URBRA
UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY

RETIREMENT BENEFITS SECTOR

ANNUAL REPORT

2016

A Publication of the Uganda Retirement Benefits Regulatory Authority (URBRA)

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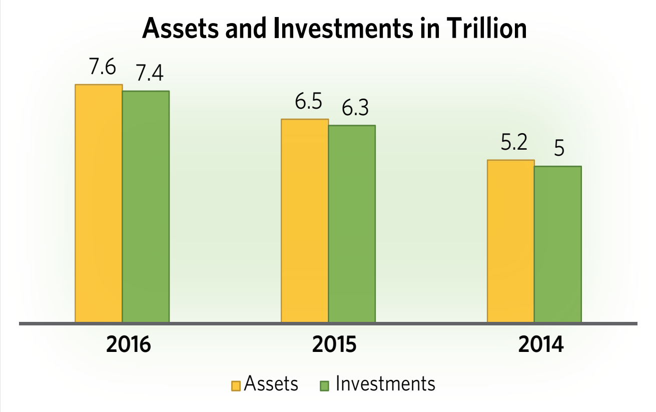
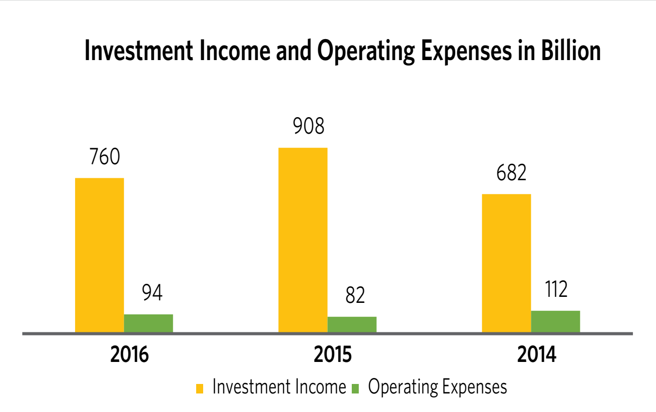
LIST OF ACRONYMS

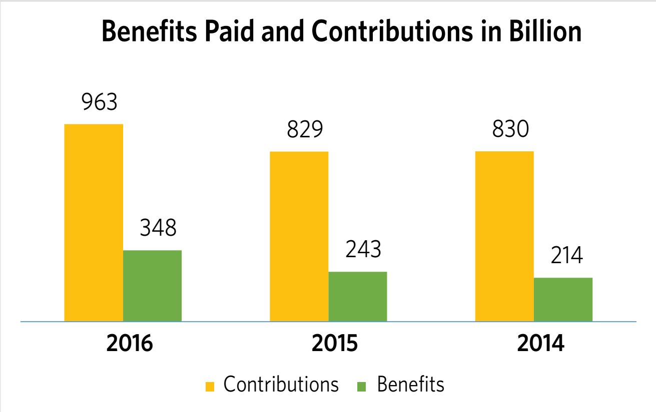
AUM	Assets Under Management
BOU	Bank of Uganda
CMA	Capital Markets Authority
IRA	Insurance Regulatory Authority of Uganda
KACITA	Kampala City Traders Association
MOFPED	Ministry of Finance, Planning and Economic Development
NSSF	National Social Security Fund
PSPS	Public Service Pension Scheme
RBS	Retirement Benefits Scheme
SAGE	Social Assistance Grant for Empowerment
SPF	Staff Provident Fund
UBOS	Uganda Bureau of Statistics
UGX	Uganda Shillings
URBRA	Uganda Retirement Benefits Regulatory Authority

2016 PERFORMANCE HIGHLIGHTS

"The sector witnessed another year of improvement as the asset base reached UGX 7.6 trillion mark."





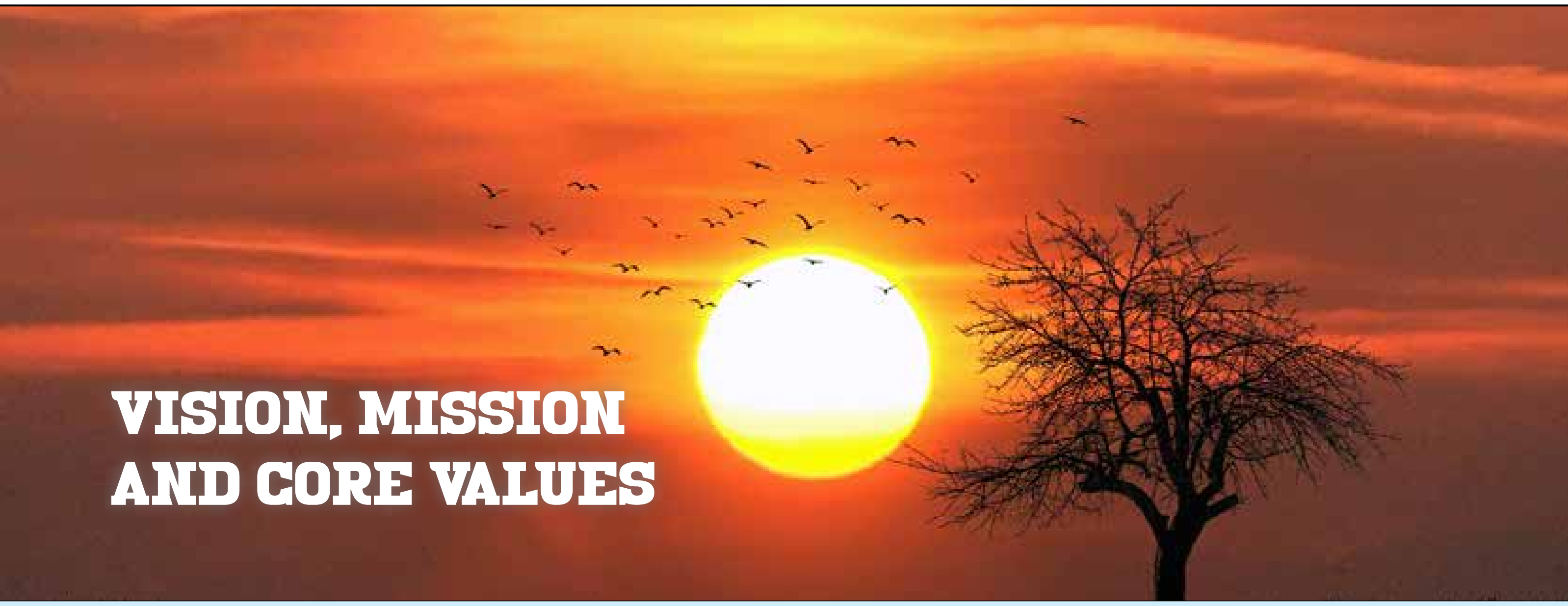


Operating Performance of Retirement Benefit Schemes

	2016	2015
	%	%
Operating Ratio	13	12
Expense Ratio	1.2	1.3
Contributions/Total Inflows	53	47
Operating Expenses/ Contributions	10	10
Operating Expenses/Average Assets	1.3	1.4
Investment Income/Average Assets	10.7	15
Benefits Paid/Contributions	36	30
Benefits Paid/Total Inflows	19	14
Investment Income/Total Inflows	42	52
Return on Investment	11.6	18.2
Real Rate of Return	6.1	12.25
Return on Assets	8	14
Growth Rate of Assets	16.9	25
Changes in Liabilities	2.6	20

Licensed Schemes and Service Providers

Licensed Entities	No	Service Providers	No
National Mandatory Scheme	1	Administrators	8
Parliamentary Pension Scheme	1	Fund Managers	6
Supplementary Voluntary Occupational Schemes	59	Custodians	5
Supplementary Voluntary Informal Occupational Schemes	2	Corporate Trustees	4
Individual Trustees	469		



VISION, MISSION AND CORE VALUES

Vision

A vibrant, secure and sustainable Retirement Benefits System.

Mission

To regulate, supervise and promote the development of a stable and effective Retirement Benefits Sector.

Core Values

Professionalism, Integrity, Innovativeness and Transparency.

The Work of the Authority

i) Regulate and supervise the establishment, management and operation of Retirement Benefits Schemes;

ii) Protect the interests of scheme members and beneficiaries;

iii) Carryout the following specific functions;
- License sector players;
- Approve schemes' auditors and actuaries;
- Ensure the sustainability of the Retirement Benefits Sector;
- Contribute to financial sector stability;

iv) Improve understanding and promote the development of the Retirement Benefits Sector;

v) Advise the Minister of Finance, Planning and Economic Development on all matters relating to the development and operation of the Retirement Benefits Sector;

vi) Implement Government policy relating to the Retirement Benefits Sector.

INSIDE THIS REPORT

CHAIRMAN'S STATEMENT

Andrew Derek Kasirye
Chairman, Board of Directors

"We have been able to steer the Authority in the right direction by setting up capabilities that will drive value in the future."

