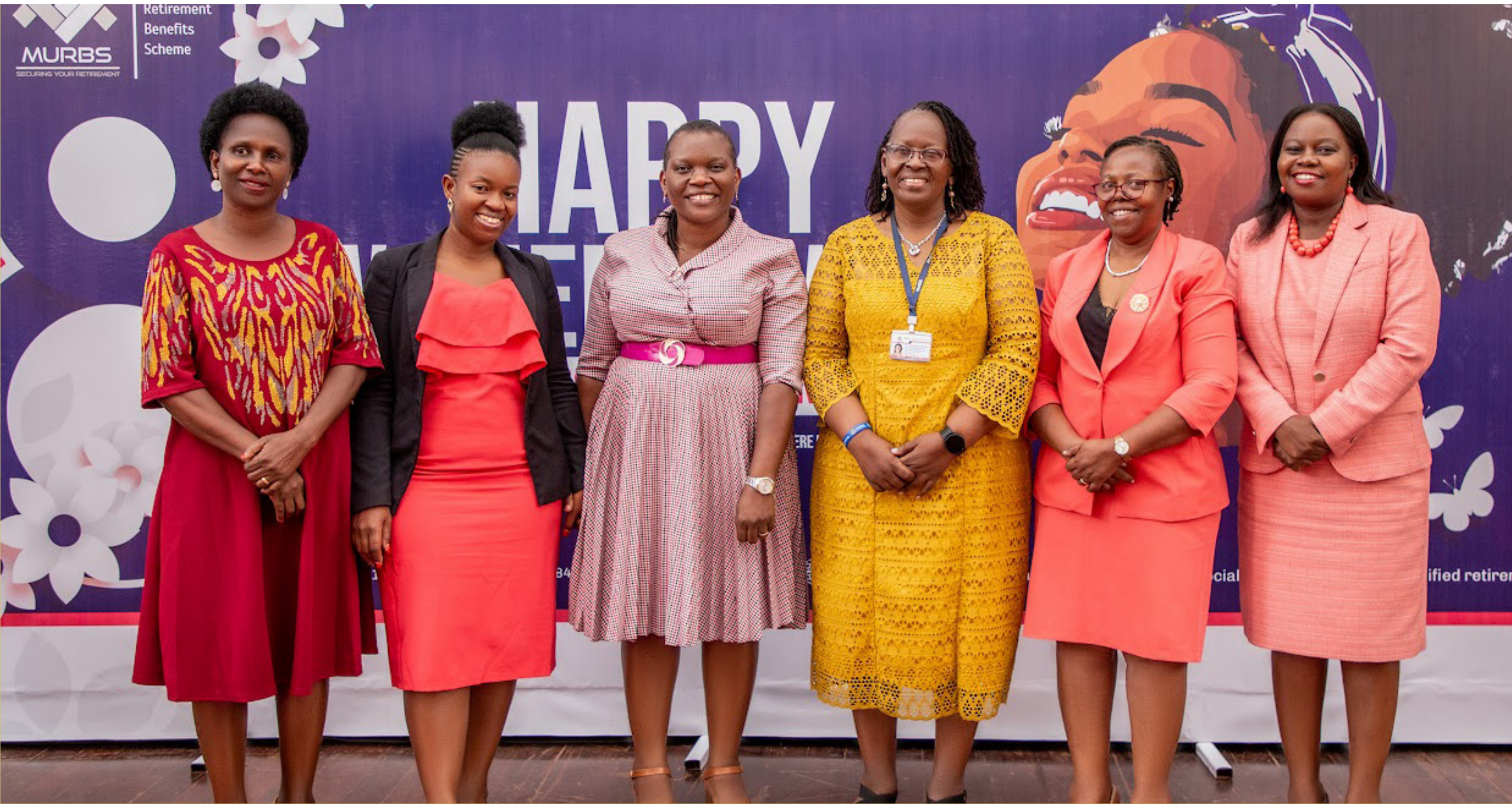
UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY

Protecting your retirement benefits

Newsletter

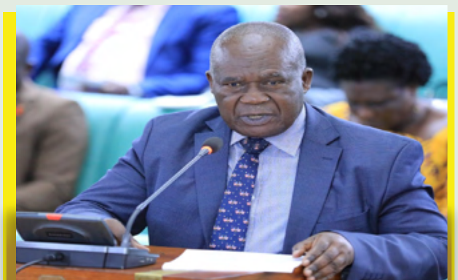
Quarter-3, FY 2024/25



KEY CONSIDERATIONS FOR WOMEN TO IMPROVE THEIR RETIREMENT PROSPECTS

Your Retirement, Your Responsibility

Breaking Barriers: How Karamoja Women Are Reshaping Their Future Through Economic Empowerment



What you need to know about the New Public Service Pension Law 2025

The Newsletter is a product of;
The Directorate of Corporate and Public Affairs

Design/layout, Billy B. Gang, Communication Officer, URBRA

Clement Hill Rd (3rd - 6th Floor)
P.O. Box 7561, Kampala
+256 417 304 500
www.urbra.go.ug
urbra@urbra.go.ug
@urbraUg

Accounting Officer's Foreword

Dear Reader,

Welcome to yet another edition of URBRA's quarterly newsletter. In this edition, one message stands out: retirement planning is not just a financial obligation but a lifelong commitment to securing dignity and stability in old age. There is no shortcut to retirement planning, and it is a personal responsibility. In this newsletter, we underscore the urgent need for each one of us to take proactive measures to prepare for retirement, on the financial and non-financial fronts.

Worldwide March is comemorated as the Women's Month, with the International Women's Day standing out on March 8th. In that respect, we use this edition to bring retirement planning experiences and insights from women from different walks of life – ranging from retired and renowned professionals to marginalised women in Karamoja.

