

MONTHLY SECTOR BULLETIN

LEARN • EXPLORE • SHARE

ISSUE 11: NOVEMBER - DECEMBER, 2019 SECTOR BULLETIN



Mr. Andrew D. Kasirye - URBRA Chairman Board of Director (Left) hands over the URBRA 2019 Employee of the Year award to Mr. Eric A. Mugisha (Right). Looking on is the CEO and members of the Board

ERIC A. MUGISHA WINS THE 2019



EMPLOYEE OF THE YEAR AWARD

Eric Akena Mugisha, from the Risk and Investment department at the Authority was named Employee of the Year for 2019. The Employee of the Year Award gives the Authority an opportunity to recognize an employee who upholds its values and goes the extra mile to significantly contribute to the achievement of its strategic goals.

As such, Eric's exceptional performance and sustained commitment to promoting the values of the Authority throughout 2019 made him a worthy winner of "URBRA's Employee of the Year Award". He was voted for his innovativeness, time management, dependability, commitment and loyalty to the Authority ■

WHAT'S INSIDE

About URBRA

- Eric A. Mugisha wins the 2019 Employee of the Year Award
- Acting with skill, competence, and diligence: What it means for Trustees

Sector Developments

- URBRA Customer Service Week: Understanding Our Customers
- URBRA conducts sensitization of Umbrella Scheme participating employers

CEO's Corner

Questions from stakeholders

"URBRA Protecting Your Retirement Benefits"





ACTING WITH SKILL, COMPETENCE, AND DILIGENCE: WHAT IT MEANS FOR TRUSTEES

Competence is the ability to execute assigned duties efficiently, while skill is simply the ability or expertise to execute these duties. On the other hand, diligence is the careful and persistent effort to accomplish the duties.

Skill, competence and diligence require trustees to be knowledgeable about the matters and duties with which they have been entrusted.

In the Retirement Benefits Sector, Trustees have the responsibility of managing and overseeing the operation of retirement benefit schemes in accordance with the scheme rules and legal requirements under the URBRA Act.

As a fiduciary, a trustee must be knowledgeable and accountable in a number of areas including applicable law, investments, scheme administration, accounting, among others. It is important that a Trustee understands not only the nature of how the trust works, but also the responsibilities that come with the task.

Ignorance of a situation or an improper course of action on matters for which the trustee is responsible or should at least be aware is a violation of the Trustee Code of Conduct.

Improper or ill-advised decisions can be costly to the scheme and detrimental to the scheme's

members and beneficiaries. Prior to taking action on behalf of the scheme members, trustees should analyze the potential investment opportunities and act only after undertaking due diligence to ensure they have sufficient knowledge about the prevailing opportunities and strategies.

In exercising due diligence and competence, it is essential that scheme trustees have full knowledge of pertinent scheme documents, including the following:

- Trust deed and rules, including all other documents setting up and governing the scheme;
- Scheme funding and liabilities;
- Internal scheme policies and rules;
- The strategies in which the scheme is investing;
- Investment Policy statement, as well as the thoroughness of the analysis performed, the timeliness and completeness of the information, and the objectivity and independence of the source;
- The basic structure and function of the selected investments and securities in which the scheme invests;

- How investments and securities are traded, their liquidity, and any other risks (including counterparty risk).

The level of investment analysis depends on the investment style and strategy employed by the scheme in collaboration with the contracted fund managers. Certain types of investments (private equity, or more sophisticated derivative instruments) necessitate more thorough investigation and understanding than do traditional investments, such as straightforward and transparent equity and fixed income instruments. Trustees may seek appropriate expert or professional guidance in instances where they believe they lack the required expertise necessary to make an informed decision.

It has therefore become apparent that the trustees of the pension and retirement benefit schemes need to adhere to high standards of professional conduct in accordance with fundamental ethical principles of honesty, integrity, independence, fairness, openness, and competence. This voluntary adherence to high standards of ethical conduct that goes beyond the minimum requirements of the law, is the most effective and efficient form of market regulation ■

Left is a section of the customers that graced the URBRA Customer Service Week



URBRA CUSTOMER SERVICE WEEK: UNDERSTANDING OUR CUSTOMERS

In a bid to understand our stakeholders as a conduit to better communicate our service standards and facilitate feedback realization, the period November 18th - 22nd, 2019, marked the Authority's inaugural annual Customer Service Week.

In pursuit for a Vibrant, Secure and Sustainable Retirement Benefits System, the Authority's environment constitutes of a number of clients. These among others include licensed schemes and service providers, Financial Sector Regulators, Development Partners, the general public, Training Institutions, and Research Institutions.