Reflecting on the 2016 performance of the Authority, we truly have had a fruitful year, gaining momentum in the implementation of the strategic plan with focus on improving regulation and supervision, sector development, and institutional capacity development.

We have been able to steer the Authority in the right direction by setting up capabilities that will drive value in the future. These include development of institutional policies, business workflow processes, recruitment, and training of staff as well as external stakeholders among others.

I must state, with immense satisfaction, that the Authority has been able to develop Regulations on Management and Operation of Retirement Benefits Schemes, Assignment of Benefits for Mortgages, Housing Loans and Medical Treatment, and Appeals Procedure to the Retirement Benefits Appeals Tribunal.

Supervision has also been enhanced following the adoption and implementation of the Risk Based Supervision Framework aimed at promoting transparency, providing early warning signals and encouraging regulated entities to self-evaluate their position at regular intervals.

I therefore take this opportunity to thank the Ministry of Finance, Planning and Economic Development for supporting the Authority, and enabling us to use the expertise that exists among Board Members and Management to deliver on the Authority's mandate.

I also express my gratitude to management and staff for their commitment to the work of regulating and supervising the sector. I would particularly like to acknowledge the leadership and ethos of the Chief Executive Officer, whose commitment and in-depth understanding of the Retirement Benefits Sector are invaluable to the Authority.

Andrew Derek Kasirye
Chairman, Board of Directors

CHIEF EXECUTIVE OFFICER'S STATEMENT

David Bonyi Nyakundi
Chief Executive Officer

"Our call for evidence has shown that implementing a pooled asset framework would reduce duplication and broaden access to additional asset classes..."

The past year was an eventful one as we continued to build capacity in the technical aspects of the functioning of the Authority, and the Retirement Benefits Sector supervisory business culture.

Sector performance improved, recording an increase in assets of 16.9% from UGX 6.5 trillion in 2015 to UGX 7.6 trillion in 2016. Income from investments amounted to UGX 760 billion in 2016 compared to UGX 907 billion in 2015. This was attributable to "marking to market" of the trading portfolio of listed equity, security selection, exchange rates, interest rate and credit duration that affected the value of investments and earnings.

In effect, the rate of return on the total portfolio decreased to 11.6 per cent in 2016 from 18.2 per cent in 2015. When compared to an average inflation rate of 5.5% over the same period, it implies a real rate of return of 6.1%.

The total operational expenditure amounted to UGX 94 billion in 2016 compared to UGX 82 billion in 2015. The operating ratio increased from 12% in 2015 to 13% in 2016, as a result of increased compliance with Financial Reporting and Disclosure Regulations an aspect that is gradually reducing overstating of assets and understating of expenses to cover costs. We are examining how operational efficiencies can be enhanced based on a realistic understanding of costs incurred by schemes.

The study we conducted on costs incurred in defined contribution arrangements was one of our most important recent activities. The report shows that there are schemes which provide good results for members, but there are cases where the charges are much higher than the market average. There are no simple solutions for these issues, and there is a lot of work to be done to ensure that all scheme members receive good value for money.

We have therefore initiated a number of specific responses to the recommendations of the study on costs, including promoting better awareness on charges to scheme members, trustees and employers, improving disclosure on fees and charges, enhancing the comparability of charges of different service providers, and provision of outsourcing guidelines, which inter alia require adequate negotiations on the terms of service providers.

Our call for evidence has shown that implementing a pooled asset framework would reduce duplication and costs, broaden access to additional asset classes, and enhance risk management practices. To the extent that these advantages support more diversified portfolios among participating schemes, pooled asset management may help realize better investment returns over the long term.

Going forward, a considerable part of our work will be driven by the sector's risk priorities. However, this does not mean that there is any area of compliance that will be overlooked. In addition, supervision is dependent on the ability to get the necessary information. We will continue to pursue cases where those involved with schemes fail to abide by their legal responsibilities to provide information to the Authority.

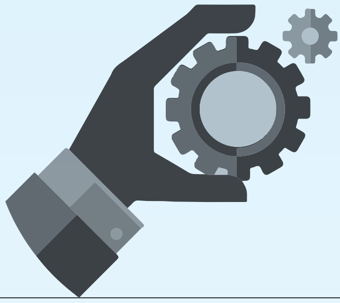
I therefore express my gratitude towards the Board and staff of the Authority for their commendable contribution in discharging our statutory responsibilities. I hope this Annual Report will provide valuable information to all stakeholders.

David Bonyi Nyakundi
Chief Executive Officer


Is this the life you want to lead after retirement?
Don't wait for life to get tough.
Start saving for your retirement and enjoy the
ZaabuLife.
JOB NEEDED
I CAN WORK AS
A WAITRESS

CORPORATE STRATEGY

CORPORATE STRATEGY



"The Authority has the obligation to develop the sector, maintain its safety and sound operation."

The Authority developed corporate strategic goals and objectives for the period between 2015/16-2019/2020 which will enable it to pursue its mandate as outlined in the URBRA Act. Three strategic goals and nine objectives were identified to enable development of the Retirement Benefits Sector. Table 1.1 provides the Authority's goals and objectives.

Table 1.1: Strategic Goals and Objectives

	Goals	Objectives
1.	Improve Regulation and Supervision of the Sector	1.1 Enhance the regulatory framework
		1.2 Strengthen supervision of the sector
2.	Improve Understanding and Promote Development of the Sector	2.1 Enhance knowledge and awareness of the sector
		2.2 Expand coverage of the Retirement Benefits Sector
		2.3 Undertake sector-wide research
3.	Strengthen Institutional Capacity and Development	3.1 Enhance the human resource capacity to deliver quality services
		3.2 Attain financial sustainability
		3.3 Enhance the Board and management's capacity to deliver on their mandate
		3.4 Develop and implement Robust and efficient management systems

1.1 Implementation of the Strategic Plan

The Authority has made significant progress in developing institutional policies and sector regulations. In 2016, the Authority's supervision activity was devoted to ensuring that licensed entities have robust investment governance and risk management frameworks.

Table 1.2: Accomplishments

Regulations	▪ Financial Reporting and Disclosure Regulations 2016 (Enacted) ▪ Licensing of Retirement Benefits Schemes (Amendment) ▪ Operation and Management of Schemes (Draft) ▪ Winding-up, Merger or Transfer of Retirement Benefits Schemes (Draft) ▪ Assignment of Benefits for Mortgages, Housing Loans and Medical Treatment (Draft)
Supervision of Licensed Entities	▪ Licensed 63 Retirement Benefits Schemes, 8 Administrators, 6 Fund Managers, 5 Custodians, 469 Individual Trustees and 4 Corporate Trustees ▪ Offsite analysis and on-site inspection (full scope and focused) ▪ Embarked on the implementation of the Risk-Based Supervision Framework
Guidelines Issued	▪ Handbook on Trustees Duties and Responsibilities, Guideline No.1 of 2016 ▪ Trustee Code of Conduct, Guideline No.2 of 2016 ▪ Members Rights Booklet, Guideline No.3 of 2016
Sector Development	▪ Trained Sector Players on Effective Governance and Administration of Schemes ▪ Undertook Study on Costs and Charges incurred by Schemes ▪ Undertook the Employment Benefits Baseline Survey ▪ Commenced the implementation of the ZaabuLife Saving for Retirement Campaign
Institutional Capacity Development	▪ Developed Standard Operating Procedures ▪ Monitored Corporate Risks as per the Authority's Risk Register ▪ Developed ICT Systems including Financial Management, Procurement, Security and Backup Systems

"At the Uganda Retirement Benefits Regulatory Authority, we supervise and regulate the establishment, management and operation of Retirement Benefits Schemes."

Launch of URBRA's Client Charter

RETIREMENT BENEFITS SECTOR OUTLOOK

RETIREMENT BENEFITS SECTOR OUTLOOK

"With over UGX 7 trillion in assets during 2016, it is considered that development of the Retirement Benefits Sector has potential to facilitate sustainable economic growth and financial stability."

2.1 Economic Environment

The economy expanded by 4.8% and GDP per capita increased to 695 USD during the year 2016, largely supported by expansion in the domestic economic activity. The moderation in the economy after the strong growth averaging over 5% recorded during the last three years was due to both external and domestic factors. Weak external demand slowed export growth and adverse weather conditions had a dampening impact on domestic production.

The development of an efficient economic and social infrastructure base throughout the country has received high priority in Government's development agenda. Good infrastructure is expected to broaden economic activities, create employment opportunities and increase overall productivity.

Table 2.1: Economic Indicators	2016	2015
GDP at Market Prices (UGX Trillion)	84	80
GDP Growth Rate (Real Growth) (%)	4.8	5
Inflation Rate (Average Annual Headline) (%)	5.5	5.5
Average Annual Exchange Rate (UGX/USD)	3,421	3,241
Retirement Benefits Sector Assets (UGX Trillion)	7.6	6.5
Sector Assets to GDP (%)	9.0	8.1

Source: Bank of Uganda, UBOS

In 2016, the Retirement Benefits Sector accounted for 9% of Uganda's Gross Domestic Product. With over UGX 7 trillion in assets during 2016, it is considered that development of the Retirement Benefits Sector has potential to facilitate sustainable economic growth and financial stability.