Despite constituting a bigger percentage of the workforce, women face systemic barriers and grapple with lower incomes, career interruptions and longer life expectancies. All these factors demand tailored strategies and accelerated action to bridge the retirement gap. I hope you will be inspired by the journeys of Professor Grace Bantebya and CPA Edna Rugumayo, which illustrate the power of early preparation, financial literacy, and diversified investments in shaping a fulfilling retirement.

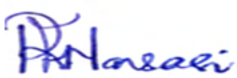
There's a lot more happening around the Retirement Benefits Sector, including the passing of the Public Service Pension Law 2025, which signals the transition of the public service pension scheme from a Defined Benefits to a Defined Contribution scheme. And not to forget the developments around the region – especially in neighbouring Kenya – which offer us many learnings.

As all these developments unfold, at URBRA we remain steadfast in ensuring a stable and secure retirement benefits sector, through our regulatory and supervisory functions, with the aim of protecting your retirement benefits.

I hope that the insights in this edition of our newsletter will inspire you to take charge of your retirement journey. Please don't forget to share with us your feedback; send an email to:

urbra@urbra.go.ug

For God and My Country



Rita Faith Nansasi Wasswa
Accounting Officer
Uganda Retirement Benefits Regulatory Authority

KEY CONSIDERATIONS FOR WOMEN TO IMPROVE THEIR RETIREMENT PROSPECTS

By Lydia Mirembe,
Manager Corporate and Public Affairs

Over the years, Uganda has made great progress towards gender equity and equality. This is observable in key areas like access to education, political participation and representation, and economic empowerment. The country has adopted several laws and policies that establish and strengthen women's position in the economy.

However, retirement remains a critical area of gender inequality and requires urgent attention. Women face several challenges in retirement, many of which stem from earlier stages of life. Considering the life-cycle approach, nearly everything people do in their lifetime ends with retirement and old age. As far as retirement planning is concerned, there are three critical stages in life, each affecting the subsequent one. The accumulation stage is characterised by hard work and productivity to build a foundation for one's legacy. The preservation stage is the time to secure things, following years of accumulation. It's the time to re-evaluate one's savings and investments and align the with one's retirement goals and dreams. The distribution stage is where all the savings and investments pay off – for most people this is during the retirement years.

Even with such a clearcut framework, many people especially women, are unable to have clear financial management plans leading to a dignified retirement. During the accumulation and preservation stages, women face many gender-based challenges which prohibit them from taking full advantage of opportunities. The most glaring gender differences can be observed in employment patterns, as highlighted by Uganda Bureau of Statistics (UBOS) in the 2024 population census report.

As of December 2024, out of the working age population of 25, 155, 922, there were 13,872,948 (55%) females and 11, 282,974 (45%) were males. Working age population defines the group of people who are capable, and likely (age 14-64 in Uganda) to engage in activities to produce goods and to provide services for use by others or for own use. While women make up the bigger percentage of the working age population, the actual work they engage in does not necessarily put them in a position of advantage. Note for example the differences under the following indicators:

- The potential labour force was also higher among females at 16.8% than males at 11.5%. These are people aged 14-64 who are interested in working for an income, but are limited by existing conditions
- The number of women in employment is 33.1% compared to 45% men. These are people actively working for pay or profit for the benefit of others. Their terms may be permanent, fixed or short, or they may even be casual employees
- There are more women in self-employment, also known as own-account workers, at 31% compared to men at 27.7%. These include owner-operators of enterprises that do not have employees or hired help.
- There are more women working as helpers in family business at 29.9% than men at 19.4%. These assist in family businesses without receiving any pay.
- The national unemployment rate was higher among females at 14.5% than males at 10.7%. These are people aged 14-64 who had no work from which to derive an income
- The unemployment rate among youth (aged 18-30) is higher for females at 18.7% than males at 13.4%

- The number of youths who are not in employment, education or training is 47.3% for females and 37.1% for males. In other words, these are youth who are disconnected from economic opportunities.

These trends have been reflected over a long period of time. For example, earlier in 2017, UBOS released a report titled "**Women and Men in Uganda: Facts and Figures**." Regarding the national labour force, the report indicated that 50% of men were employed, compared to 40% of women. Of the employed labour force, 48% of women were self-employed, compared to 38% of men. UBOS further reported that men engaged more in paid employment, while women spent up to 30 hours a week on unpaid domestic work like colleting firewood, fetching water, taking care of children, the sick and the elderly. Women also dominated the subsistence agriculture activities.

The economic activities in which a person is involved have significant implications for retirement planning and saving. People in formal employment have a more structured retirement saving plan compared to their counterparts in the informal setting. Even among those formally employed, the actual tasks and related emoluments have implications for retirement savings. UBOS indicates that women tend to concentrate in less-paying service work and elementary occupations rather than highly-paid professional work and key positions such as CEOs and senior officials.

Since retirement planning and saving is tagged to one's pre-retirement employment and earnings, and basing on national statistics, it is not farfetched to conclude that women are still quite disadvantaged compared to men. However, it may not be possible for this situation to be corrected without major systemic changes at legal, policy, political, and societal levels. But in the meantime, women cannot stand by and wait for systemic changes to happen; there are key considerations that women must bear in mind as they chart ways to enhance progress towards a better retirement.

Gender inequality in payment: If the current earning trends are not averted, women's retirement benefits accumulation will be slower, even with long careers. The National Labor Force Survey of 2021 reported that the average monthly cash earnings for people in employment were UGX250,000 for men and UGX140,000 for women. For women in formal employment, monthly earnings fell below the national average of UGX200,000. Therefore, as far as it is possible, women should negotiate for higher pay and advocate for themselves in the workplace. Otherwise, they have to work much harder and longer to make up for the disparity.

