clause 50 provides for redeeming of a retirement bond. Clause 51 provides for pension of former public officers.

Under clause 52, a public officer who has served for 15 years or more, or a public officer nearing retirement may opt to remain in the former pension arrangement or formulation or may join the current retirement benefits arrangement or formulation under the Act.

Clause 53 deals with ceasing of monopoly of the National Social Security Fund.

Clause 54 provides for the preservation of funds of the National Social Security Fund.

Clause 55 deals with gradual liberalisation for the first five years immediately after commencement of this Act.

Clause 56 provides for transfer of savings from the National Social Security Fund to other retirement benefits schemes.

5.8 Schedule 1 of the Bill gives the value of a currency point.

Schedule 2 provides for guidelines for operating retirement benefits schemes in the liberalised retirement benefits sector.

PROF. EPHRAIM KAMUNTU (HON),  
*Minister of state for Finance Planning and Economic Development*  
*(Planning);*  
*Also holding Portfolio for Minister of Finance Planning and*  
*Economic Development.*



THE RETIREMENT BENEFITS SECTOR LIBERALISATION BILL,  
2011

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A Bill for an Act

ENTITLED

**THE RETIREMENT BENEFITS SECTOR  
LIBERALISATION ACT, 2011.**

**An Act to provide for liberalization of the retirement benefits sector; to remove the monopoly of a single retirement benefits scheme over mandatory contributions; to provide for fair competition among licensed retirement benefits schemes for mandatory contributions; to provide for mandatory contribution and benefits; to provide for the migration of the public service pension scheme into a contributory scheme; to repeal the Pensions Act, Cap 286; to repeal the National Social Security Fund Act, Cap. 222; and for related matters.**

BE IT ENACTED by Parliament as follows:

PART I—PRELIMINARY

**1. Commencement**

This Act shall come into force on a date appointed by the Minister by statutory instrument; and different dates may be appointed for the commencement of different provisions.

**2. Interpretation**

In this Act, unless the context otherwise requires—

“accrued benefit” means the amount of each scheme member’s beneficial interest in the retirement benefits scheme at any time, including sums derived from contributions made in respect of that member, together with the income or profits arising from any investments of the scheme, and taking into account any losses of the scheme;

“active member” means a member of a retirement benefits scheme who is currently accruing benefits under that scheme;

“actuarial evaluation” means an analysis made of the cash value equivalent to a benefit calculated by reference to appropriate financial assumptions and assumptions regarding normal life expectancy;

“administrator” means an administrator licensed under the Uganda Retirement Benefits Authority Act, 2011 to be an administrator of a retirement benefits scheme;

“annuity” means a schedule of regular payments made to a member of a retirement benefits scheme or to his or her beneficiary according to the terms of payment of the scheme;

“Authority” means the Uganda Retirement Benefits Authority established under the Uganda Retirement Benefits Authority Act, 2011;

“beneficiary” means a person designated by a member of a retirement benefits scheme, or by the rules of the scheme to benefit under the scheme;

“benefit” means a benefit payable in accordance with section 24;

“Board” means the Board of Directors of the Authority appointed under the Uganda Retirement Benefits Authority Act, 2011;

“Board of trustees” means the board of trustees of an umbrella retirement benefits scheme appointed under section 6(4);

"Chief Executive Officer" means the Chief Executive Officer of the Authority appointed under the Uganda Retirement Benefits Authority Act, 2011;

“contributory scheme” means a retirement benefits scheme to which both the employer and employee contribute;

"currency point" has the meaning given to it under Schedule 1;

“current retirement benefits arrangement or formulation" means the pension arrangement or formulation in accordance with this Act and regulations made under this Act;

“custodian" means a financial institution licensed under the Uganda Retirement Benefits Authority Act, 2011; to be a custodian of a retirement benefits scheme;

"employee" means any person who has entered into a contract of service or an apprenticeship contract, including, without limitation, any person who is employed by the Government of Uganda, the Uganda Public Service, a local authority or a parastatal organisation and a member of the Uganda People’s Defence Forces.

"employer" means any person or group of persons, including a company or corporation, a public, regional or local authority, a governing body of an unincorporated association, a partnership, parastatal organisation or other institution or organisation whatsoever, for whom an employee works or has worked, or normally worked or sought to work, under a contract of service, and includes the heirs, successors, assignees and transferors of any person or group of persons for whom an employee has worked or normally work;

"formal sector" means trade, profession, undertaking, operation or establishment whether public, co-operative or private which is incorporated or registered, and is normally subject to regulation;

"former pension arrangement or formulation" means the pension arrangement or formulation under the Pensions Act;

"fund manager" means a person licensed under the Uganda Retirement Benefits Authority Act, 2011, to be a fund manager of a retirement benefits scheme;

"informal sector" refers to production units which engage in legitimate economic activity and are normally operated without organisational structures and with little or no division between labour and capital;

"inhouse retirement benefits scheme" means a retirement benefits scheme that is work based and its membership is acquired by virtue of an individual's employment;

"insurance company" means an insurance company licensed by the Uganda Insurance Commission;

"mandatory retirement age" means the retirement age prescribed in a trust deed of a licensed retirement benefits scheme;

"medical practitioner" means a medical practitioner registered under the Medical and Dental Practitioners Act;

"member" means a person who is admitted to the membership of a retirement benefits scheme, who makes contributions, or in respect of whom contributions are made to a retirement benefits scheme;

" Minister" means the Minister responsible for finance;

"licensed retirement benefits scheme" means a retirement benefits scheme licensed under the Uganda Retirement Benefits Authority Act,2011;

"past service" means service before a given date or service before the coming into force of this Act;