However in the next few years, the investment climate is expected to pose challenges to the Retirement Benefits Sector. These challenges will arise as a result of the expected fiscal consolidation of government borrowing which will decline significantly, with the tightening of the fiscal deficit, sustained inflation control and reducing interest rates.

2.2 Retirement Benefits Arrangements

The Retirement Benefits system in Uganda is composed of Mandatory Employer Based Pension Schemes, a National Mandatory Scheme (National Social Security Fund), Supplementary Voluntary Occupational Schemes and Supplementary Voluntary Informal Sector Schemes.

Table 2.2: Retirement Benefits Sector Outlook in Uganda	
Tier 1: Social Assistance Grant for Empowerment	The Grant is advanced to the most vulnerable beneficiaries aged 65 and above as a pilot program in a number of districts. The beneficiaries receive a monthly pay of 25,000 shillings. It is financed by the Government and Non-Governmental Organizations (NGOs).
Tier 2: National Mandatory Scheme (National Social Security Fund)	This is a compulsory defined contributory scheme for all eligible employers and employees. It is financed by both employer and employee during the working life for the benefit of employees.
Tier 3: Mandatory Employer-based Pension Schemes	These are Mandatory occupational schemes established under written laws. They include: i) Public Service Pension Scheme - This is a pay as you go defined benefit scheme run by the Ministry of Public Service. The Scheme is financed directly from Government tax revenues. ii) Armed Forces Pension Scheme - This is a pay as you go defined benefit scheme covering the armed forces. The pension/ gratuity process is cordinated by the chieftiancy of pension and gratuity housed in the Ministry of Defence before submission of claims to the Ministry of Public Service for payment. It is fully financed by Government tax revenues. iii) Parliament Pension Scheme - This is a defined contribution scheme with an underpin guarantee from Government established under Statute to cover members of Parliament and Parliament employees. It is a contributory scheme.
Tier 4: Supplementary Voluntary Occupational Schemes	These are voluntary work-based schemes established by employees under irrevocable trusts for the benefit of employees. Most of them are contributory. They are either as standalone schemes or are subscribed to an umbrella scheme.
Tier 5: Supplementary Voluntary Informal Schemes	These are voluntary non-employer schemes established by sponsors to cover workers in the informal sector or self employed persons who on a voluntary basis, may opt to participate in these schemes.

2.2.1 Social Assistance Grant For Empowerment (SAGE)

The Grant is under the Expanding Social Protection Programme (ESPP) housed in the Ministry of Gender, Labour and Social Development. It has recorded positive effects including better nutrition, access to healthcare, improved savings, investments and productivity. Government aims to expand social protection grants to cover the elderly in 40 more districts over five years between FY2015/16 to FY 2019/20 in addition to the initial 15 pilot districts.

This project has set a stage for the establishment of nationally tax-financed social pensions payable universally to those above the age of 65.

2.2.2 National Mandatory Scheme (National Social Security Fund)

The NSSF is a mandatory defined contributory retirement benefit scheme. The employer and the employee (member) are required to contribute 10% and 5% respectively, of the member's gross earnings to the Fund. Employers are liable to remit contributions and relevant details of their employees to the Fund periodically.

Members are eligible to claim their retirement benefits once they reach the retirement age (55 years). In addition, members are also entitled to withdraw their member account balances in the event of early retirement (50 years), migration, permanent disability, and joining pensionable employment. Legal heirs of a deceased member are eligible to receive the benefits in the case of death of a member.

2.2.3 Mandatory Employer-based Pension Schemes

i) Public Service Pension Scheme

Civil servants in Uganda are covered by a non-contributory Public Service Pension Scheme. The Scheme is financed directly from the government budget. The vesting period is 10 years of service after a member's 45th birthday. The benefit accrual rate is 2.4% per year. The reference wage for pension calculations (last salary and benefits) are indexed to wages. The civil service is composed of persons employed in the traditional civil service, teaching service (primary and secondary), police, prisons, and staff in local governments. Systemic reforms are underway to introduce a contributory pension scheme purposely to contain the implicit debt in the Scheme which taxpayers may be required to settle in the future. The reforms being considered aim at the ensuring that the Scheme is sustainable.

ii) Armed Force Pension Scheme

All military staff are covered by the Armed Forces Pension Scheme operated under a legal frame work of the Armed Forces Pensions Act [Cap 295]. An officer or militant who is released from the Defence Forces, is entitled to pension or gratuity.

The formula used in the calculations of the pensions and gratuities under the Scheme is the same as that applied in the computation of the same for public officers with the constant applied in the computations not being less than that applied in the computation for civil servants.

iii) Parliamentary Pension Scheme (PPS)

The PPS was established by the Parliamentary Pensions Act 2007 as a Contributory Hybrid Cash Balance Retirement Benefit Plan for the Members of Parliament of Uganda and the Staff of the Parliamentary Commission. The Scheme is managed by a Board of Trustees.

2.2.4 Supplementary Voluntary Occupational Schemes

Supplementary Voluntary Occupational Schemes in Uganda are provided by employers. Such benefits are provided entirely at the discretion of the employer. These schemes are established by employers under irrevocable trusts for the benefit of employees. It is expected that where an employer establishes such a scheme, all employees will participate. The benefits are funded by contributions and the rates vary from one scheme to another. Old age benefits are in most cases lumpsum payments.

The Authority is examining current challenges and main policy concerns focusing on the following areas:

i) Segregated Schemes (funds)

A major shortcoming is that employer-sponsored schemes are often seen as an extension of corporate financial and personnel management functions. In this sense, they do not meet the primary objective of retirement benefit schemes which is to provide retirement benefits to covered workers. Employers almost invariably retain the right to terminate retirement benefit plans and often change terms and conditions to suit their requirements, paying secondary regard to the needs of their workers. The Authority is developing regulations to increase the rights of workers.

ii) Umbrella Retirement Benefit Schemes

Umbrella Schemes offer pooled saving arrangements. While Sponsors aim to reduce their administrative burden by joining Umbrella Schemes, Trustees ought to ensure that the investment prepositions offered, fees and charges payable do not undermine Retirement Benefits Schemes' objectives. Concerns under consideration include operational costs, limited choices of investment products, and lack of flexibility prevalent in some umbrella schemes.

2.2.5 Supplementary Voluntary Informal Sector Schemes

The Authority licensed two voluntary informal sector schemes (Mazima Voluntary Individual Retirement Benefit Scheme and KACITA-Uganda Provident Fund Scheme) in 2016. These schemes are generally appropriate for informal workers and self-employed persons, who may be unable to meet regular payments. They are characterized by short lock-in periods as well as low density and frequency of contributions. The Authority is establishing proper controls to ensure safety, and to minimize costs commonly experienced in marketing and administration.

2.3 Demography

Life expectancy is increasing in Uganda and fertility remains high. More than 65% of Uganda's population is under the age of 25. It is expected that the ageing work force in Uganda will comprise of, for the most part, the self-employed and labourers in the informal sector, to whom retirement benefits and old age security provisions are unavailable. There is a need therefore to make policy interventions that can steer lifelong financial security.

Table 2.3: Demographic Characteristics	
Total population	34,634,650
Labor force	17,232,200
Labor force employed	15,612,373
Distribution of Population by Age Group	
0-14	16,573,400 (47.9% of the total population)
15-64	17,232,200 (49.2% of the total population)
65+	935,135 (2.7% of the total population)
Age dependency ratio	103%
Life expectancy at birth	63.3 years
Life expectancy at retirement	17 Years
Fertility rate	5.8

Source: UBOS (Census , 2014)

2.4 Industry Coverage

Currently, about 90% of Ugandans are without any old age social security or retirement benefit arrangements. The few that are covered receive benefits that fall short of their basic needs. With disintegrating traditional social safety nets (due to urban migration and cultural changes), there is a need to improve the position of both current and future old people, as well as the people working in the secondary economy (unorganized sector), through social security and retirement benefit arrangements.