The effect of career breaks: Women are still largely in charge of family caregiving and are more likely to get career interruptions to look after children and other family members. Research shows that mothers are four times more likely than fathers to miss work due to childcare responsibilities. Taking time out of work will most likely affect one's retirement contributions and long-term savings. Women therefore should adopt strategies to help balance out any shortfalls created by such major events as career breaks. Career breaks should be better planned.

Women live longer: Apart from accounting for the bigger share of the population, women also have a higher life expectancy than men. Given the advancement in technology and healthcare, women will likely enjoy even much longer and healthier lives. Therefore, women need to save more money over their lifetime to ensure that they don't outlive their retirement savings. Women must consider strategies to maximise their retirement income, enhance its adequacy and preservation. For example, save more and delay access. Women should also know the options available when it comes to drawing their retirement savings.

Women have higher health care costs in retirement: The fact that women live longer also makes long term care plans crucial. These are costs that women ought to account for while still productive and earning. URBRA has licenced some health products on the market which women can take advantage of.

Financial Literacy and confidence: Women still lag in terms of education levels, which affects their literacy and confidence. This impacts on how they seek and apply knowledge concerning their retirement and financial literacy. Some even shy away from managing their own finances and hand over to their male partners. Women should seek financial educational resources to close the gap. They should also seek professional help to avoid the pitfalls that come with lack of education and literacy.

The achievements attained in the quest for gender equality cannot be discounted, but there is room to improve the women's experience, emoluments and ultimate contribution to the economy. It is important to prioritise and address the challenges that compromise women's ability to contribute meaningfully to their retirement planning and saving.

YOUR RETIREMENT, YOUR RESPONSIBILITY

In commemoration of International Women's Day 2025, Makerere University Retirement Benefits Scheme (MURBS) organised a pre-retirement sensitisation for the scheme's female members aged 57 and above. Among the panellists were Grace Bantebya-Kyomuhendo, Retired Professor of Women and Gender Studies, and Edna Isimbwa Rugumayo a Certified Public Accountant (CPA) and an Independent Trustee at MURBS. Below are excerpts from their experience sharing, as captured by Lydia Mirembe, **Manager Corporate and Public Affairs.**

Prepare your body, mind and soul – CPA Edna Rugumayo

When the NSSF came into existence in 1985, employers were not willing to pay. They broke down the employees' remuneration into different bits with different names, in order to reduce the remittance. Similarly, employees didn't complain because they wanted a higher net payment to take home. In the 1990s, NSSF started enforcing the law, and compliance improved. Employees started seeing an improvement in their earnings and retirement benefits, because now remittances were based on consolidated pay. That's when it occurred to me that one was better off with a high-paying job. From then on, I determined to improve my income by looking for higher paying jobs as this would give me a bigger retirement package. I also started taking my health seriously. Since the health insurance provided at work would eventually come to an end, I had to take steps to stay healthy, so that I wouldn't have to spend much on health costs in retirement. I started preparing mentally that my eight-to-five job would soon end, and I had to think of how I would fill the time. I focused on building my skills in managing Retirement Benefits Schemes. I also built my skills in corporate governance. I also got used to not driving my official car – a four-wheel, fuel guzzler. I basically prepared my body, mind and soul ahead of retirement. Now I'm much sought after by retirement schemes, and I sit on several boards. Retirement is exciting. It's all about preparing the mind, the body and the soul.