"pensioner" means a person receiving pension under the Pensions Act;

"public officer" means a person serving in the Public service or in any Public Service Institution;

"public service" means service by or for the Government of Uganda and includes persons employed in the public service, parastatal organisations and local authorities, but does not include a member of the Uganda People's Defence Forces;

"redemption fund" means a fund established under section 49;

"retirement benefits scheme" means a legally binding agreement or arrangement other than a contract for life assurance whether established by a written law or by any other instrument, under which members are entitled to benefits in the form of annuity or a lump sum payable upon retirement, or upon death, termination of service or upon the occurrence of an event specified in the written law, agreement or arrangement;

"scheme fund" means an investment fund within the retirement benefits scheme which is intended to accumulate during an individual working life from contributions and investment income for purposes of providing income on retirement in accordance with this Act;

"scheme rules" means the rules specifically governing the constitution, administration and management of a retirement benefits scheme;



"sponsor" means a person who establishes a retirement benefits scheme;

"trustee" means a trustee licensed under the Uganda Retirement Benefits Authority Act, 2011 to be a trustee of a retirement benefits;

"umbrella retirement benefits scheme" means a retirement benefits scheme formed under section 6;

"Unified Public Service pension scheme; means the Public Service Pension scheme converted under section 43.

## PART II—LIBERALISATION OF THE RETIREMENT BENEFITS SECTOR

### **3. Liberalisation of the retirement benefits sector**

(1) The retirement benefits sector in Uganda is liberalized and all licensed retirement benefit schemes shall operate and compete for mandatory contributions in an open market in accordance with this Act and the guidelines prescribed in Schedule 2.

(2) Without prejudice to the general effect of subsection (1)—

(a) a single retirement benefit scheme shall not have monopoly over mandatory contributions made in accordance with this Act; and

(b) all licensed retirement benefits schemes may receive mandatory contributions and may offer mandatory benefits in accordance with this Act and Regulations made under this Act.

### **4. Minimum requirements for operating a retirement benefits schemes**

(1) The Authority shall, by statutory instrument, prescribe minimum requirements for operating retirement benefits schemes in a liberalized retirement benefits sector.

(2) The minimum requirements to be prescribed under subsection (1) shall include—

- (a) the minimum capital threshold to be maintained by the retirement benefits scheme;
- (b) a trust deed containing the governance structures of the retirement benefits scheme and allocation of responsibilities in the retirement benefits scheme;
- (c) a valid insurance cover for the protection against liabilities that may arise as a result of activities by the retirement benefits scheme;
- (d) compliance plan prepared by the retirement benefits scheme and in particular the scheme's internal arrangements for complying with this Act and the Uganda Retirement Benefits Authority Act, 2011; and
- (e) any other requirement which the Authority considers necessary for the purposes of operating a retirement benefits scheme in a liberalised retirement benefits sector.

## **5. Scheme fund**

(1) There shall be, in respect of every retirement benefits scheme other than a scheme funded out of the Consolidated Fund, a scheme fund into which all contributions, investment earnings, income and all other moneys payable under the scheme rules or the provisions of this Act shall be paid.

(2) The scheme fund and all moneys in it shall, at all times, be maintained separately from any other funds under the control of the trustees or the fund managers of the retirement benefits scheme.

(3) An in house retirement benefits scheme shall—

- (a) be funded to ensure adequate funding of scheme's retirement benefits liabilities;

- (b) maintain a minimum capital threshold prescribed in Regulations made under this Act which guarantees the long term nature of the scheme's liabilities; and
- (c) be registered by the Authority in accordance with this Act and regulations made under this Act.

**6. Formation and registration of umbrella retirement benefits scheme**

(1) An employer or any class of employers may merge two or more in house retirement benefits schemes to form a single umbrella retirement benefits scheme which shall be registered by the Authority in accordance with this Act and regulations made under this Act.

(2) An umbrella retirement benefits scheme shall manage the retirement benefits of the employees of the employers who join the scheme in accordance with this Act and regulations made under this Act.

(3) An employer who joins an umbrella retirement benefits scheme shall—

- (a) have a special set of scheme rules which outline the benefits structure of his or her employees; and
- (b) setup a member committee to represent his or her employees on the board of trustees of the umbrella retirement benefits scheme.

(4) An umbrella retirement benefits scheme shall—

- (a) have a single set of scheme rules and a board of trustees;
- (b) be funded to ensure adequate funding of their retirement benefits liabilities; and
- (c) maintain a minimum capital threshold which guarantees the long term nature of the liabilities of the scheme.

PART III—MANDATORY REGISTRATION AND CONTRIBUTION

*Mandatory registration and contribution*

**7. Mandatory registration and contribution to a licensed retirement benefits scheme**

(1) Every employee in the formal sector shall register with a licensed retirement benefits scheme of his or her choice and shall make regular contributions to the retirement benefits scheme in accordance with this Act and regulations made under this Act.

(2) Every employer in the formal sector, irrespective of the number of employees, shall make regular contributions for his or her employees to a licensed retirement benefits scheme in accordance with this Act and regulations made under this Act.

(3) An employer shall deduct a monthly contribution from each employee's salary at source and remit an amount comprising of the employee and the employer's contribution to a licensed retirement benefits scheme chosen by the employee under subsection (1), before the fifteenth day of the following month.

**8. Voluntary contributions**

(1) An employee or employer in the informal sector may make voluntary contributions to a licensed retirement benefits scheme of his or her choice in accordance with this Act and regulations made under this Act.

(2) An employee in the formal sector may, in addition to the mandatory contributions made by him or her, and his or her employer under section 7, make voluntary contributions to a licensed retirement benefits scheme of his or her choice.