Table 2.4 : Industry Coverage Statistics	
Senior Citizens Grant (SCG) as at June, 2016	152,353 (transfers of UGX25,000/= every month)
Public Service Pension Scheme as at May, 2016	≈ 373,168 (307,000 active civil servants and 66,168 pensioners)
NSSF as at Dec,2016	• Total number of registered members = 1,143,910 • Total number of active members = 521,603 • Member activity rate ≈ 45.5% of 1,143,910 registered • Total registered employers = 24,667 • Total active employers = 15,717 • Employer activity rate ≈ 64% of 24,667 registered
Parliamentary Pension Scheme as at June, 2016	• Members of Parliament = 443 • Staff of Parliamentary Commission = 356 • Pensioners = 105
Supplementary Voluntary Occupational Schemes including umbrella schemes as at Dec, 2016	• Total number of employers = 128 • Total number of members = 31,177
Supplementary Voluntary Informal Sector Schemes as at Dec, 2016	634 Members
Total number under some form of cover	≈ 1,702,146
Coverage ratio	≈ 10%

Owing to a large population of the labour force, which is not formally employed, the risk of abject poverty in old age is real. There is a need to:

i) Establish nationally tax-financed social pensions payable universally to those above the age of 65. Countries that have implemented universal social pension have shown that it is cheaper to administer even at the risk of paying those who may not need it. However, the sustainability of this program depends on the general growth of the economy, increased tax collection and the integrity of its administration.

ii) Develop a policy that makes it mandatory for every formal employee to participate in a Retirement Benefit Scheme with enhanced governance structures to guarantee safety and growth of the mandatory savings. The scheme should preserve contributions and offer pensions in retirement.

iii) Establish sector wide micro-pensions with good governance structures. The legal framework would require a review to enable the flexibility in line with the nature of informal sector engagements and earnings.

iv) Expand social security service programs to provide health insurance to the population and capital support to the unemployed. This can support commencement and operation of businesses so as to mitigate the apetite to access retirement savings before retirement age.

SECTOR DEVELOPMENT INITIATIVES

URBRA Pre-retirement Seminar

SECTOR DEVELOPMENT INITIATIVES

"Efforts of building stronger relations with stakeholders have been enhanced."

3.1 Public Awareness and Education

In line with its three-year communication strategy, the Authority embarked on awareness campaigns throughout the country with key messages on the dangers of not saving for retirement, its mandate, and services offered by regulated entities. Efforts of building stronger relations with stakeholders, increasing its visibility, and cultivating a more positive public image for the organization were enhanced. In addition, various communication channels including social media platforms, presentations, television, radio, newspapers and brochures were used to disseminate the messages.

3.2 Trustee Training

The Authority conducted two trustee training workshops on the duties to keep records, act with reasonable care, act solely on behalf of their members, keep investments under review, and powers to delegate, and invest scheme funds. The trainings also emphasized the need to keep informed of current institutional investment trends, the need to review trust goals, objectives and risk measures.

3.3 Relationship with other Local Regulators

A Financial Sector Stability Committee composed of financial sector regulators (including the BoU, URBRA, IRA and CMA) was established to continually determine and monitor systemic risks which could spill over the whole financial system. The Committee is responsible for developing necessary measures and policy proposals for mitigating the risks. The Committee and its respective sub working groups are regarded as an important step for Uganda in macro-prudential policy design as it ensures a corporate structure for coordination among institutions.

3.4 Relationships with Regional and International Organisations

The Authority participates in activities of international and regional regulatory bodies. These include International Organisation of Pension Supervisors (IOPS) where the Chief Executive Officer of the Authority sits on the Executive Committee, and the East African Pension Supervisors Association (EAPSA). Through this participation, the Authority keeps abreast of international regulatory developments and has an opportunity to benchmark against best practice standards among regional regulators.

3.5 Priorities for Sector Development

The Authority has identified the following priority areas for sector development:

i) Coverage of the Retirement Benefits Sector, by both mandatory and voluntary schemes;

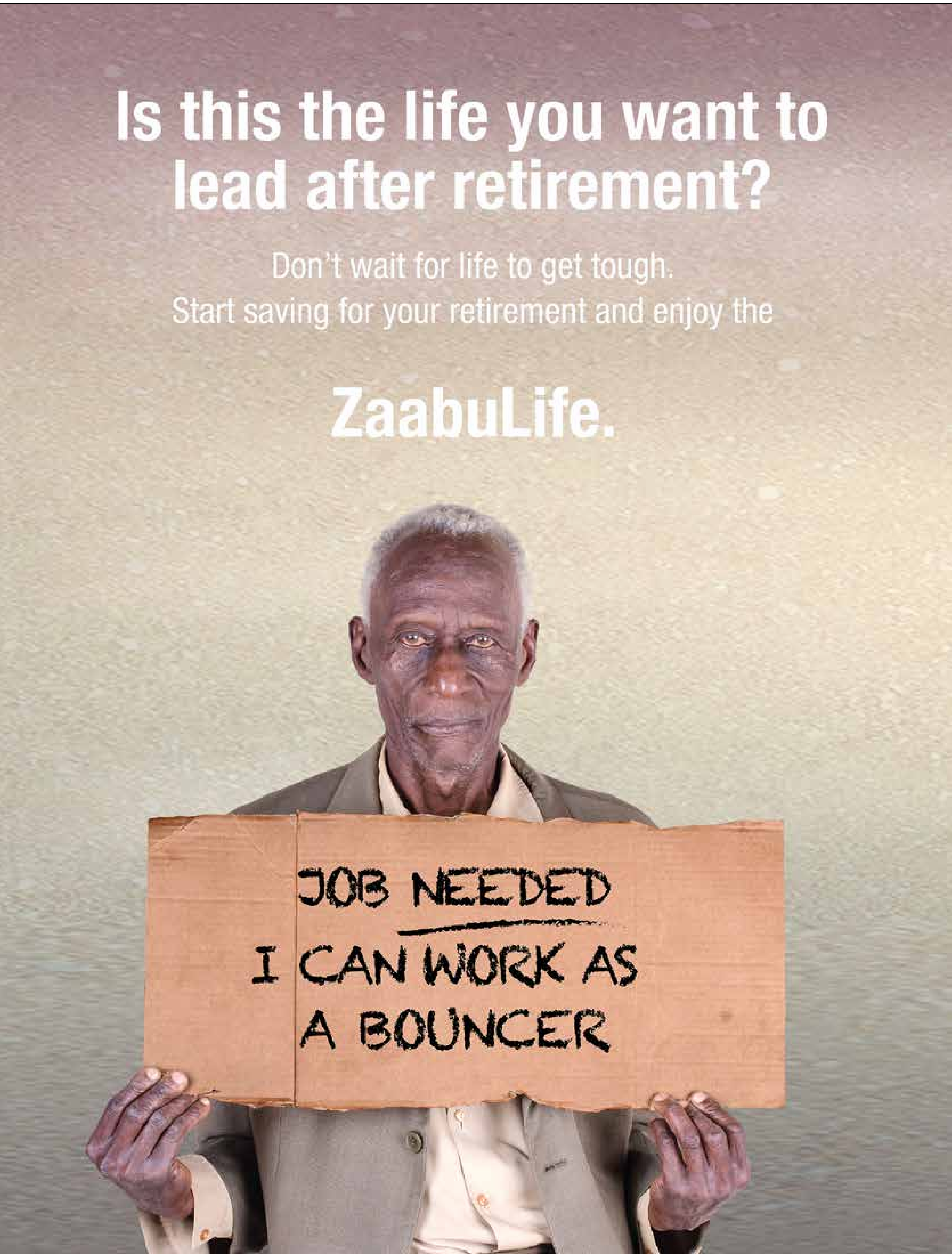
ii) Adequacy of retirement benefits;

iii) Financial sustainability and affordability in the short and long term;

iv) Delivery of the right incentives aimed at encouraging people to work, contribute to the system and save through voluntary retirement plans;

v) Enhance public confidence by enabling effective administration that provides a good service at reasonable cost, and prevents fraud and abuse;

vi) Promote consumption smoothing by preserving pre and post retirement income.


Is this the life you want to lead after retirement?
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JOB NEEDED
I CAN WORK AS
A BOUNCER

RETIREMENT BENEFITS SECTOR PERFORMANCE

OVERALL SECTOR

"The sector posted 8% return on assets, a commendable performance given the environment of declining interest rate and depressed equity market conditions, witnessed in 2016."

5.1 Contributions

Total contributions increased by 16% from UGX 829 billion in 2015 to UGX 963 billion in 2016 with 66% and 33% from employers and employees respectively. The share of contributions on total inflows was 53% in 2016, up from 47% in 2015. This was attributed to new contributors, salary increments and improved compliance in remittance by employers to schemes owing to ongoing supervisory activities.

5.2 Operating Expenses

The total operational expenditure amounted to UGX 94 billion (5.2% of total inflows) in 2016 compared to UGX 82 billion in 2015. The operating ratio increased from 12% in 2015 to 13% in 2016, as a result of increased compliance with Financial Reporting and Disclosure Regulations, an aspect that is gradually reducing overstating of assets and understating of expenses to cover costs. On the other hand, the industry expense ratio reduced to 1.2% in 2016 compared to 1.3% in 2015 as the rate of increase in assets exceeded the rate of increase in operational expenses.

5.3 Benefits Paid

Benefits paid increased by 43% from UGX 243 billion in 2015 to UGX 348 billion in 2016, accounting for 62% of the total sector outflows. Of the total benefits paid, lump sum payments accounted for 71% while pension payments accounted for only 3% with the rest of the proportion shared amongst benefits paid due to death, disability and permanent relocation from the country.

Preservation of pre and post retirement income requires aligning the benefits of provident funds to those of pension and retirement annuity funds. This means that members would be required to convert a significant portion of their retirement savings into phased payout options.