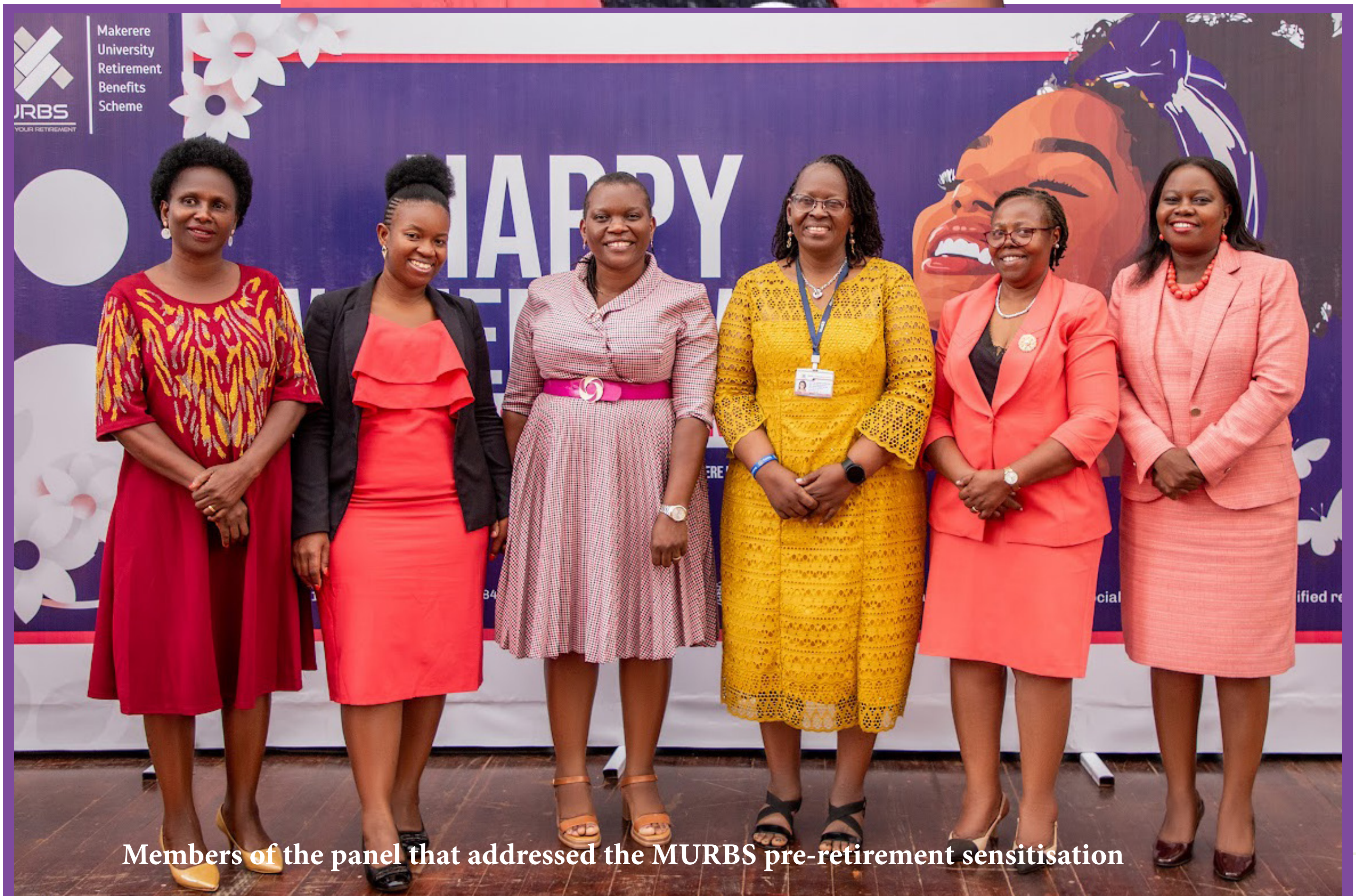

CPA Edna Isimbwa Rugumayo

Retirement planning is exclusively personal – Retired Professor, Grace Bantebya

I hadn't been thinking about retirement until I received the letter reminding me that my retirement date was drawing nigh. That letter woke me up! Thankfully, I got a post-retirement engagement with my employer, but I can't imagine what I would have done if I hadn't got that second chance. Anyway, I had started planning for retirement early in my career. I was also lucky that as a member of the Women's Movement, I had been getting a lot of information about economic empowerment. One of the greatest realisations I got at that time was to start prioritising myself.

Many times, women think about everyone else and not themselves. To prioritise and redeem myself, I even separated bank accounts with my husband. I started investing for myself and buying shares. When my husband passed away, I intensified my saving. Upon retirement, I accessed my retirement benefits, but at that time I was having serious issues with my eyes, so I spent most of the money on treatment to save my sight. The little that was left, I invested in a unit trust. Now in retirement, I ensure that I plan for emergencies. I subscribe to different saving and investment groups. I am also a member of the Makerere University SACCO (MUSACCO), where I accessed a loan facility and put up a block of rental apartments. Because of my costly eye problem, I have to save and invest intensely so that I don't get caught up when I need treatment. But retirement is not all about money. You need social networks too. Go out and get friends; don't be isolated. You may have saved a lot of money, but you need ideas. I am an active member of the Christian Women Fellowship (CWF). I'm also trying to give back to my community, by engaging and empowering women. For example, I've been training women in soap making. By giving back to the community, I get a sense of belonging. Additionally, I have taken up other hobbies like playing golf and I am the chairperson of Masindi Golf Club. I also took on farming – I rear goats, and I am planting coffee. I started with only two goats, now I have 12. I have so far planted one acre of coffee, and I hope to plant some two more acres this year. All these activities keep me engaged and happy. Retirement planning is exclusively personal. I prioritise myself; I exercise; I'm healthy and I really enjoy my retirement.

Retired Professor, Grace Bantebya



Members of the panel that addressed the MURBS pre-retirement sensitisation

Breaking Barriers:

HOW KARAMOJA WOMEN ARE RESHAPING THEIR FUTURE THROUGH ECONOMIC EMPOWERMENT

By Lillian Kakayi,
Communication and Public Affairs Officer

In the heart of Karamoja, where tradition runs deep and the challenges for women are immense, a quiet revolution is unfolding. Sophie Betty Okwir Nanyo, a resilient woman living and working in Moroto as a miner and small-scale farmer, is part of a movement redefining women's roles in society and advocating for economic empowerment. Through mining, education, and community-driven solutions, these women are breaking free from generational cycles of economic dependency and gender-based limitations.

For many women in Karamoja, life is a constant struggle for survival. Traditionally, girls grow up assisting their mothers with domestic chores, while boys receive formal education. The deeply ingrained polygamous culture further compounds the challenges, as women are often left to sustain their households with little to no financial support.

"It is upon the woman to strengthen her household. If you are not hardworking, your children will go hungry," says Sophie. Without formal education and economic independence, many women turn to informal labour, including mining, to support their families.

The mining sector has provided new economic opportunities for women, but it has not come without challenges. Women in the gold mines face extreme labour conditions and, in some cases, exploitation. In areas like Rupa, men demand sexual favours in exchange for mining rights or access to gold-bearing sand.

Refusing to accept this injustice, Sophie and other women mobilized their community, working with district authorities to address gender-based exploitation in the mining sector. Through advocacy and sensitization, security forces stepped in to protect women's rights, ensuring they could work in dignity and safety.

Sophie's work goes beyond mining. Recognizing the need for long-term solutions, she has been at the forefront of advocating for girls' education. In a region where girls are often married off young, education is a radical act of empowerment.

One of her success stories is a young girl from Amudat who scored highly in her Primary Leaving exams with a second grade and was at risk of being pulled out of school for marriage. Community leaders and local authorities intervened, securing her a place in a secondary school, with hopes of her becoming a role model for future generations. For that entire sub-county, she is the first girl to go beyond Primary level. They have even sought a safe place in the Convent for the girl to stay during holidays to protect her from community influences, something so hard to challenge.

"Once a girl is educated, she can make better decisions for herself and her family," Sophie emphasizes.