**9. Portability and transfer of retirement savings**

(1) An employee may transfer his or her retirement savings from one retirement benefits scheme to any other licensed scheme in Uganda or the East African Community, in accordance with this Act and Regulations made under this Act.

(2) An employee shall give his or her employer notice in writing, of his or her intention to have his or her retirement savings transferred from one retirement benefits scheme to another scheme.

(3) The employer shall, upon receipt of the notice under subsection (2), give the Authority and the trustee of the retirement benefits scheme from which the contribution is to be transferred, notice in writing, at least sixty days before the transfer is made.

### **10. Rate of contribution to the Scheme**

(1) Subject to the approval of the Authority, the mandatory contribution made under section 7 shall be—

(a) in the case of an employee in the formal sector—

- (i) a minimum of five per cent of the employee's salary by the employee; and
- (ii) a minimum of ten per cent of the employee's salary by the employer;

(b) in the case of an employee in the informal sector—

- (i) a minimum of five per cent of the employees salary by the employee, and
- (ii) a minimum of ten per cent of the employee's salary by the employer.

(2) Notwithstanding subsection (1), an employer may opt to bear the full burden of the contribution except that in such a case the employer's contribution shall not be less than 15% of the monthly emoluments of the employee.

(3) The rates of contribution mentioned in subsection (1), may, upon agreement between an employer and employee, be revised upwards, from time to time, and the Authority shall be notified of the revision.

**11. Remittance of contribution**

(1) An employer shall remit the contribution in respect of his or her employee to a licensed retirement benefits scheme before the fifteenth day of each month.

(2) An employer who fails to remit the contributions within the prescribed time, commits an offence and is liable to make the remittance already due, and in addition pay a fine of not less than two percent of the total contribution that remains unpaid for each month or part of each month during which the default continues.

(3) The amount of the penalty under subsection (1) shall be recoverable as a civil debt owing to the employee's retirement savings account.

*Retirement savings account*

**12. Retirement savings account**

(1) Every employee shall open and maintain a retirement savings account in his or her name with a licensed retirement benefits scheme of his or her choice.

(2) There shall be paid into the employee's retirement savings account, all mandatory and voluntary contributions and interest on them.

(3) There shall be paid out of the employee's retirement savings account any benefits and refunds to or in respect of the employee and all prescribed fees payable by the employee in accordance with this Act.

(4) An employee shall as soon as practicable, notify his or her employer of the retirement benefits scheme chosen by him or her and the identity of the retirement savings account opened under subsection (1).

(5) A retirement benefits scheme shall send an annual statement of account to every member of the scheme.

(6) A member's annual statement of account shall be sent to the member's current address or the last known address of the member, except that where the member fails to provide an address, the retirement benefits scheme shall not be under any obligation to send a statement of account to that member.

### **13. Social security number**

(1) A retirement benefits scheme shall issue a social security number to every person who opens a retirement savings account with the scheme.

(2) The social security number shall not be transferable and it shall be used by the member throughout his or her working life for the purposes of this Act.

(3) An employer shall not transfer or use the social security number of one employee for another employee.

### **14. Crediting of retirement savings account and records of retirement savings accounts**

(1) A custodian of a retirement benefits scheme shall, upon receipt of the member's contribution remitted under section 11, notify the administrator of the scheme who shall credit the member's retirement savings account with the contribution made in respect of that member.

(2) A member shall not have access to his or her retirement savings account nor have any dealing with the custodian as regards the retirement savings account except through an administrator of the retirement benefits scheme.

(3) A retirement benefits scheme shall maintain a record of all retirement savings accounts for its members.

### **15. Ceasing of membership and mandatory contributions**

(1) An employee shall cease to be a member of a retirement benefits scheme when—

- (a) he or she attains the mandatory retirement age; or
- (b) he or she attains the mandatory retirement age and there is no balance in his or her account.

(2) All mandatory contributions by an employee and employer shall cease when an employee attains the mandatory retirement age.

(3) Where an employee's membership ceases under subsection (1), any sum of money standing to the credit of his or her account in the scheme shall vest in the retirement benefits scheme and shall be disposed of in accordance with section 16, and thereafter no claim on the account in respect of that member shall be payable.

#### **16. Utilisation of balance of retirement savings account**

An employee shall, upon retirement or attaining the age of forty five years whichever is later, utilise the balance standing to the credit of his or her retirement savings account for—

- (a) programmed monthly or quarterly withdrawals calculated on the basis of an expected life span;
- (b) purchasing an annuity for life from an insurance company which offers monthly or quarterly payments; or
- (c) withdrawing a lump sum to procure an annuity or fund programmed withdrawals if the annuity or fund programmed withdrawal will produce an amount not less than 50 per cent of his or her annual remuneration as at the date of his retirement.

#### **17. Reserve account**

(1) A retirement benefits scheme shall open and maintain a reserve account into which shall be paid—

- (a) any contribution which cannot be allocated to the retirement savings account of a member;



- (b) any fines and penalties required by this Act to be paid into the retirement benefits scheme; and
- (c) any other monies received for the purposes of this Act.

(2) The money in the reserve account shall not be drawn or appropriated from the reserve account except—

- (a) where it was paid into the reserve account by mistake or in excess of the amount due on the contribution, or
- (b) for purposes of this Act approved by the Minister.

(3) Any amount of money determined to be income of the reserve account shall be treated as income forming part of the general income of the retirement benefits scheme.