5.4 Retirement Benefits Sector Assets

Total assets increased by 16.9% from UGX 6.5 Trillion in 2015 to UGX 7.6 Trillion in 2016. Growth in assets was due to contributions and investment earnings. The sector posted 8% return on assets, a commendable performance given the environment of declining interest rate and depressed equity market conditions, witnessed in 2016. Table 5.1 provides the distribution of sector assets by retirement benefit arrangements.

Table 5.1: Distribution of Assets by Retirement Benefits Sector Arrangements		
	2016	**2015**
Total Assets (Million)	7,649,556	6,500,946
Share	%	%
National Social Security Fund	86	86
Parliamentary Pension Scheme* (PPS)	1	2
Supplementary Voluntary Occupational Schemes	13	12
Supplementary Voluntary Informal Sector Schemes*	-	-

Supplementary voluntary Informal Sector Schemes will commence submission of audited financial statements in the 2017 reporting period.

The performance of the PPS was included in the performance of Supplementary Occupational Voluntary Schemes.

5.5 Asset Allocation

For the year 2016, a major portion of the assets was placed in government debt, accounting for 69%. Equities 16%, fixed deposits 4%, real estate 7% and corporate bonds 2%. Private equity, guaranteed funds and other investments accounted for the remaining 2%.

Individual investments in a portfolio could increase or decrease its market value from time to time. However, the portfolio must be constructed in such a manner that it delivers above average return over the medium to long term, even in changing circumstances.

Table 5.2: Retirement Benefit Sector Investment Portfolio			
Investments	2016	2015	2014
Total Investments (Million)	7,480,672	6,375,638	5,004,380
Share	%	%	%
Government Bonds & Treasury Bills	68.7	65.91	60.17
Corporate Bonds	1.98	2.39	3.11
Term Fixed Deposits	4.22	5.56	14.72
Real Estate	6.91	6.98	8.85
Quoted Equities	16.37	16.84	10.51
Private Equity	0.002	1.17	1.43
Offshore Investments	0.02	0.01	0.01
Guaranteed Funds	0.33	0.32	0.26
Others Investments *	1.48	0.80	0.93

**** Other investments include investments in associates and loans to members.***

As shown in Table 5.2 above, there is a slow gradual diversification into equities. While this is expected to enable mitigation of the concentration risk in the sector's portfolio, investing a greater proportion of assets in shares, debentures, mortgage bonds or mortgage-backed securities would require prudent investment governance.

This type of diversification response is quite evident in the case of asset allocations of many of the pension and retirement benefit funds in emerging economies. Such strategies in peer countries would need to be studied carefully. The superannuation funds of many emerging nations often include equity as a major asset class, and those policies seem to have been reasonably successful due to the following factors:

i) Development of capital markets

ii) Matching liabilities of 25 to 30-year duration, with similar long-term assets, in order to minimize risks arising from maturity mismatches.

5.6 Assets Managed by Fund Managers

Total funds under management by licensed fund managers amounted to UGX 1.1 Trillion in 2016. Table 5.3 provides the share of total assets managed by licensed fund managers.

Table 5.3 Assets Managed by Fund Managers

Fund Manager	Dec 2016	Sep 2016	June 2016
(Million)	1,156,594	1,086,160	1,027,741
Share	%	%	%
Sanlam Investments East Africa (formerly PineBridge Investments East Africa Limited)	44	44	45
African Alliance Uganda Limited	18	20	18
Gen-Africa Asset Managers	18	16	16
STANLIB Uganda Limited	15	16	16
ICEA Asset Management Company Limited	3	3	3
UAP Financial Services Limited	2	2	1

NSSF manages 85.5% of its assets internally in contravention of Section 33 of the URBRA Act, 2011. Schemes are expected to outsource the fund management function to facilitate active professional investment of funds, and to mitigate both governance and political risks associated with in-house investment of funds. While cost efficiency is seen as the main reason for in-house fund management in some cases, low costs do not necessarily culminate into better decisions and better returns.

5.7 Investment Income

Investment income dropped from UGX 908 billion in 2015 to UGX 760 billion in 2016. The decline was attributed to marking to market of the trading portfolio of listed equity, security selection, exchange rates, interest rate and credit duration that affected the value of investments and earnings.

In effect, the rate of return on the total portfolio decreased to 12 per cent in 2016 from 18.2 per cent in 2015. When compared to an average inflation rate of 5.5% over the same period, it implies a real rate of return of 6.1%. Portfolio performance at scheme level varied with investment structure. According to data published at the end of 2016, all schemes recorded positive returns. Schemes posted returns ranging from 9.0% to 14%.

5.8 Liabilities

Total liabilities dropped by 2% in 2016 from UGX 75 billion in 2015 to UGX 73.7 billion in 2016. The total sector obligation was approximately 1% of the total assets which implies a sector networth of 7.5 trillion. Liabilities constituted tax and benefits payable, accrued expenses and provisions.

NATIONAL SOCIAL SECURITY FUND

"the Fund grew at a rate of 18%, however, it must make arrangements to mitigate the impact of business and commercial risks."

6.1 Registration

By the end of 2016, the total number of registered employers was 24,667 with 15,717 (64%) actively contributing to the Fund. The Fund has a total of 1,143,910 registered members with 521,603 (45.5%) active member accounts.

6.2 Contributions

Contributions to the Fund increased by 13% to UGX 790 billion in 2016 from UGX 697 billion in 2015. Contributions from employers and employees accounted for 63% and 32% respectively, while 5% was on account of additional contributions. The increase was as a result of improved compliance levels and new registrations.

6.3 Payment of Retirement Benefits

Total benefits paid amounted to UGX 239 billion in 2016, recording a 28% increase over UGX 187 billion paid in 2015. Age and withdraw benefits accounted for 34% and 29% respectively. Emigration represented 16% while exempted employment accounted for 13%. The increase was mainly due to attainment of the retirement age (55 years), early retirement (50 years), joining of pensionable employment and permanent relocation to another country. Table 6.1 provides a breakdown of benefits paid.

Table 6.1 Benefits Paid

	2016	2015
Amount (UGX '000)	238,797,166	186,609,416
Share	%	%
Age Benefits	34	36
Withdraw Benefits (Early Retirement)	29	30
Exempted Employee Benefits	13	8
Invalidity Benefits	6	7
Survivors Benefits	3	3
Emigration Grant Benefits	16	16

6.4 Operational Expenditure

The total operational expenditure of the Fund increased to UGX 80 billion in 2016, registering a 16% growth compared to UGX 68.8 billion in 2015. There was a nominal reduction in the Fund's cost to income ratio from 13.9% in 2015 to 13.2% in 2016. The Fund's administrative expenses held the largest share of total expenses accounting for 75%. Table 6.2 provides a breakdown of the Fund's total operational expenses.

Table 6.2 : Operational Expenditure of NSSF

	2016	2015
Amount (UGX '000)	80,042,405	68,808,766
Share	%	%
Administrative Expenses	75	76
Other Operating Expenses	20	19
Amortisation and Depreciation of Assets	5	5

6.5 Assets

The National Social Security Fund is the largest mandatory Retirement Benefits Scheme in Uganda. In 2016, the Fund grew at a rate of 18%, supported by growth in the contributions made by members, their employers, surcharges and investment earnings. It held over UGX 6.5 trillion by the end of June 2016, accounting for 86% of total assets in the Retirement Benefits Sector.

6.6 Investments

Total investments of the Fund reached UGX 6.4 trillion as at June 2016, recording a 16% growth over UGX 5.4 trillion in 2015. There was no major change in the portfolio structure in 2016. The value of investments in government securities was 70%, 15% was invested in equity, 4% in fixed deposits, 7% in real estate and 2% in corporate bonds. The balance of 2% was invested in private equity, loans and advances. Table 6.3 show the investment patterns in percentages of total investments.

Table 6.3: Investment Pattern of NSSF

INVESTMENTS	2016	2015	2014
Total Investments (UGX '000)	**6,461,061,286**	**5,469,541,867**	**4,354,171,468**
Share	%	%	%
Government Bonds and Treasury Bills	69.7	67.7	60.9
Equities	15.3	15.1	7.5
Fixed Deposits	4.2	4.6	15.7
Real Estate	7.0	8.1	10.2
Loans & Advances	0.5	0.6	0.9
Associates	1.2	1.4	1.6
Corporate Bonds	2.1	2.5	3.3

While the government securities portfolio is still dominant, the Fund maintained a profitable mix and composition of maturities from short-term to long-term. This strategy has helped mitigate risks arising from changes in securities prices and interest rates.

6.7 Investment Performance

The Fund earned UGX 671 billion on its average investment portfolio for the year 2016 compared to UGX 802 billion in 2015. The Fund experienced a loss of UGX 82.2 billion (12% of investment income) resulting from marking to market of the trading portfolio of listed equity. However, the bulk of the equity investments were made with a long-term focus. Unrealized gains or losses arising from short-term fluctuations in prices did not affect the profits of the Fund, on a net basis. Despite the 16.3% decrease in the investment income, the Fund was able to appropriate an annual interest rate of 12.3% on year-end member balances.