In Karamoja, land ownership remains largely communal, making it difficult for women to claim financial independence. Through community engagements, women are now being encouraged to manage their own economic resources, starting with small livestock like goats, which they can later exchange for cows in case they multiply. This has not only led to a shift that is slowly allowing women to build their own wealth and provide for their children's education but also start thinking of how to live when old age sets in. This begs the question: how do Karimojong women prepare for retirement and old age?

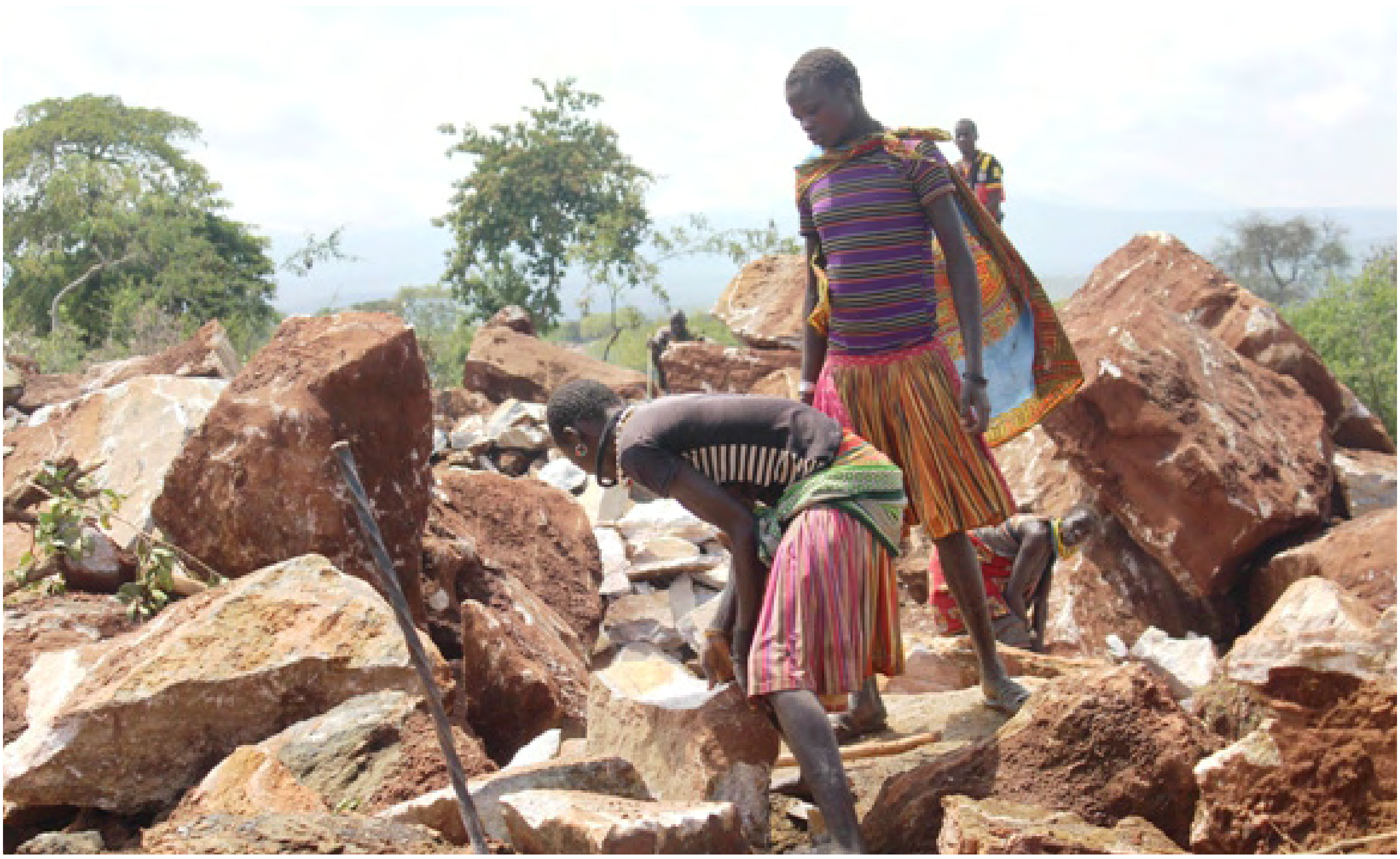
To women like Sophie in Karamoja, retirement planning is linked to formal employment. Retirement planning is a distant dream for women and marginalized communities in Karamoja.

During a two-day financial literacy workshop, organised by Bank Of Uganda and other financial sector regulators, Sophie expressed her longing for sustainable retirement planning strategies. She wished that URBRA and other sector players could extend their services to Karamoja region and establish retirement saving schemes and financial literacy programs to alleviate old-age poverty for women in the region.

The transformation in Karamoja is an ongoing process, but the small victories are worth noting. Women who once had no say in family and community affairs are now taking part in decision-making. They are proving that financial empowerment leads to stronger families and more resilient communities and therefore planning and investing for later years.

Sophie and her fellow advocates continue to push for policies that support women's rights, economic inclusion, and education. Their journey serves as a beacon of hope, proving that when women are given the tools and opportunities to succeed, they uplift entire communities.

As the World celebrates Women's Month, the story of Karamoja's women is a testament to resilience, determination, and the power of collective action. The road ahead is long, but one thing is clear: the women of Karamoja are reclaiming their future, one step at a time.



Every retirement plan is unique

This is why it's important to have a plan that is designed specifically to suit your individual needs and income.

