The requirement to report is a vital part of the regulatory framework as whistleblowing reports are a key source of information used by the Authority in fulfillment of its supervisory responsibilities.

The duty to report applies to a wide range of sector stakeholders including Retirement Benefits Schemes, Trustees, members/beneficiaries, service providers, employers, and any other persons with interests in the sector.

The Authority understands the potential impact of a report on the relationship between a whistleblower and their client. As such, and in compliance with the Uganda Whistleblowers Protection Act, 2010, URBRA provides protection of a whistleblower making a disclosure to the Authority. Whistleblowers shall not liable to civil or criminal proceedings in respect of a disclosure that contravenes any duty of confidentiality or official secrecy law where the whistleblower acts in good faith.

Wrongdoing, misconduct and any unethical activity within the Retirement Benefits Sector adversely impact on the functions of the Authority and of the Sector at large. This poses a risk to scheme members’ interests. Therefore, sector stakeholders are encouraged to whistleblow to URBRA, any perceived wrongdoing, misconduct, unethical activity within the Retirement Benefits Sector. These could among others include the following:

- Dishonesty including fraud, bribery and other corrupt practices;
- Misuse/misappropriation of assets or contributions;
- Poor governance;
- Inadequate controls resulting in deficient administration;
- Failure to pay contributions and benefits correctly or promptly;
- Inappropriate decision making practices;
- Failure to provide members and beneficiaries with accurate, clear and timely information, or
- Acting in deliberate contravention of the law, regulations, scheme rules, guidelines and rules issued or approved by the Authority.

A whistleblower can report a perceived wrongdoing, misconduct, unethical activity within the Sector to URBRA as a Sector Regulator by means of an anonymous letter, Email, Website (online complaints form) and Telephone, among other means preferred by the whistleblower.

For further information, refer to our website for access to the Uganda Retirement Benefits Regulatory Authority (Whistleblowing) Guidelines, Guideline No. 2 of 2018.
NSSF REFORMS: NSSF (AMENDMENT) BILL, 2019 TABLED IN PARLIAMENT

On August 13th 2019, the Youth and Children affairs state minister, Hon. Florence Nakiwala Kiyengi on behalf of Ministry of Labour tabled the NSSF (Amendment) Bill, 2019 before parliament. The Bill seeks to introduce changes to the NSSF Act, 1985.

Stakeholder consultations on the Bill and its constituent sections is ongoing. Given its cross cutting nature, the Bill is being handled by a joint Parliamentary Committee of Parliament with representation from both Gender and Finance committees of Parliament.

Among many other changes, the Bill seeks to empower the Fund to expand coverage by making membership to the Fund mandatory for all formal sector employers, permit those employed in both the formal and informal sectors to make voluntary contributions to the Fund, provide for introduction of new benefits, improve governance, exempt contributions and investment returns from taxation, and introduce taxation of benefits. As an incentive for members to save longer and access their Funds during retirement age, the Bill seeks to exempt benefits received after a member turns 60 years of age from taxation.

However, it is important for our stakeholders to note that, with or without the proposed changes to the NSSF Act, the URBRA Act and established Regulations sufficiently empower the Authority to regulate the establishment, management and operation of Retirement Benefits Schemes in Uganda in both the private and public sectors, including NSSF, and to protect the interests of members and beneficiaries.
In July, 2019 the Authority in collaboration with Makerere University Business School (MUBS) - Faculty of Commerce commenced “A Survey on Uganda’s Retirement Benefits Sector Trustee Knowledge and Skills”, a sector wide survey that seeks to involve all licensed Trustees.

The survey aims to examine the ability of scheme trustees and their boards to effectively fulfil their roles and responsibilities. A key output from the survey will be the identification of key issues, shed light on best practice and highlight actions trustees can take to enhance the management of their funds. More specifically, the research seeks to better understand:

• The characteristics of trustee boards and their members
• How trustee boards operate
• Training and development of trustees
• The role and performance of trustee boards, in their own estimation
• The relationship between trustee boards and their advisors and service providers.

It is expected that the survey will address the above research objectives in relation to the different segments of the scheme population (scheme type and size etc) and the different segments of the trustee population (professional, non-professional etc).

Findings from the study will better inform URBRA’s supervisory approach especially in regard to scheme level governance. The study results will be availed to all sector stakeholders once analysis of the obtained data is finalised.
In line with the Authority’s strategic objectives of protecting funds, pension members and beneficiaries’ interest by promoting transparency and accountability, and ensuring stability and integrity of the financial sector through the stability and security of pension funds, the Authority finalized analysis of the sector performance for the 2018 period.

