

# Enroll in a retirement benefit scheme

It is often a wise thing to plan one's retirement early enough. Occupation retirement benefit schemes have become a popular way.

Occupational retirement benefits schemes in Uganda are licensed to operate by the Uganda Retirement Benefits Regulatory Authority (URBRA).

These kinds of schemes are set up under irrevocable trust with the leadership of the employer, who is also the sponsor.

The scheme may be established as a provident fund or pension scheme. In addition, the scheme may be set up as a defined benefit scheme or a defined contribution scheme.

## How it works

Under a defined benefit arrangement, the employer commits to provide a specific benefit to the employee at the time of retirement and this could be based on age, seniority/duration of service and other factors.

On the other hand, a defined contribution implies that a minimum monthly percentage is agreed for contribution from employer and the employee.

This tends to guarantee a higher level of benefit compared to defined benefit. Therefore, most employers and workers prefer a defined contribution.

Life expectancy has been rising in Uganda and it is currently estimated to be at 62 years. This means that Ugandans are now expected to live longer and this situation will continue to improve over the coming years.

Many employers and employees are increasingly attaching a lot of value to decent life after regular employment.

At the Federation of Uganda Employers (FUE), we are equally working with employers to prepare employees for retirement early enough.

As part of this drive, we conduct trainings on post-regular employment,



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employee counselling and we encourage employers to set up occupational retirement benefit schemes.

It is evident that many employers pay terminal benefits or gratuity to their staff and this is entirely shouldered by the employer and in majority of cases there is no money put aside for it. This, therefore, creates a challenge at the time of paying employees.

Thus, we would like to encourage employers to get in touch with us at the Federation of Uganda Employers and/or URBRA to be guided on how to convert terminal benefits arrangements or gratuity into an occupational scheme where employees can also contribute in order to guarantee timely and higher level of benefits, which will be beneficial to both the employer and the employee.

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