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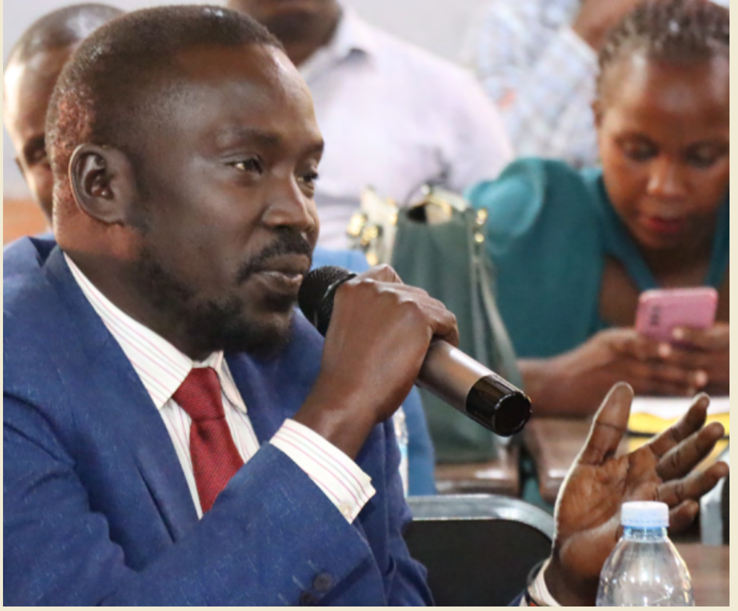
THE IMPORTANCE OF SENSITIZING LAWYERS ON THE RETIREMENT BENEFITS SECTOR



By Billy B. Gang,
Communication and Public Affairs Officer

In Uganda, when retirees face challenges in accessing their retirement benefits, their first instinct is often to seek help from lawyers. However, many lawyers are not well-versed in the intricacies of the retirement benefits sector, including the relevant policies, procedures, and regulatory frameworks that govern retirement benefits schemes and payouts. Consequently, instead of directing the retirees to the appropriate channels, such as their respective Retirement Benefits Schemes or the Uganda Retirement Benefits Regulatory Authority (URBRA), some lawyers take the case directly to court.

While the court system can serve as an avenue for addressing disputes, it is not always the most efficient or effective route for retirement benefit issues. Misguided legal action can lead to unnecessary delays, increased legal costs, and complications that could have been avoided with proper guidance. By sensitizing lawyers to the intricacies of the retirement benefits sector, retirees can be steered in the right direction, ensuring that their issues are resolved quickly and effectively.

Empowering Lawyers with Knowledge

To adress the lack of knowledge on the Retirement Benefits Sector among lawyers in Uganda, URBRA partnered with the ULS to sensitize their members on the Retirement Benefits Sector. "One of the key benefits of sensitizing lawyers on the retirement benefits sector is the potential for increased expertise in advising clients on retirement planning" noted Rita Nansasi, Cheif Manager legal services while addressing ULS members in Gulu. Adding that Lawyers, particularly those specializing in laws governing the financial sector, can gain valuable knowledge on the different retirement schemes available, the regulatory framework governing retirement benefits, and the proper procedures to follow when accessing these benefits. With this knowledge, they can help their clients navigate the often-complex landscape of retirement planning and use of benefits.

By being better informed about the retirement benefits sector, lawyers can play an important role in guiding the public on crucial matters related to retirement, such as estate planning, tax considerations, and long-term financial planning. Estate planning in particular, requires specialized knowledge, and lawyers who understand how retirement benefits factor into an individual's overall retirement financial strategy can provide invaluable advice.

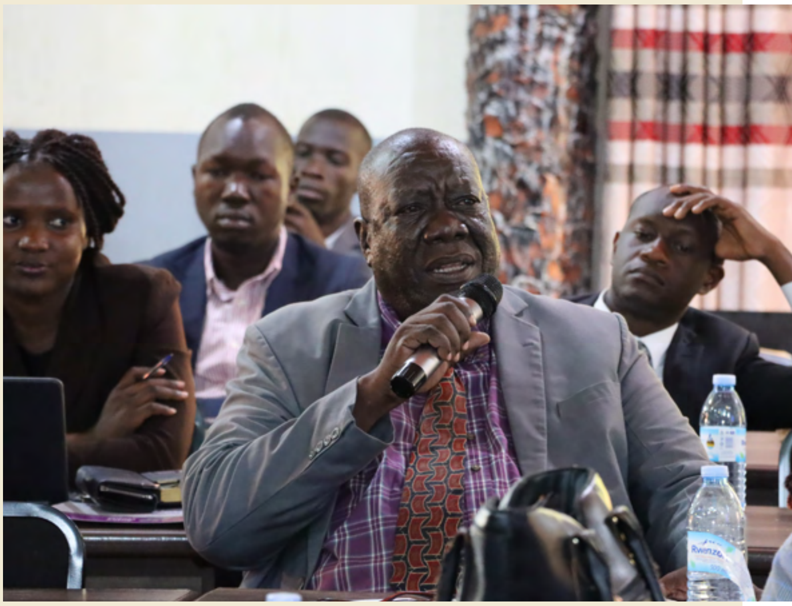
Effective and Informed Legal Guidance

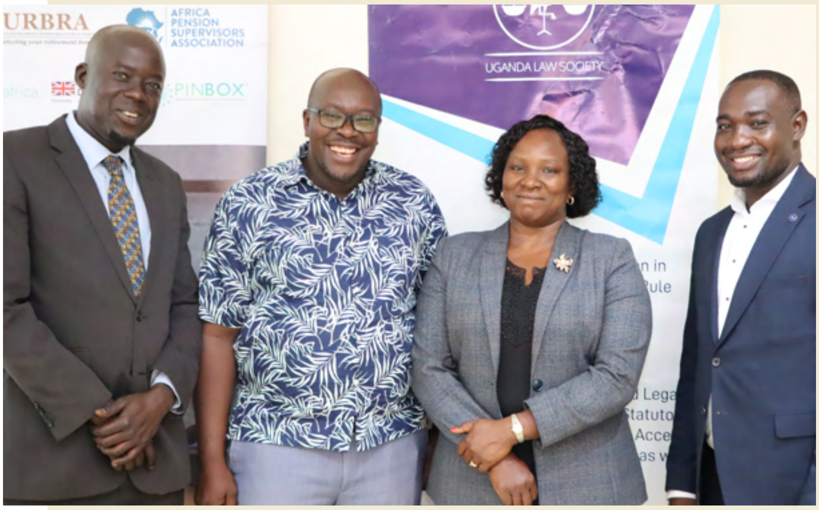
As lawyers become more knowledgeable about retirement benefits, the public stands to benefit in several ways. Firstly, retirees will receive more accurate and effective guidance when they face challenges accessing their benefits, avoiding unnecessary delays and legal proceedings. Rather than pursuing litigation, retirees will be empowered to engage with the right stakeholders, in this case their Retirement Benefits Scheme trustees and URBRA if necessary, to resolve any issues.