### **18. Closing of retirement savings account**

(1) A member's retirement savings account shall be closed when—

- (a) he or she dies and any sum of money standing to the credit of the deceased member's account in the scheme is disposed of for purposes of paying survivor's benefits in accordance with section 29; or
- (b) when an emigration grant is paid in accordance with section 31.

(2) Where a member's retirement savings account is closed under subsection (1), no claim on the account in respect of that member shall be payable.

## PART IV—BENEFITS

### **19. Mandatory benefits**

A retirement benefits scheme shall offer basic mandatory benefits including—

- (a) age benefits;
- (b) survivor's benefits;
- (c) invalidity benefits;
- (d) medical and maternity benefits;
- (e) unemployment benefits;
- (f) education benefits;
- (g) home ownership benefits; and
- (h) any other benefit as the Authority may approve.

**20. Additional benefits**

Notwithstanding section 19, a retirement benefits scheme may offer additional benefits including—

- (a) child education benefits;
- (b) injury at work benefits; and
- (c) any other benefits as the Authority may approve.

**21. Voluntary benefits**

A retirement benefits scheme may, over and above the benefits offered under sections 19 and 20, with the approval of the Authority, provide voluntary benefits including—

- (a) additional age benefits;
- (b) basic health care benefits; and
- (c) any other benefits as the Authority may approve.

**22. Modification of categories of benefits**

The Minister may, by statutory instrument, modify the categories of benefits under this Act, and in particular, may—

- (a) remove a benefit;
- (b) add a new benefit; or
- (c) move a benefit from one category of benefits to another.

**23. Innovation of retirement benefits products and services**

A retirement benefits scheme may, with the approval of the Authority, innovate retirement benefits products and services which promote long term capital developments.

PART V—ACCESSING OF BENEFITS

*Accessing of benefits*

**24. Entitlement to receive benefits as and when due**

(1) A member is entitled to receive his or her benefits whenever they are due.

(2) A claimant for a benefit under this Act shall, in support of his or her claim submit such evidence and documents as the retirement benefits scheme considers necessary or proper, in a form approved by the Authority.

(3) Where the date of birth of a member is in doubt, and if such date is not proved by any written record used for official purposes, the Chief Executive Officer may, for the purpose of any claim under this Act, accept the date of birth declared at the time of registration of that member.

**25. Mid-term access of benefits**

(1) A member who has contributed for at least ten years may qualify for mid term access of benefits for securing a mortgage or a loan for purchasing a residential house from any institution and on such terms as may be prescribed in regulations made under this Act and the Uganda Retirement Benefits Authority Act, 2011.

(2) Mid term access of benefits shall be allowed only up to 30% of the accumulated contributions and interest.

**26. Accessing of unemployment benefits**

An unemployment benefit equivalent to 2 months salary payable for four months in equal instalments may be paid to a member who is less than forty five years when he or she falls out of employment.

**27. Accessing of age benefit**

(1) Subject to section 24, a member is entitled to age benefit—

- (a) if he or she has attained the age of forty five years and has retired from regular employment and made contribution to the retirement benefits scheme for a period of up to ten years; or
- (b) if he or she has attained the mandatory retirement age.

(2) Notwithstanding subsection (1), a member may access 30% of his or her age benefit, if the member is fifty years and has contributed for at least ten years.

(3) For the purpose of this section, a member may be treated as having retired from regular employment under circumstances prescribed by section 32.

**28. Lump sum and annuity arrangement**

(1) When a member qualifies for an age benefit under section 27, one-third of accrued benefits shall be paid as a lump sum.

(2) The remaining two-thirds shall be used to purchase an annuity, which guarantees a regular lifetime income for the beneficiary.

(3) The Authority may periodically review the number of years provided for under subsection (2).

(4) The commutable percentages of the lump sum and annuities shall be determined through an actuarial evaluation.

## **29. Survivor's benefit**

(1) Subject to section 24, the dependent relatives of a member are entitled, upon the death of a member, to a survivor's benefit which shall be payable in accordance with this section in the following manner—

- (a) where the dependent relatives of a deceased member include a wife, a husband, a son or daughter below the age of eighteen years or a son or daughter of the age of eighteen years or above, who is wholly or substantially dependent on the deceased, the benefit shall be paid to or for the benefit of the wife, husband, daughter or son all of them in preference to any other class of the deceased's relatives;
- (b) where the dependent relatives of a deceased member do not include dependent relatives of the class mentioned in paragraph (a) but include a parent, a brother or a sister, the benefit shall be paid to or for the benefit of any one of that class or all of them; or
- (c) where the dependent relatives of a deceased member do not include dependent relatives of the classes mentioned in paragraphs (a) or (b) but include a grandparent, a grandchild or any other relatives prescribed by the Minister as belonging to a class of the deceased's relatives, the benefit shall be paid to or for the benefit of any one of that class or all of them.

(2) When payment of the balance in the account of the scheme has been made to any dependent relative of the deceased member or any class of them in accordance with this section, no further claim shall lie against the scheme.

(3) Where there are no dependent relatives of the deceased member of any of the classes mentioned in subsection (1), the person or persons who pay reasonable funeral expenses of the deceased member shall be entitled to a refund out of the balance in the member's account in the scheme, of a sum not exceeding two hundred currency points or the balance on the member's account, whichever is the lesser; and when the refund has been made—

- (a) no further claims by any person or persons for refund of funeral expenses under this subsection shall lie against the retirement benefits scheme;
- (b) no claim by any dependent relative or relatives or any class of them shall lie against the retirement benefits scheme for any sum exceeding the balance remaining in the account of the deceased member after the expiry of a period of three months from the date of death of the member; and
- (c) the balance remaining in the deceased's account after meeting the funeral expenses shall be transferred to the reserve account.