As a sector regulator, we are committed to ensuring ease of collaboration with our customers by providing high quality, responsive and accessible service. We want to make sure that we put our customers first in everything we do. We can only achieve this not only through our staff but also by:

- Understanding what our customers expect of us;
- Letting our customers know what we can do for them;

- Striving for improvement all the time;
- Being consistent in the way we deliver the service/ services;
- Regularly reviewing and monitoring our performance and asking our customers how they think we are doing; and
- Accepting collective responsibility for the quality of the service we provide.

Notwithstanding the above, we are cognizant of ethics, and client legal entitlements. As such, we are committed to respecting the rights of our clients, including the right to:

- review an appeal;
- lodge a complaint;
- privacy and confidentiality;
- access to information;
- access services, facilities and information in a manner which meets client needs.

The Customer Service Week engagements and activities are expected to positively impact sector awareness levels amongst the general public. Ultimately, sector trust and confidence, and resulting growth and development will be realized ■

URBRA CONDUCTS SENSITIZATION OF UMBRELLA SCHEME PARTICIPATING EMPLOYERS



Supplementary occupational schemes can either operate as segregated schemes, or could elect to subscribe and participate through an already existing umbrella scheme.

In order to improve understanding with a view of promoting development of the sector, the Authority embarked on the sensitization of Umbrella schemes' participating employers. As such, engagements were held with a total of 15 participating employers under 9 Umbrella Schemes. The conducted sensitizations targeted participating employers' member liaison committees. These engagements revealed existence of inadequate understanding of sector legal framework, sector operation dynamics including operations of Umbrella Schemes, and critical

aspects in relation to retirement planning.

The Authority is mandated to protect the interests of members and beneficiaries of retirement benefits schemes. As such, in order to empower member liaison committees, and facilitate transparency and accountability amongst umbrella schemes and their constituent participating employers, the following recommendations were deemed key and are under URBRA's consideration. The Authority is to among others consider:

- Including representatives from participating employers in trustee training;
- Involve participating employers in the sector consultations;
- Liaise with umbrella schemes to sensitize participating employers; and employees on retirement planning ■
- Conducting specific trainings for liaison committee members;

CEO's Corner



URBRA Chief Executive Officer
MR. MARTIN A. NSUBUGA

Like many other Ugandan workers, I hold a substantial amount of money in NSSF. Why don't you as a Regulator permit us early access to our savings so that we can undertake investments while still energetic?

This preference downplays the motive of having accumulated savings for retirement. NSSF members contribute a trivial 5% off their monthly gross incomes, leaving the remaining 95% for other expenditure allocations including undertaking of investments.

Notwithstanding the early access preference, the current approach of paying lump sums to members upon retirement exposes savers to longevity risks as lifetime savings are more often squandered in not more than 2 years. Preservation of pre and post retirement income through introduction of portability/transfer of benefits and introduction of phased payouts such as programmed withdrawals, income draw downs and annuities are ideal. As such, URBRA is working on policy proposals around these in order to



Questions from Stakeholders

better guarantee old age security for scheme members and beneficiaries.

Early this year, I started up an enterprise in the services industry. As an employer, what are my obligations as regards membership to NSSF?

All employers with five or more employees, and are not exempted from the NSSF on grounds of subscribing to any other recognized retirement saving arrangement under the existing legal framework, are mandatorily expected to subscribe to the National Social Security Fund. Besides the registration with the Fund, these employers are expected to register all their employees aged between 16 and 55 years as members of the NSSF, deduct all employees' 5%, add a 10% of gross salary, and remit it to the Fund by every 15th day of the

subsequent month for which the remittance is being made.

Employers with less than five employees can on a voluntary basis, elect to subscribe to the NSSF under the voluntary plan arrangement. However, reform proposals aimed at among others lifting membership eligibility to both the formal and informal sectors are underway.

How often do Retirement Benefits Sector Trustees hold meetings?

The frequency of Trustee meetings could vary amongst schemes. Individual Scheme's Trust deeds will stipulate how often a scheme's Trustees have to meet. Quarterly meetings (thus 4 meetings a year) are the minimum stipulated by the Authority. ■





Uganda Retirement Benefits Regulatory Authority (URBRA)

4th – 6th floor, Plot 1 Clement Hill Road

P.O Box 7561, Kampala - Uganda

Telephone: +256 417304500/ +256200513500/ +256312324500

Website: www.urbra.go.ug

Twitter: @urbraUg

Facebook: urbraUg

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.