During the 2018 period, Sector performance improved, recording an increase in assets of 26.1% from UGX 9.2 trillion in 2017 to UGX 11.6 trillion in 2018. Growth in assets was due to contributions and investment earnings. In effect, the Sector Asset to GDP ratio improved to 11.5% in the 2018 reporting period compared to the 10% in 2017.

Return on investment was 18% and the cost to income ratio remained at 13%, enabling an average member return of 10.34%. Good governance was, and will continue to be a key driver of sector performance.

As a Regulator, URBRA has made significant progress to improve service delivery. The Authority has leveraged on innovative solutions by bringing changes through the introduction of the Online Licensing and Reporting Platform during the reporting year. Moreover, the Authority is embarking on a digitalisation journey to improve operational effectiveness, transparency, cybersecurity and adopt SupTech and RegTech solutions that will focus on early warning. Going forward, the Authority is to focus on strengthening its ability to proactively identify, assess and respond to a broad range of risks in a coordinated way.

The 2018 Sector Performance report was officially disseminated on Tuesday 13th August, 2019, following a press conference that was held in the Authority’s Board Room. During the release, Mr. Martin A. Nsubuga - URBRA CEO emphasized that scheme funds are meant for old age security of members. As such, he reiterated that it is imperative that such funds be managed with complete honesty and integrity, and for the sole benefit of scheme members and beneficiaries.

There are fears that the NSSF Bill is being politicised and could negatively impact the sector. What is your plan?

There should be no fears, and the ongoing debates by different stakeholders are supportive to legal reforms relevant for improving the Fund. Overall, the proposals are in line with earlier sector reform initiatives.

However, matters relating to tax require a critical examination of the implication of the proposed tax regime considering the current lump sum benefit payments, and the Retirement Benefits Sector as a whole.

The key issue regarding private pensions, is whether or not retirement savings and investments ought to be taxed differently from other forms of saving. In my view, a tax deferment for retirement benefit arrangements must be premised on paternalistic and social objectives.

But some people argue that money today is better than money tomorrow. What would you say to them?

What needs to communicated is that this is an income-focused strategy to permit more efficient portfolios. In effect, the fundamental present value is derived from the rate of return that is being used in computing the amount of money in question. For instance, if you have Shs10million today and you do not invest it or keep it redundant, it will not have the same value tomorrow. But if the money is invested at a rate of return that is over and above the inflation rate that means your money is growing.

Some of the sector assets are held outside of the Ugandan market; is this a good strategy?

The URBRA Act and established regulations consider East Africa as a domestic market. So, apart from real estate, all other vehicles are permissible within the prescribed limits. In any case, it’s prudent to diversify by allocating capital with varying mandates in the member countries.

As at 31st December 2018, Investments in Uganda accounted for 66%, Kenya 27%, Tanzania 6%, 2% shared equally by Rwanda and Burundi.

Is it right for an employer to withhold my accumulated retirement savings in the occupational scheme on grounds of termination, or for any reason?

Well, when an employer elects to start a Supplementary Occupational Scheme, they do so under an irrevocable trust. Retirement Benefits Schemes, even if they are Supplementary, Voluntary and Occupational in nature operate as separate legal entities from their sponsors. Therefore, accrued member funds are not liable for execution or attachment in the event of judgement order against the member.

Should you or any scheme member be faced with challenges of withheld savings due to a termination or for whatever reason, other than the benefit qualification criteria set out in the Scheme Trust Deed and Rules, file a complaint with us. An online complaints portal is available on our website for your convenience.

As a Trustee, how can I enhance confidence in the Sector and instill belief in members that I work to protect their interests?

Trustees play a key role in as far as sector confidence is concerned. Trustees’ can positively impact confidence in the Retirement Benefits System if they prudently govern retirement benefits schemes, make sufficient disclosures to members, protect member rights and furnish members with necessary scheme documents detailing the functioning of the schemes. As fiduciaries, it is expected that trustees provide regular information to members as part of good governance of their schemes.

Additionally, for enhanced confidence in the system, dispute resolution procedures between parties to the scheme should clearly be provided for in the scheme rules. These procedures should be accessible to all, yet be fair and with least complications.
This Monthly Publication is meant to keep stakeholders informed about the work of the Authority, best practice in Scheme governance, administration and sector developments. It also provides a Platform for the Chief Executive Officer to respond to stakeholders’ questions and concerns.