(4) A benefit under this section shall not be paid except to or for the benefit of a dependent relative who is alive on the date of such payment; and any benefit which is paid otherwise than in accordance with this section shall be recoverable as a sum due to the retirement benefits scheme from the estate of that dependent relative or from the person to whom it was paid.

(5) Where a member dies before receiving his or her benefit, the retirement benefits scheme may pay the benefit—

- (a) where the deceased member is survived by a wife or husband, to the wife or husband;

- (b) where the deceased member is not survived by a wife or husband or is survived by a spouse to whom no benefit is granted, to a child or children or legal representatives.
- (c) where the deceased member is survived by more than one wife or child, the amount of any benefit shall be divided equally among the wives or children.

(6) In this section, unless the context otherwise requires;

“brother” includes stepbrother;

“daughter” includes a step-daughter, an illegitimate daughter and a daughter adopted in any manner recognised as lawful by the laws of Uganda;

"dependent relatives" means—

- (a) a wife or husband of the deceased member;
- (b) a son or daughter of the deceased member;
- (c) any other relative of the classes mentioned in paragraphs (b) and (c) of subsection (1) who, on the date of the deceased member’s death, was wholly or substantially dependent on the deceased member for the provision of the ordinary necessities of life suitable to a person of his or her status;

"grandchild" means a son or daughter of a son or daughter;

"grand parent" means a parent of a parent;

"illegitimate daughter" has the meaning given to it under the Succession Act;

"illegitimate son" has the meaning given to it under the Succession Act;

"parent" includes a stepparent, an adoptive parent and a parent of an illegitimate son or daughter.

"sister" includes stepsister;

"son" includes a stepson, an illegitimate son and a son adopted in any manner recognised as lawful by the laws of Uganda.

(7) Notwithstanding subsections (1) to (6), the survivor's benefit may be paid to any other beneficiary whom the member may have designated to receive the benefit in accordance with this Act and the scheme rules.

### **30. Disability benefit**

(1) A member of a retirement benefits scheme is entitled to receive a disability benefit, subject to section 24 and the Workers Compensation Act.

(2) The Authority shall appoint a medical practitioner to examine the condition of a member and advise the Board on the nature and degree of disability or incapacity for the purposes of this Act.

### **31. Emigration grant**

(1) Subject to section 24, a member, who emigrates permanently from Uganda to a country with which no reciprocal arrangement exists, shall, if contributions have been paid in respect of the member for at least four years, receive the full amount of all his or her accrued benefits as an emigration grant in accordance with this Act and regulations made under this Act.

(2) Where a member under subsection (1) is entitled to any other benefit payable under this Act, the full amount of all benefits due shall be added to the emigration grant payable under this section.



(3) The balance standing on a retirement savings account, after an emigration grant has been paid under subsection (2), shall be paid into the reserve account in accordance with section 17.

### **32. Circumstances for retirement**

Except as provided by this Act, a benefit under this Act shall not be granted to any person except on his or her retirement in one of the following cases—

- (a) on attainment of the age of forty five years and having made contributions into the scheme for at least fifteen years;
- (b) on compulsory retirement for the purpose of facilitating improvement in the organisation of the department to which he or she belongs, by which greater efficiency or economy may be effected;
- (c) on medical evidence, to the satisfaction of the Board, that he or she is incapable, by reason of any infirmity of mind or body, of discharging of duties of his or her office and the infirmity is likely to be permanent; or
- (d) on successful completion of twenty years of continuous service and while making contributions into the retirement benefit scheme.

#### *Protection of member's benefits*

### **33. Computation of benefits**

Any benefit granted under this Act shall be computed basing on transparent and comparable standards of modern and effective risk management standards.

### **34. Benefits not assignable or transferable**

(1) A benefit granted under this Act is not assignable or transferable except for the purposes of satisfying—

- (a) a debt due to Government; or
- (c) an order of any court for the payment of sums of money towards the maintenance of the spouse, or former spouse, or minor child of the person to whom a benefit is granted.

(2) A benefit granted under this Act shall not be liable to be attached, sequestered, or levied upon for or in respect of any debt or claim.

### **35. Protection of member's contribution**

Notwithstanding anything to the contrary in any written law, where a judgment or order against a member is made, no execution or attachment or process of any nature shall be issued in respect of the contributions or benefits of a member granted under this Act.

### **36. Tax exemption**

(1) Notwithstanding any provision in any written law to the contrary, income tax shall not be charged on—

- (a) a benefit offered in accordance with this Act;
- (b) mandatory contributions; or
- (c) voluntary contributions up to 30% of the income of a person in the informal sector or a self employed person.

(2) For the avoidance of doubt, notwithstanding subsection (1), income tax shall be charged on any additional saving which is over and above the 30% of the income prescribed in subsection (1).

### **37. Indexation of benefits**

(1) The Authority may carry out an annual review of the payment of retirement benefits which shall be indexed to wage inflation rates or any other rate determined by the Minister in consultation with the Authority.

(2) In carrying out the indexation of benefits under subsection (1), the adjustment of retirement benefits shall be based on the prevailing economic circumstances, so that value of benefits under this Act is not diminished by inflation.

### **38. Guarantee of retirement savings**

The Government shall guarantee the safety of the basic mandatory contributions to encourage contribution towards retirement savings.

## PART VI—MISCELLEANEOUS

### **39. Regulations**

(1) The Minister may in consultation with the Authority by statutory instrument, make regulations generally for giving effect to the provisions of this Act and for its due administration.