6.8 Development Initiatives

The Fund has improved its operations by using innovations in Information Communication Technologies (ICT). Investments in technology are intended to permit transition to a fully automated near-paperless organization in the medium term. These initiatives are expected to improve efficiency of the Fund's operations, enhance client relations, and result in significant administrative cost savings.

6.9 Risk Profile of the Fund

As the largest national mandatory scheme, NSSF manages long-term savings of private sector and some public sector employees. The Fund is expected to prudently manage risks to give maximum benefits while ensuring safety of members' funds, and the entire financial system. The key risks faced by the Fund include; political, governance, credit, market, liquidity and operational risks.

Inference drawn from risk assessment shows that the Fund was within an acceptable range during the period under review. Considering the immense economic potential of Uganda, the Fund will grow further in the coming years, and it is expected to discharge its fiduciary responsibility. Towards this aim, attention must be directed to:

Corporate Governance: Good governance is key to the smooth functioning of the Fund. Good governance is necessary to reassure members' that their savings will be safe. The Authority therefore recommends objective evaluation of governance and transparency practices in all management and investment decisions.

Compliance Enforcement: To protect employees' rights and benefits, the Fund must adopt practicable means to enforce the law against non-compliant employers. A combination of proactive inspection, financial penalties and prosecution could help increase registration and payment of arrears.

Capital Works and Joint Ventures: Capital works such as Arua Golf Course and Pension Towers stalled because the different risk profiles, and portfolios of parties were not considered. The rationale, objectives and sources of benefit, ownership and accountability should have been set out clearly at the inception of such projects.

SUPPLEMENTARY VOLUNTARY OCCUPATIONAL SCHEMES

"Assets held by supplementary voluntary occupational schemes amounted to UGX 1.0 trillion, accounting for 13% of the total industry assets in the year 2016."

7.1 Contributions

Total contributions made by voluntary occupational schemes amounted to UGX 172 billion in 2016 on account of 64% from employers (UGX 111 billion), 30% (UGX 52 billion) from employees, while 6% was on account of group transfers and additional contributions.

7.2 Operational Expenditure

Operational costs amounted to UGX 14 billion in 2016. The operational ratio of voluntary schemes was 13% while the expense ratio was 1.4%. With improved governance, schemes are expected to become cost efficient.

7.3 Benefits

Total benefits amounted to UGX 110 billion in 2016. Of the benefits paid, 90% were lump sum payments (made before or at retirement), 9% pension, leaving 1% to death benefits and transfers out. Lump sums do not protect savers from longevity risk as lifetime savings may be squandered. Members that change jobs or leave employment are often not prepared to preserve or transfer benefits, and few retirees self-annuitize due to lack of knowledge about existing products and appropriate financial skills and discipline. Introduction of sustainable options such as programmed withdrawals and life annuities will be critical to guarantee old age security.

7.4 Assets

Assets held by supplementary voluntary occupational schemes amounted to UGX 1.0 trillion, accounting for 13% of the total industry assets in the year 2016. Segregated schemes held 94% of the asset portfolio while umbrella schemes accounted for 6%. The market remained highly concentrated with 56% of assets held by only five supplementary voluntary occupational schemes.

7.5 Investment Portfolio

The portfolio of scheme allocations in the available asset classes did not vary widely across plans, leading to no pronounced differences in the investment performance. At end-2016, the largest share of supplementary voluntary occupational scheme assets was invested in government debt securities, i.e. in government bonds (62.4%). Quoted equities accounted for 23.3%, real estate 6.2%, fixed deposits 4%. Corporate bonds, private equity, off shore investments, guaranteed funds and loans to members accounted for the remaining 4%.

Table 7.1 Provides investment categories of supplementary voluntary occupational schemes.

Table 7.1: Investment Portfolio

Investments	2016 ('000,000)	% Share
Government Bonds and Treasury Bills	637,974	62.416
Corporate Bonds	13,241	1.295
Fixed Deposits	41,621	4.072
Real Estate	63,797	6.242
Quoted Equities	238,018	23.286
Private Equity	176	0.017
Offshore Investments	1,216	0.119
Guaranteed Funds	26,054	2.549
Others Investments *	32	0.003
TOTAL	**1,022,129**	**100**

Other investments include loans to members

There were no significant differences between larger schemes (those with more than UGX 100 billion in assets) and medium funds (those with between UGX 30 and 100 billion under management) and small funds (those with less than UGX 30 billion in assets). Most funds invested heavily in government debt securities, equities and real estate while a few smaller schemes invested in pooled investments, fixed deposits and treasury bills.

7.6 Investment Income

Investment income from supplementary voluntary occupational schemes accounted for 31% (UGX 88 billion) of total inflows (UGX 280 billion). The income was majorly from government securities. However, there was a capital loss of UGX 38 billion and a foreign exchange loss of UGX 143 million which affected overall portfolio performance.

Given the structure of investments, returns were influenced by changes in the yield curve on government debt instruments, prices of shares, the level of the key policy rate and banks' interest rates.

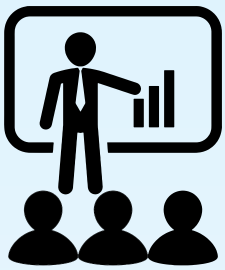
7.7 Risk Profile of Supplementary Voluntary Occupational Schemes

An assessment of financial and non financial indicators showed that there were no material risks during the period under review. However, the overall area of weakness noticed during the assessment was inherent in administrative governance which could undermine prudent operation of schemes. At scheme level, uncovered weaknesses and inconsistencies were discussed with the management of the schemes and action plans were agreed for the needed improvements. Follow-up monitoring was carried out by controlling the implementation pace of the action plans and, where necessary, corrective actions were suggested.

"Members should take a long-term view when looking at scheme performance and, depending on the timing of their need to access accrued benefits, they need not be overly concerned with short-term return fluctuations."

SUPERVISION OF THE RETIREMENT BENEFITS SECTOR

SUPERVISION OF THE RETIREMENT BENEFITS SECTOR



"All schemes and service providers must establish and maintain adequate internal controls which mitigate significant operational, financial, regulatory and compliance risks."

8.1 Supervision

On-going supervision of the Retirement Benefits Sector is a key function of the Authority. During the period under review, the Authority monitored compliance with the URBRA Act, established regulations and guidelines, performance and conduct of licensed schemes and service providers, through off-site analysis and on-site inspections.

The Authority conducted the following activities:

i) Licensing of schemes and service providers;

ii) Inspection and due diligence visits;

iii) Analysis of financial and non-financial information that schemes are obligated to submit;

iv) Monitoring of investment performance;

v) Provision of information and guidance to trustees, scheme administrators and members, on their responsibilities and rights;

vi) Examination of material aspects of fund managers' operations including:

- Organisational structure, functioning, and technical conditions of operations,
- Communication with clients,
- Functioning of the internal control system,
- Execution of investment orders,
- Record keeping.

Following the adoption of risk based supervision, the Authority undertook a combination of the following:

i) an assessment of the risk profiles of licensed schemes, and setting of an internal rating for each scheme;

ii) an assessment of the systemic importance of each scheme based on selected factors including administration, investment and governance.

The risk profiles of respective schemes were captured in a rating matrix depicting risk exposure and the ability to cover identified risks. Going forward, a proactive approach will be applied in the supervision of licensed entities basing on their risk rating.

RETIREMENT BENEFITS SECTOR OPERATING COSTS

RETIREMENT BENEFITS SECTOR OPERATING COSTS

"All costs and charges borne by schemes must be disclosed and communicated clearly to enhance transparency and value for money comparisons."

9.1 Introduction

Costs have significant effects on the level of benefits, since they have an impact on the net returns earned on scheme investments. The Authority examined costs incurred by defined contribution schemes. The primary objective was to provide an insight into charges and costs relating to saving for retirement. The observations that were made are discussed below.

9.2 Determinants of Costs

Operating costs vary greatly from scheme to scheme, both in amount and in their application. They differ due to a number of factors including; size, governance, plan design, outsourcing decisions, service level agreements, type of assets held (differing asset types have various costs for e.g. property vs. equity) and investment policy (active investment management versus passive investment management).

Table 9.1: Service Provider Charges as per Submitted Service Agreements

Service Providers	Average	Maximum
Custodians	9.1 bps 7.1 Million p.a (Flat rate)	12.5 bps 10 million p.a (Flat rate)
Administrators	0.3% of asset Value 10 $ (Flat rate) per member	0.5% of asset value 18 $ (Flat rate) per member
Fund Managers	0.44% (AUM)	0.65% (AUM) 24bps
Corporate Trustee	-	0.175% (AUM)

Note: Excludes levies, transaction costs, performance fees, historical reporting & courier services, fees chargeable to new contribution to guaranteed funds etc.