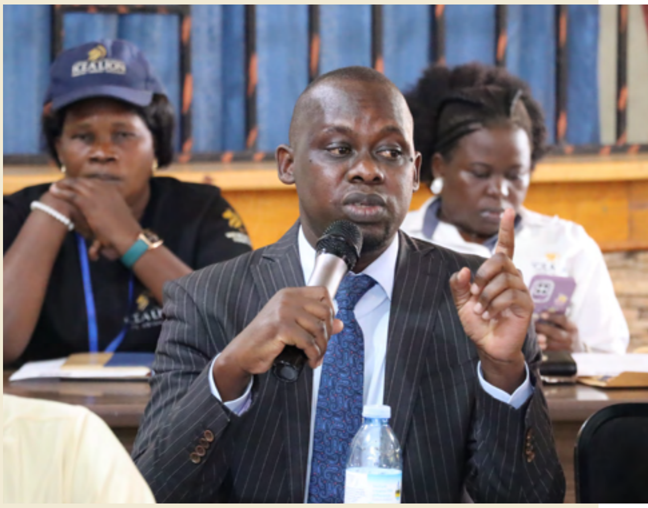
Moreover, by offering well-rounded guidance on retirement planning, lawyers can help individuals make informed decisions about their future financial security. This could include advising on the best pension schemes, understanding the impact of taxes on retirement income(benefits) and creating a comprehensive estate plan that ensures the smooth transfer of assets after death. With a deeper understanding of these critical areas, lawyers can make a positive contribution to the financial wellbeing of their clients, particularly retirees who may be at a vulnerable stage in their lives.

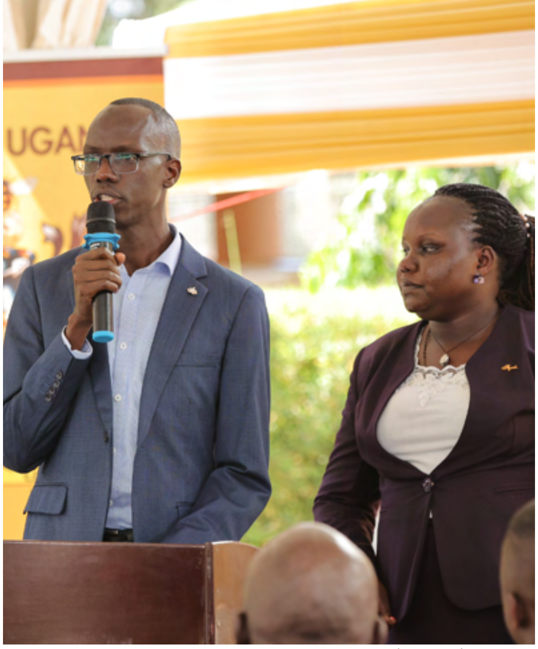
Sensitizing lawyers about the retirement benefits sector is a crucial step in ensuring that retirees receive the support they need to access their benefits and live a dignified retirement. By equipping lawyers with the necessary knowledge, they can guide their clients more effectively, avoiding unnecessary legal disputes and help individuals make informed decisions about their retirement. In turn, the public benefits from a more informed legal community that can offer sound advice on retirement planning, ultimately contributing to the long-term financial wellbeing of retirees.

URBRA-ULS Engagements in West Nile and Northern Uganda









Photos by BoU

FINANCIAL SECTOR REGULATORS ROOT FOR INCREASED FINANCIAL LITERACY AND INCLUSIVE SERVICES IN KARAMOJA

By Lillian Kakayi,
Communication and Public Affairs Officer

For many in Karamoja, retirement planning is not a structured transition but a daily struggle for survival. Unlike those in formal employment with pension schemes, these people depend on informal financial strategies such as labor-intensive work, small businesses, and livestock rearing.

However, these informal methods offer no long-term security, leaving many Karimojong vulnerable in old age. The absence of structured financial literacy programs and pension schemes exacerbates their economic struggles.

In a bid to boost financial literacy and create awareness about available products and options, Bank of Uganda organised a two-day town hall financial literacy workshop that was attended by over 1,300 people from Karamoja, particularly the communities in and around Moroto.

Also in attendance were representatives from the Financial Sector regulators including URBRA, Capital Markets Authority (CMA), Uganda Microfinance Regulatory Authority (UMRA). They provided insights into their regulatory roles. Also present were mobile operators, credit reference bureaus and licensed financial institutions who provided insights into the products they offer and how the community can benefit from these products.

Speaking about the Retirement Benefits Sector in particular, Mark Straicus Lotukei, URBRA's Manager Market Conduct, emphasised the importance of saving for retirement and the role of URBRA in regulating and supervising all sector players. He further emphasized that URBRA was focusing on extending retirement benefits coverage to self-employed individuals, especially those in the informal sector and the rural women. He urged the Karimojong to start saving for retirement to ensure financial independence in old age. He advised them to save and invest with only licenced entities.