(2) Without prejudice to the general effect of subsection (1), regulations under this section may—

- (a) prescribe the standards applicable in a liberalized retirement benefits sector to ensure fair competition;
- (b) prescribe the minimal capital threshold to be maintained by a retirement benefits scheme to ensure fiscal sustainability of the scheme;
- (c) prescribe the nature of benefits payable and the administrative arrangements for accessing the benefits;
- (d) provide for and regulate the computation of benefits, the manner of making claims for benefits and payment of benefits;
- (e) require a member to undergo a medical examination to ascertain or confirm his or her degree of disability;
- (f) prescribe the conditions for application for money paid to one person on behalf of or for the benefit of a beneficiary;

- (g) provide for adjustment in amount of benefit and the time and manner of payment of the benefit where compensation under the Workers Compensation Act is also payable;
- (h) provide for conversion of a benefit into lump sum and annuity payment;
- (i) make provision for enabling or requiring a person to be appointed to receive, administer or to exercise under this Act any right or power on behalf of a person who is unable for the time being to act for himself or herself;
- (j) regulate the manner of payment of contributions;
- (k) regulate the refund of contributions paid in error or in excess of the statutory contribution;
- (l) provide for registration of contributing employers and employees and prescribe the conditions attached to the registration;
- (m) provide for formation and registration of umbrella retirement benefits schemes;
- (n) prescribe voluntary contributions by a member for whom mandatory contributions have ceased to be payable and the manner of calculating those payments;
- (o) require any employer or any class of employers to make provisional deductions;
- (p) provide for registration of in house retirement benefits schemes;
- (q) subject to the provisions of this Act and of any other written law, make provision for the winding up of a retirement benefits scheme and the transfer of assets of the retirement benefits scheme upon winding up;

- (r) prescribe conditions for redeeming a retirement bond;
- (s) prescribe the forms to be used for the purposes of this Act;
- (t) prescribe the fees and other charges payable under this Act;  
or
- (u) any matter or thing required to be prescribed under this Act.

(3) Regulations made under this section may apply to persons of any class or description who cease to be employed and in particular, the regulations may—

- (a) omit persons emigrating permanently out of Uganda;
- (b) provide for reciprocal arrangements for payment of emigration grants; and
- (c) prescribe the mode of payment of a benefit, where a benefit accrues both under this Act and under the law of another country.

(4) Regulations made under this section may, in respect of any contravention of any of the regulations—

- (a) prescribe a penalty of a fine not exceeding one hundred currency points or imprisonment not exceeding three years, or both;
- (b) in the case of a continuing contravention, prescribe an additional penalty not exceeding five hundred currency points in respect of each day on which the offence continues; and
- (c) prescribe a higher penalty not exceeding one thousand currency points in respect of a second or subsequent contravention.

**40. Amendment of Schedules**

(1) The Minister may, with approval of Cabinet, by statutory instrument, amend Schedule 1.

(2) The Authority may by statutory instrument, amend Schedule 2.

**41. Guidelines**

The Authority may issue guidelines for giving effect to the provisions of this Act and for its due administration.

**42. Offences and penalties**

(1) A person who contravenes any provision of this Act commits an offence and is liable on conviction, to a fine not exceeding one hundred currency points or imprisonment for a term not exceeding three years, or both.

(2) A retirement benefits scheme which contravenes any provision of this Act commits an offence and is liable on conviction to pay to the Authority a civil penalty of five hundred currency points in respect of each day on which the offence continues.

(3) Where a sponsor, trustee, administrator or fund manager of a retirement benefits scheme contravenes or authorizes a contravention of any provision of this Act, he or she shall be personally liable to pay a civil penalty of five hundred currency points in respect of each day on which the offence continues.

(4) Any person who being a sponsor, trustee, administrator or fund manager of a retirement benefits scheme with intent to defraud causes loss to a retirement benefits scheme directly or indirectly, commits an offence and is liable on conviction to a fine not exceeding one thousand currency points or imprisonment for a term not exceeding five year or both.

**43. Recovery of civil penalties**

(1) Before imposing a civil penalty on any retirement benefits scheme or on a sponsor, trustee, administrator or fund manager of a retirement benefits scheme under this Act, the Authority shall, except in the case of an emergency, give to the retirement benefits scheme or the sponsor, trustee, administrator or fund manager not less than three days notice in writing requiring the retirement benefits scheme or the sponsor, trustee, administrator or fund manager of a retirement benefits scheme to show cause why the civil penalty should not be imposed.

(2) Unless special provision is otherwise expressly made for the purpose in this Act or Regulations made under this Act, where a civil penalty is imposed on any retirement benefits scheme, the amount of the civil penalty shall constitute a debt due from the Retirement benefits scheme to the Authority and the Authority may—

- (a) sue the retirement benefits scheme or the for a sponsor, trustee, administrator or fund manager of a retirement benefits schemes for the recovery of the civil penalty;
- (b) direct that any part of the civil penalty which remains unpaid after a particular period notified to the retirement benefits scheme and the sponsors or trustees of the retirement benefits scheme, shall constitute a debt payable by the sponsor and the trustees of the retirement benefits scheme specified in the notification; and the Authority is entitled to sue the sponsor and trustees jointly and severally for the amount due.

(3) Any amount recoverable under this section which is not paid shall be paid with interest calculated from the date on which the payment first became due.

PART VII—REPEAL, SAVINGS AND TRANSITION

*Repeal and saving*

**44. Repeal and saving**

(1) The following Acts are repealed—

- (a) the National Social Security Fund Act, Cap. 222; and
- (b) the Pensions Act, Cap 286.