9.3 Types of Costs

i) Administrative costs

Administrative costs include all costs laid out to operate schemes except investment costs; that is, personnel costs, rent, costs charged by third parties. The associated costs include policy development and implementation, recordkeeping, processing of contributions received, production of annual benefit statements and payments to auditors, actuaries, consultants and compliance with reporting and supervisory requirements.

ii) Investment Costs

Investment costs incurred by schemes are expressed as either ad valorem costs (i.e. charges which are levied on funds invested and expressed as a percentage/ basis points[1] of the assets under management), fixed/flat[2] costs (such as regular fees, of a certain amount every month) or as contribution charges (where a certain percentage of each contribution made is deducted as a charge)[3].

The calculated mean asset management cost decreases with increasing fund assets, running from approximately 0.65% of assets per year down to around 0.40%. The standard deviation of charges is around 0.40%, meaning that approximately two-thirds of portfolios have fees within 0.40% of the median for the particular level of assets. Smaller funds might expect to pay up to 0.2 percentage points more and larger funds around 0.15 less.

Investment performance begins with keeping costs low. High investment costs can significantly impact beneficiaries' wealth and consumption, as they reduce the net rate of return on investments. From the analysis, it is evident that asset management costs are at least 0.40% of assets[4], and allowing also for implicit costs[5] would suggest that the total additional fund related costs (not typically disclosed to savers) amount to between 0.1% and 0.35% per annum.

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[1]One basis point is equal to 1/100th of 1%, or 0.01% (0.0001), and is used to denote the percentage change in a financial instrument. The relationship between percentage changes and basis points can be summarized as follows: 1% change = 100 basis points and 0.01% = 1 basis point.

[2]Flat rate is a charge that is the same in all cases, not varying in proportion with something (remains at the same proportion on all amounts).

[3]This can mean that the monetary impact of each of these charges individually, and the cumulative impact of the charges overall in monetary terms, can be relatively difficult to identify and understand. Potentially adding to this challenge is the fact that retirement savings are by their nature made over long periods of time, meaning that the impact of apparently smaller charges can be amplified over time. For example, a 0.2% ongoing charge over an employee's working life can reduce the overall value of a member's retirement savings by around 8 per cent; whereas a one per cent ongoing charge can reduce retirement savings by around 18%.

[4]In some cases the fees are not shown as an expense but a reduction in the realized return.

[5]This includes implicit (non-disclosed) costs for example at time of investment (transaction and brokerage fees), direct investment in real estate (transfer & registration, lawyers and notarial fees,) and costs of holding the investment (maintenance, storage and insurance), disinvest (fees: transactions and brokerage fees) & Consultancy and advisory costs. Implicit costs are identified by taking the Total Expense Ratio identified, subtracting the Annual Management Charge (to identify the additional operational costs) and by adding the additional costs of brokerage commission and stamp duty (which are not reflected in TER's).

In some cases, investment costs are hidden in the investment returns, which are (incorrectly) reported net of costs rather than gross. Subject to constraints imposed by the level of disclosure, some schemes are unable to realize the lowest possible investment management costs or access the range of asset classes desired.

iii) Recommendation

The Authority has resolved to enhance compliance with disclosure requirements, and to undertake further analysis of the different costs incured by schemes. In addition, a pooled asset framework[6] is recommended to reduce duplication and costs, broaden access to additional asset classes, and enhance risk management practices.

[6]It is important to note that fund managers ought to permit participating schemes to retain fiduciary responsibility and control over asset allocation decisions, given variations in the liability profiles across schemes.

LICENSED SCHEMES AND SERVICE PROVIDERS

LICENSED SCHEMES AND SERVICE PROVIDERS

APPENDIX I: Schemes and Service Providers as at 31St December 2016

Licensed Entities	Total	Service Providers	Total
National Social Security Fund	1	Administrators	8
Parliamentary Pension Scheme	1	Fund Managers	6
Supplementray Voluntary Occupational Schemes	59	Custodians	5
Supplementray Voluntary Informal Sector Schemes	2	Corporate Trustees	4
		Individual Trustees	469

APPENDIX II: Scheme Assets

No.	Retirement Benefits Sector Assets	2016	2015	% Change
	National Mandatory Scheme	**Assets ('000,000)**		
1.	National Social Security Fund	6,585,798	5,569,863	18

No.	Mandatory Employer-Based Pension Scheme	2016	2015	% Change
1.	Parliamentary Pension Scheme	107,321	102,157	5

	Supplementray Voluntary Occupational Schemes			
1.	Bank of Uganda Defined Benefits Schemes	328,473	301,140	9
2.	Uganda Revenue Authority Staff Retirement Benefits Scheme	84,344	74,371	13
3.	Makerere University Retirement Benefits Scheme	79,339	70,143	13
4.	Centenary Bank Staff Defined Contribution Scheme	61,340	52,709	16
5.	Stanbic Bank Uganda Staff Pension Fund	46,228	42,381	9
6.	NARO Retirement Benefits Scheme	30,337	25,719	18
7.	Standard Chartered Bank Uganda Staff Pension Fund	29,756	31,386	(5)
8.	Barclays Bank of Uganda Limited Staff Pension Fund	28,901	30,422	(5)
9.	MTN Uganda Contributory Provident Fund	27,685	24,805	12
10.	National Social Security Fund Staff Provident Fund	23,162	19,977	16
11.	Nile Breweries Staff Provident Fund	14,499	12,351	17
12.	Uganda Breweries Limited Retirement Benefits Scheme	13,535	11,964	13
13.	Tullow Uganda Limited Staff Retirement Benefits Scheme	13,446	11,123	21
14.	Kinyara Sugar Works Limited Staff Provident Fund	12,102	10,863	11

No.	Retirement Benefits Sector Assets	2016	2015	% Change
15.	DFCU Limited Staff Provident Fund	11,277	9,184	23
16.	Housing Finance Bank Retirement Benefits Scheme	8,212	-	-
17.	WATOTO Ministries Provident Fund	7,171	5,870	22
18.	Uganda Communications Commission Staff Provident Fund	6,998	6,544	7
19.	Bank of Africa Staff Provident Fund	6,414	5,210	23
20.	Crown Beverages Staff Retirement Benefits Scheme	5,333	6,965	(23)
21.	Bank of Uganda Defined Contributory Scheme	5,195	2,958	76
22.	VIVO Energy Uganda Limited Staff Provident Fund	5,189	3,766	38
23.	Orient Bank Staff Defined Contribution Scheme	4,283	3,377	27
24.	Uganda Clays Staff Contribution Provident Fund	3,785	-	-
25.	Equity Bank (U) Staff Provident Fund Scheme	3,712	3,170	17
26.	UAP Staff Retirement Benefits Scheme	3,616	-	-
27.	Makerere University Business School Staff Retirement Benefits Scheme	3,272	2,910	12
28.	PostBank Uganda Provident Fund	3,227	1,831	76
29.	Pride Microfinance Retirement Benefits Scheme	2,968	1,800	65
30.	AON Uganda Ltd Staff Retirement Benefits Scheme	2,725	2,412	13
31.	PACE Staff Retirement Benefits Scheme	2,662	2,411	10
32.	Uganda Electricity Generation Company Limited Staff Retirement Benefits Scheme	2,340	-	-
33.	UMEME Ltd Staff Retirement Benefits Scheme	2,336	-	-
34.	British American Tobacco Uganda Ltd Staff Pension Scheme	2,256	2,747	(18)
35.	Royal Danish Embassy Local Staff Retirement Benefit Scheme	1,735	1,368	27
36.	Monitor Publications Limited Retirement Benefits Scheme	1,611	1,325	22
37.	AIRTEL Uganda Staff Provident Fund Scheme	1,124	-	-

No.	Retirement Benefits Sector Assets	2016	2015	% Change
38.	AAR Health Services Uganda Staff Retirement Benefits Scheme.	1,064	971	10
39.	Heifer Project International Uganda Staff Retirement Benefits Scheme	852	605	41
40.	KILIMO Trust Staff Provident Fund Scheme	785	534	47
41.	Statewide Insurance Company Limited Staff Retirement Benefit Scheme	764	729	5
42.	International Union For Conservation of Nature (U) Staff Provident Fund	259	-	-
43.	PCP Uganda Limited staff provident Fund Scheme	158	144	10
44.	AIG Uganda Staff Provident Fund	1,720	1,618	6
45.	ECO Bank Staff Provident Fund*	-	2,402	-
46.	Toyota Uganda Limited Staff Retirement Benefit Scheme***	-	949	-
47.	Century Bottling Company Ltd Provident Fund**	-	-	-
48.	Delta Petroleum (U) Ltd Staff Retirement Benefits Scheme***	-	-	-
49.	National Housing and Construction Company Ltd Staff Provident Fund***	-	-	-
50.	Opportunity Bank Staff Contribution Benefits Scheme**	-	-	-
51.	Uganda Coffee Development Authority Staff Retirement Benefits Scheme**	-	-	-
52.	Uganda Communications Employees Contributory Pension Scheme***	-	-	-
53.	UNEB Staff Retirement Benefits Scheme***	-	-	-

