

MONTHLY SECTOR BULLETIN

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ISSUE 11: DECEMBER - JANUARY, 2020 SECTOR BULLETIN



PUBLICATION OF LICENSED SCHEMES AND SERVICE PROVIDERS

Under sections 30(2), 35(3), 41(3), 48(3) and 55(3) of the Uganda Retirement Benefits Regulatory Authority Act 2011, the Authority is required to publish lists of its licensees including Retirement Benefit Schemes, custodians, trustees, administrators and fund managers, at least once a year.

As such, in line with its supervisory mandate, the Authority published a list of Licensed Schemes and service providers as of January 3rd, 2020.

The Daily Monitor of Wednesday January 8th, 2020 and New Vision of Thursday January 9th, 2020 were the employed conduits for the publication.

The licensees include; 55 Segregated Schemes, 11 Umbrella Schemes (with 138 participating employers), 191 Individual Trustees, 10 Administrators, 7 Fund Managers, 5 Custodians and 3 Corporate Trustees.

All licensed schemes and service providers are expected to comply with the URBRA Act, Regulations and Guidelines. The list of entities licensed can be accessed on the URBRA website ■

WHAT'S

INSIDE

Upcoming Events

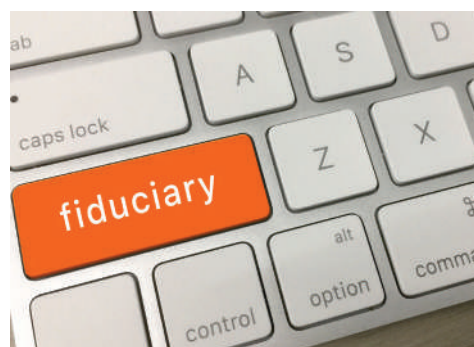
- **Stakeholder Consultative Meeting on "Sector Preservation and Adequacy of Benefits":** Wednesday 04th March, 2020 @ Imperial Royale Hotel
- **Students' Seminar:** Tuesday 3rd March, 2020 @ Gulu University
- **Retirement Seminar for Informal Sector Workers:** Friday March 13th, 2020 @ Solidar Gardens - Rubaga
- **Students' Seminar:** Thursday 26th March, 2020 @ UCC Pakwach

CEO's Corner

Questions from stakeholders

"URBRA Protecting Your Retirement Benefits"





COMMUNICATION: WHAT IS EXPECTED OF FIDUCIARIES

Communication is the process of passing information and understanding from one person to another. As such, it involves the transmission of facts, development, values, among others, from one person to another.

Full and fair disclosure of relevant information is a fundamental ethical principle of the retirement benefits sector. Developing and maintaining clear, timely, and thorough communication practices is critical to providing high-quality financial services to scheme members and beneficiaries.

As Fiduciaries, Trustees have a responsibility to:

- ensure that the information they provide to scheme members and beneficiaries is accurate, pertinent, and complete.
- not misrepresent any aspect of their services or activities in any communications,

including oral representations, electronic communications, or written materials (whether publicly disseminated or not).

Effective trustees work to ensure that all communications with scheme participants and beneficiaries are timely, relevant, complete, and accurate. If the scheme is considering significant changes, such as amending the scheme trust deed and rules, trustees will communicate this information well in advance to allow scheme stakeholders the opportunity to provide input.

Among other disclosures, trustees have a duty to present performance information that is a fair representation of the scheme's investment record and that includes all relevant factors.

Trustees have a responsibility to comply with the scheme's disclosure policies by submitting any requested information in a timely manner. To be effective, disclosures of information must be made in plain language and in a manner designed to effectively communicate the information.

As regards the scheme-regulator relationship, it is pertinent that scheme trustees disclose and communicate to the regulator. This is not only limited to the statutory reporting but also includes amendments to any scheme document(s), agreements/contracts with service providers, and any suspected illegal, unethical, or financial irregularities, among many others. ■



Towards Extension of Coverage to EAC'S INFORMAL SECTOR: REGIONAL PRINCIPLES FINALISED

The informal sector also called the informal economy or grey economy is that part of an economy that is neither taxed, nor monitored by government. The sector is characterized of irregular incomes, self-employment, employment with micro/unregistered enterprises, part time or seasonal or causal work, among other attributes.

The contribution of the informal sector towards the economic developments in the EAC region cannot be over emphasized. Fore stance, in Uganda, the informal sector employs nearly 80% of the workforce, and contributes about 30% to the country's GDP.

In effort to fast-track projects aimed at extending coverage to the informal sector in the East African Region, partner states in considered current efforts to improve coverage for the informal

sector in the region coupled with lessons learnt from other countries, proposed principles that can be adopted with a view of extending pension coverage to the informal sector. These principles include:

1. Partner States should put in place pension policies and legal frameworks that encourage inclusion and participation of informal sector workers.
2. Pension plans for informal sector should be simple, flexible, and innovative to cater for the unique characteristics.
3. Partner States should create awareness on the need to save for retirement to the informal sector through financial education and awareness campaigns.



4. Partner States should put in place mechanisms for consumer protection.
5. Pension plans should leverage on the wide range of available ICT platforms to penetrate the informal sector pension coverage.
6. Informal sector pension plans should embrace robust risk management frameworks.
7. Regulators should leverage on the established business associations that bring together the informal sector workers as avenues for reaching out to their members.
8. Partner States should put in place incentives for informal sector workers to encourage participation
9. Partner States should put in place guidelines and policies that ensure prudent investment for the informal sector.

It is envisaged that consideration of the above principles while executing strategies aimed at extending retirement benefits sector coverage to the informal sector within the region will deliver effective entry points in to the informal sector. The above principles enable convenience and easy product selling, and attract voluntary participation hence enable successfully enhance the number of persons in the region that are under some form of retirement benefit coverage ■

CEO's Corner



URBRA Chief Executive Officer
MR. MARTIN A. NSUBUGA

What in your opinion can be done to increase the adequacy of retirement savings?

The main determinants of adequacy are contribution rates, density and frequency, efficiency of operation and service provider costs, and Trustee capacity to effectively execute their fiduciary roles and responsibilities.

Ugandans should embark on regular financing of supplementary retirement



Questions from Stakeholders

saving arrangements over and above the set minimum rates. Schemes should ensure improved efficiency in operations including ensuring compliance to the Trust Deed and Rules including meeting the required remittance obligations.

That said, there is also need to introduce portability/transfer of retirement benefits, an aspect on which we have prepared a draft policy recommendation. The policy will seek to deter early access of retirement savings common amongst supplementary voluntary occupational schemes, where members access their benefits upon change of job or exit from employment.

Given the significant progress in the development of the sector, what has URBRA done to improve service delivery?

In addition to the developed and implemented client charter, the Authority has leveraged on innovative solutions by bringing changes

through the introduction of the Online Licensing and Reporting Platform. We have also embarked on a digitalization journey to improve operational effectiveness, transparency and cybersecurity.

What is the Authority doing about ensuring cost effective long-term savings?

The need to create a more cost-effective long-term saving industry is a primary pre-occupation for us. To facilitate the realization of cost effectiveness in the sector, our focus has been directed to better regulation and supervision to address the fundamental factors driving costs associated with scheme governance. We have also put emphasis transparency and disclosure to address the widespread problem where expenses are not shown as an expense but a reduction in the realized return ■





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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.