(2) Notwithstanding the general effect of subsection (1), upon the coming into force of this Act—

- (a) any Regulations, instruments, decisions, agreements or contacts made under the repealed Acts, shall in so far as they are consistent with this Act, remain valid and binding, and shall be deemed to be made under this Act, until they are revoked by a statutory instrument made under this Act;
- (b) any reference to the repealed Acts in any enactment immediately before the commencement of this Act shall be construed as a reference to this Act;
- (c) any action, arbitration, proceedings or cause of action which, immediately before the commencement of this Act, is pending or existing, by, against or in favour of a party under the repealed Acts, may be continued, enforced or prosecuted by, against or in favour of the party without amendment of any writ, pleading or other document;
- (d) contracts of employment made under the repealed Acts shall be deemed to have been unbroken, and, the terms and conditions of employment shall, until varied, be identical with the terms and conditions of employment which were applicable immediately before the commencement of this Act and shall be capable of variation in the same manner; and



- (e) property held on trust or vested by virtue of the repealed Acts immediately before the commencement of this Act, shall, upon the commencement of this Act, be deemed to be held on trust or vested on the same terms and conditions existing immediately before the commencement of this Act.

*Unified Public Service Pension Scheme*

**45. Migration of Public Service Pension Scheme into a contributory scheme**

(1) The non- contributory Public Service Pension Scheme existing immediately before the commencement of this Act, under the Pensions Act, shall, upon the commencement of this Act, migrate into a contributory pension scheme.

(2) The Public Service Pension Scheme referred to under subsection (1) shall be a Unified Public Service Pension Scheme from which shall be paid the mandatory benefits of public servants in both central and local government.

(3) The Unified Public Service Pension Scheme shall be funded by Government and shall compete for mandatory contributions and operate in a competitive framework in an open market in accordance with this Act and Regulations made under this Act.

(4) The costs of transforming the public service pension scheme from a non contributory pension scheme to a contributory scheme and all costs related to the fiscal gaps inherent in the public service pension system shall be a direct charge on the Consolidated Fund.

**46. Public officers to contribute towards retirement benefits**

(1) All public officers with less than fifteen years of service and all new entrants to the public service in both central and local government shall contribute to Unified Public Service Pension Scheme in accordance with this Act and regulations made under this Act.

(2) A public officer may, in addition to the mandatory contribution made by him or her and his or her employer, make a voluntary contribution to a licensed retirement benefit scheme of his or her choice in accordance with this Act and Regulations made under this Act.

(3) All non-Ugandans working in the public service or the military of the Ugandan Government shall contribute to the new scheme unless there is a reciprocal agreement or arrangement taking care of their retirement benefits.

(4) For the avoidance of doubt, Government as employer shall contribute towards the retirement benefits of its employees in accordance with this Act and regulations made under this Act.

(5) The Minister shall, by statutory instrument determine a date upon which public officers with less than fifteen years of service and all new entrants to the public service in both central and local government shall begin making contributions towards their retirement benefits.

#### **47. Accrued benefits of public officers converted into a retirement bond**

The accrued benefits in respect of past service of a public officer with less than fifteen years of service shall be computed through an actuarial evaluation from the date of commencement of his or her service up to the cut off date determined under section 46(5).

#### **48. Public officer to be issued with a retirement bond**

A public officer whose accrued benefits are computed under section 47 shall be issued with a Retirement Bond equivalent to the total retirement benefit that was due to the public officer before the commencement of this Act.

**49. Retirement Bond Redemption Fund**

(1) There shall be established a redemption fund to be known as Retirement Bond Redemption Fund into which the Government shall make periodic payments for purposes of paying retirement benefits bonds issued under section 48.

(2) The monies in the Redemption Fund shall be used to redeem any retirement benefits bonds issued under section 48.

(3) Payments into the Redemption Fund shall cease after all retirement bonds have been redeemed.

**50. Redeeming a retirement bond**

(1) A retirement bond issued to a public officer under section 48 shall, upon retirement of a public officer, be redeemed in accordance with conditions prescribed by the Minister in regulations made under this Act.

(2) The proceeds of a retirement bond redeemed under subsection (1) shall be credited on the retirement savings account of a public officer; and shall be utilised in accordance with section 16.

**51. Pension of former public officers**

A former public officer who is a pensioner shall continue to receive his or her pension in accordance with the law governing the pension of the service in which he or she was serving, until his or her benefits are phased out.

**52. Public officers with 15 or more years of service**

(1) A public officer who has served for 15 years or more, or a public officer nearing retirement may opt to remain in the former pension arrangement or formulation or may join the current retirement benefits arrangement or formulation under this Act.

(2) A Public officer who has served for 15 years or more, or a public officer nearing retirement, who opts to remain under the former pension arrangement or formulation shall, be paid his or her benefits in the manner provided for under the law of the service in which he or she served.

*National Social Security Fund*

**53. Ceasing of monopoly of National Social Security Fund**

(1) On the coming into force of this Act, the National Social Security Fund shall cease to have monopoly for receiving mandatory contributions from employers and employees in the private sector.

(2) Without prejudice to the general effect of subsection (1), the National Social Security Fund shall—

- (a) be restructured to become responsive to market forces in order to operate in a competitive framework and compete for mandatory contributions in an open market in accordance with this Act.
- (b) cease to be a provident fund and be transformed into a retirement benefits scheme in accordance with the Uganda Retirement Benefits Act, 2011;
- (c) widen the scope of benefits to include the benefits prescribed in this Act;
- (d) provide for limited mid-term access of benefits in accordance with this Act;
- (e) engage a fund manager to be responsible for management of the fund and its assets;
- (f) improve the member's returns; and
- (g) comply with this Act and the Uganda Retirement Benefits Act, 2011.