	Umbrella Schemes	2016	2015	% Change
1.	Alexander Forbes Retirement Fund	27,641	22,080	25
2.	Liaison Personal Retirement Plan Scheme	8,231	-	-
3.	JUBILEE Life Umbrella Retirement Scheme	8,200	6,587	24
4.	Stanlib Uganda Umbrella Pension Fund	6,151	3,142	96
5.	UAP Umbrella Retirement Benefits Scheme	5,874	2,645	122
6.	ICEA (U) Limited Retirement Benefits Umbrella Scheme	5,870	3,318	77
7.	Octagon Uganda Umbrella Retirement Benefits Scheme**	-	-	-
	Supplementary Voluntary Informal Sector Schemes			
1.	KACITA-Uganda Provident Fund Scheme**	-	-	-
2.	MAZIMA Voluntary Individual Retirement Benefits Scheme**	-	-	-

Note:
**ECO Bank Staff Provident Fund joined Liaison Personal Retirement Plan.*
*** New Schemes licensed in 2016.*
**** Did not submit financial statements on time.*

APPENDIX III: Umbrella Schemes and Participating Employers

No.	Alexander Forbes Retirement Fund	No.	ICEA (U) Limited Retirement Benefits Umbrella Scheme
1.	KCB Bank Uganda	1.	Family Health International
2.	Guaranty Trust Bank Uganda (Formerly FINA BANK)	2.	Grameen Foundation Uganda
3.	Citibank Uganda Limited	3.	Human Rights Network
4.	Imperial Bank Uganda Limited	4.	ICEA Agency
5.	Uganda Development Bank	5.	NC Bank
6.	Commercial Bank of Africa	6.	ICEA Staff
7.	International Alert	7.	Bible Society of Uganda
8.	Rakai Health Science Program	8.	Life Church
9.	Rift valley Railways Uganda Limited	9.	Feed the Children
10.	Unilever Uganda Limited	10.	ENCOT
11.	Marsh Uganda Limited	11.	BROLL
12.	Lion Assurance Company Limited	12.	Diakonia
13.	ICCO Cooperation	13.	Insurance Regulatory Authority of Uganda
14.	Capital Markets Authority		
15.	Total Exploration and Production		
16.	United Bank for Africa Uganda Limited		
17.	Alexander Forbes Financial Services Uganda Limited		
18.	Makerere University School of Public Health Fellowship Programme		
19.	American Tower Cooperation		
20.	ZTE Uganda Limited		

No.	Jubilee Life Umbrella Retirement Scheme	No.	UAP Umbrella Retirement Benefits Scheme
1.	Fountain Publishers Ltd	1.	ADRA Uganda
2.	Life Ministry Uganda	2.	Advance Microfinance
3.	Aga Khan Foundation	3.	Bugema University
4.	Sadolin Paints (U) Ltd	4.	Build Africa
5.	Swiss contact	5.	C&G Andijes
6.	DHL	6.	FIDA
7.	World Renew (CRWRC)	7.	Habitat for humanity
8.	Flitlinks International	8.	UAP Life agents DAP
9.	Water for People	9.	Ligomarc
10.	Eagle Africa Insurance Brokers	10.	Self Help Africa
11.	AKDN	11.	Send A Cow Uganda
12.	FINCA Uganda & FINCA Network Support	12.	Spear Motors
13.	Sign Health Gratuity Scheme	13.	Uganda Flowers Exporters Association
14.	Multichoice Uganda	14.	Pentecostal Assemblies of God Uganda
15.	African Risk and Insurance Services Limited (former Balaji Insurance)	15.	FAWE Uganda Chapter
16	AVSI Foundation		

No.	Liaison Personal Retirement Plan Scheme	No.	Octagon Uganda Umbrella Retirement Benefits Scheme
1.	Eco bank Uganda Limited Staff Provident Fund	1.	AAR Sales
2.	Ericsson Uganda Staff Provident Fund		
3.	Lancet Laboratories Uganda Limited		

No.	Stanlib Uganda Umbrella Fund		
1.	Medical Access Staff Provident Fund		
2.	Water for People Staff Pension Fund		
3.	Pelum Staff Pension Fund		
4.	Clinton Health Access Initiative Staff Fund		
5.	Pearl Engineering Company Limited Staff Scheme		

APPENDIX IV: Licensed Service Providers

No.	Corporate Trustees
1.	Kenya Commercial Bank Uganda Limited
2.	Jomo Investments and Trustee Services Limited
3.	Quanteast Advisory Limited
4.	Vivo Energy Uganda Provident Trust Limited

No.	Administrators	Address
1.	UAP Life Assurance Uganda Limited	UAP Nakawa Business Park, Block D, 6th Floor, P.O. Box 1610, Kampala
2.	ICEA Life Assurance Company Uganda Limited	Plot 2 and 4A, Rwenzori Courts, Nakasero Road, P.O. Box 33953, Kampala
3.	Alexander Forbes Financial Services Limited	2nd Floor Studio House, Plot 5 Bandali Rise, P. O. Box 73302, Bugolobi, Kampala
4.	Liaison Financial Services Limited	Liaison House, Plot 44 Lumumba Avenue, P. O. Box 22607, Kampala
5.	Jubilee Insurance Company Uganda Limited	Jubilee Insurance Centre, Parliament Avenue, P.O Box 10234, Kampala
6.	Octagon Uganda Limited	5th Floor, Padrepio House, Plot 32, Lumumba Avenue, P.O. Box 36196, Kampala
7.	Padre pio Insurance Brokers	Plot 12A Tufnell Drive, Kamwokya, P.O. Box 7446, Kampala
8.	AON Uganda Limited	Plot 16, Clement Hill Road, P.O. Box 3123, Kampala

No.	Fund Managers	Address
1.	UAP Financial Services Limited	UAP Nakawa Business Park, Block D, 6th Floor, P.O. Box 1610, Kampala
2.	Sanlam Investments East Africa (formerly PineBridge Investments East Africa Limited)	Workers House, 7th Floor, Pilkington Road, P.O. Box 9831, Kampala
3.	ICEA Asset Management Company Limited	Plot 2 & 4A, Rwenzori Courts, Nakasero Road, P.O. Box 33953 Kampala
4.	African Alliance Uganda Limited	1st Floor Workers House, Pilkington Road, P.O. Box 70828, Kampala
5.	Gen-Africa Asset Managers	P.O. Box 75200, Plot 4 Parliament Avenue, Eco Bank Plaza, Kampala
6.	Stanlib Uganda Limited	Office Suite 6B, Plot 9 Yusuf Lule Road, P.O. Box 7131, Kampala

No.	Custodians	Address
1.	Housing Finance Bank Limited	Investment House, Plot 4 Wampewo Avenue - Kololo, P. O. Box 1539, Kampala
2.	Bank of Africa Uganda Limited	Plot 45, Jinja Road P. O. Box 2750 , Kampala
3.	Stanbic Bank Uganda Ltd	Plot 17 Hannington Road, 2nd Floor Crested Towers, P.O. Box 7131, Kampala
4.	KCB Bank Uganda Limited	Commercial Plaza, Plot 7 Kampala road, P.O. Box 7399, Kampala
5.	Standard Chartered Bank Uganda Limited	Plot 5 Speke Road, P.O. Box 7111, Kampala

GLOSSARY

Term	Definition
Active member	An individual who is current in making contributions.
Annuity	Pension product sold by life insurance companies that guarantees a fixed or variable payment income benefit for a specified period.
Benefit	Payment made to a retirement benefit scheme member or beneficiaries upon qualification.
Contribution	A payment made to a retirement benefit scheme by a scheme member or employer.
Corporate trustee	A licensed company offering trust services to a retirement benefits scheme.
Custodian	A licensed entity responsible for holding scheme assets and for ensuring their safe keeping.
Deferred member	A member that no longer contributes to or accrues benefits from the plan but has not yet begun to receive retirement benefits from that scheme.
Indexation	Adjustment taking into account changes in the cost of living (e.g. prices and/or earnings).
Lump sum	This is a mode of payment where a person is paid all his savings at once.
Mandatory Scheme	A retirement benefits scheme established under a written law mandating an eligible employer and employee to register with the scheme and make contributions specified in the written law to the scheme for the sole benefit of the employee or beneficiaries.
Micro pension	Arrangement focused on encouraging and enabling low income informal sector workers to accumulate savings for their old age.
Pension	Regular payment made to a member (beneficiary) after retirement and until death.
Trustee	A licensed individual ultimately responsible for the governance, operation and oversight of a retirement benefits scheme.
Umbrella Scheme	A retirement benefits scheme which collects contributions of employees of a single employer or a group of employers, individuals, members of an association or a professional body.

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FOR MORE INFORMATION

Uganda Retirement Benefits Regulatory Authority (URBRA)

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