**54. Preservation of funds under the National Social Security Fund**

The funds accumulated in the National Social Security Fund before the commencement of this Act, shall be preserved for a period of five years.

**55. Gradual liberalisation for the first five years immediately after the commencement of this Act**

(1) Notwithstanding the general effect of section 3, upon the coming into force of this Act, in order to ensure stability of the financial sector and to allow sufficient time for the necessary adjustments in the retirement benefits sector, there shall be gradual liberalisation of the retirement benefits sector for the first five years immediately after the commencement of this Act.

(2) For the purposes of subsection (1), out of the total mandatory contribution of 15%, of the employee's salary, an employer shall, before the fifteenth day of each month remit—

- (a) 5% of the mandatory contributions to the Unified Public Service Pension Scheme in case of employees in the Public service or to the National Social Security Fund in the case of employees in the private sector; and
- (b) 10% of the mandatory contribution to a licensed retirement benefits scheme of the employee's choice.

(3) Upon the expiry of the period of five years referred to in subsection (1), there shall be full liberalisation of the retirement benefits sector and an employer shall remit the total mandatory contribution of 15% of the employee's salary to a licensed retirement benefits scheme of the employee's choice in accordance with this Act and regulations made under this Act.

**56. Transfer from National Social Security Fund to any other retirement benefits scheme**

Upon the expiry of the five years referred to in sections 54 and 55(1), a member of the National Social Security Fund shall be free to transfer his or her retirement savings from the National Social Security Fund to any other licensed retirement benefits scheme of his or her choice, in accordance with this Act and Regulations made under this Act.

SCHEDULE 1

*Section 2 and 40*

CURRENCY POINT

A currency point is equivalent to twenty thousand shillings.

SCHEDULE 2

*Section 3(1) and 40(2)*

GUIDELINES FOR OPERATING RETIREMENT BENEFITS  
SCHEMES IN THE LIBERALISED RETIREMENT BENEFITS  
SECTOR

**1. General principles**

(1) In the liberalization of the retirement benefits sector, due regard shall be given to implementing the Government's policy on liberalization of the retirement benefits sector in accordance with this Act and regulations made under this Act.

(2) The Minister, may, in consultation with the Authority, continuously explore practical ways in which retirement benefit schemes can provide adequate, affordable and sustainable retirement incomes to Ugandans in order to prevent poverty during old age and to ensure sufficient lifetime earnings.

**2. Supervisory role of Authority**

(1) The Authority shall be responsible for supervising all licensed retirement benefits schemes and all registered in house retirement benefits scheme to ensure compliance with this Act and regulations made under this Act.

(2) Notwithstanding the general effect of paragraph (2), the Authority shall be responsible for enforcing the payment of mandatory contributions made under this Act.

(3) The Authority shall oversee the development of retirement benefits schemes in the country by establishing standards and reporting requirements as soon as practicable for public and private retirement benefits schemes.

**3. Fair competition**

(1) The Authority shall ensure that there is fair competition among the different licensed retirement benefits schemes for mandatory contributions and for offering retirement products and services in accordance with this Act and regulations made under this Act.

(2) The Authority shall adopt a functional approach which is aimed at—



- (a) protecting and benefiting the members and beneficiaries;
- (b) fostering development of the retirement benefits sector;
- (c) ensuring soundness of retirement benefits schemes; and
- (d) promoting the stability of the economy as a whole without imposing an excessive burden on the retirement benefits sector, retirement benefits schemes or on the employers.

**4. Separation of assets of the scheme from assets of sponsor**

(1) The assets of a retirement benefits scheme shall be kept separately from the assets of the sponsor so as to minimize misuse of the scheme assets and to protect accrued benefits of members upon insolvency of the sponsor.

(2) The separation of assets shall be irrevocably guaranteed through appropriate mechanisms, including where appropriate, adequate insurance.

**5. Audit of accounts**

(1) The accounts of a retirement benefits scheme shall be audited by an auditor appointed by the trustee of the retirement benefit scheme with the approval of the Authority.

(2) A member, trustee, custodian, administrator or fund manager of the retirement benefits scheme shall not be appointed as an auditor under paragraph (1).

(3) A trustee shall, within four months after the end of each financial year, submit a copy of the audited accounts of the retirement benefits scheme to the Authority.

**6. Preservation of benefits**

(1) Early withdrawal of benefits shall be limited in order to ensure adequate income upon retirement.

(2) Retirement benefits shall not be subjected to—

- (a) unnecessary deductions of excessive costs; and
- (b) imposition of penalties on early withdrawals; or
- (c) imposition of penalties in the event of retirement annuity, on early termination of a member's policy.

**7. Distribution of benefits**

(1) There shall be equitable distribution of benefits and immediate vesting of members' contributions and contributions of the sponsor.

(2) In the exercise of the investigative and distributive functions, a trustee shall ensure a simple and speedy disbursement of benefits and in particular, disbursement of death benefits shall take place on an equitable basis.

**8. Governance mechanisms**

A retirement benefits scheme shall establish appropriate governance mechanisms including—

- (a) internal controls and self regulation procedures;
- (b) appropriate disclosure to members and member education, and in particular concerning the disclosure of benefits offered and the costs involved;
- (c) members' participation in the management of the scheme through their representatives; and
- (d) appropriate dispute resolution and redress to members and beneficiaries.

**Cross References**

Insurance Act Cap 213

Medical and Dental Practitioners Act Cap 272

National Social Security Act Cap 222

Pension Act Cap 286

Succession Act Cap 162

Workers Compensation Act Cap 225

Uganda Retirement Benefits Authority Act, 2011