Karamoja's economic progress is evident, but gaps in financial inclusion and retirement planning remain. There are cement industries coming up in Tapach, there are marble and gold mines in Kaabong, Lopedo, Abim, Morulem, Alerek and then Rupa and Amudat as the major centres. All these developments underline the need for structured financial support systems to ensure that the region's workforce is not left behind. Strengthening financial education, promoting cooperative savings, and expanding employment opportunities in emerging industries could play a pivotal role in securing the economic future of Karamoja's people.

BUILDING PENSION SAVINGS SALIENCE THROUGH TAX LAW (AMENDMENT) ACT 2024

Capital Business Kenya
By BY Fred Waswa
Group CEO, Octagon Africa

In Kenya, the retirement saving landscape presents some worrisome statistics: only 20% of the population is actively saving for retirement, with a staggering 80% having no form of safety net to tap into during retirement.

That notwithstanding, the 20% are not saving enough. However, that is set to change for the better following the enactment of the Tax Law (Amendment) Act 2024, which came online at the tail end of 2024.

The Act, which brings multifold benefits in the retirement sector, is aimed at bolstering saving culture and promoting a dignified life in retirement.

It has brought key changes, including increasing tax-free contributions to a registered pension scheme or provident fund.

Previously, individuals could contribute up to 20,000 shillings per month, which the Act has increased to 30,000 shillings per month.

This translates to more savings in the pension pot while enjoying a reduced tax burden on income tax. The average retirement savings in Kenya stands at 3,000, shillings yet an ideal Income Replacement Ratio (IRR) requires at least seven times this amount. Globally, retirees aim for a 75% IRR, but the average Kenyan retiree achieves only 34%, falling significantly short of financial security.

Healthcare costs remain one of the highest financial burdens in retirement and can render a retiree dependent even after saving a significant amount for a pension.

Cognizant of this risk, the enactment of the Tax Law (Amendment) Act 2024 provides for a tax-free contribution to a registered Post-Retirement Medical Fund of up to 15,000 shillings per month.

This reinforces and supports the efforts of the Retirement Benefits Authority to encourage contributing members to voluntarily save for their retirement healthcare in post-retirement medical funds within their chosen retirement benefits schemes.

A significant change in pension taxation now offers exemptions through a three-pronged approach, providing relief to retirees and long-term contributors.

First, individuals who have reached the official retirement age, as defined by their retirement benefit scheme, can access their benefits tax-free. Second, those who are forced to withdraw due to ill health or incapacitation before retirement age are also exempt.

Lastly, members who have contributed to a pension scheme for at least 20 years can withdraw without income tax deductions. Removing the tax burden on these benefits encourages long-term savings, ensuring individuals have adequate financial security when they need it most.

The enactment of the Tax Laws (Amendment) Act 2024 has also abolished the dual registration that required retirement benefits schemes to be registered with both the Kenya Revenue Authority and the Retirement Benefits Authority. This move will make it easier for employers and individuals to set up and manage pension funds.

In conclusion, the Tax Laws (Amendment) Act 2024 is a significant step towards improving retirement security in Kenya. It provides incentives for saving, offers tax reliefs that benefit pensioners, and simplifies pension fund regulations.

For individuals planning for retirement, these changes offer a golden opportunity to maximize savings and ensure financial stability in the later years.

GOVT PROPOSES LIMITS ON EARLY ACCESS TO RETIREMENT BENEFITS

Source: Kenyans.co.ke

By Christine Opanda

Kenyans under 50 will not be able to access their pension savings when they change jobs if the new proposals by the Retirement Benefits Authority (RBA) are passed.

The RBA is proposing amendments to retirement benefits regulations to prevent access to benefits before retirement age, except for Additional Voluntary Contributions (AVCs).

"Amend provisions on the preservation of benefits to prevent access of benefits before retirement age, except AVCs," reads part of the 20-point proposals by RBA.

Specifically, the RBA proposes to amend Regulation 19(5) of the Occupational Retirement Benefit Scheme Regulations, which allows a member who leaves employment before the specified early retirement age to opt for payment of up to 50 per cent of their total accrued benefits and the investment income on those contributions.

However, the new proposals by the RBA plan to restrict this to voluntary contributions only.

The amendment seeks to change the early access to pension for employees under 50 years when changing jobs to state that such a member may only opt for payment of up to 100 per cent of their voluntary contributions and the investment income accrued on them.

The proposed changes are expected to take effect in July 2025. According to the RBA, the move aims to curb early withdrawals and ensure long-term financial security for retirees.

RBA argues that the proposals aim to promote the adequacy of retirement savings for members.

According to RBA, due to the increasing life expectancy and low savings rate, early access to benefits further reduces the income replacement ratio for members.

The authority insists that early access leaves many Kenyans vulnerable in old age.

Similar amendments are proposed for the registration and operation of umbrella retirement benefits schemes. These schemes are designed to provide retirement benefits to employees of multiple employers who participate in the scheme.

RBA has proposed the same for Individual Retirement Benefits Schemes, which provide retirement benefits to individuals who are not part of an employer-sponsored scheme.

UNREMITTED PENSION CONTRIBUTIONS RISE TO SH57 BILLION, THREATENING RETIREES' SECURITY

RBA Chief Executive Charles Michira

The Eastleigh voice
By Maureen Kinyanjui

Unremitted pension contributions in Kenya have risen to Sh57 billion as of December 2024, up from Sh47.16 billion in June, worsening the financial insecurity of pensioners.

The Retirement Benefits Authority (RBA) attributes the growing arrears to inefficiencies in pension scheme management, with public sector schemes accounting for 98 per cent of the total backlog.

RBA Chief Executive Charles Michira warned that the actual arrears could be even higher when investment income is factored in.

"The Sh57 billion arrears is only the principal amount. If you add the investment income, which is a lot, then the unremitted contributions are more," he said.

The failure of employers to remit deducted pension contributions has left many retirees struggling with inadequate savings.

RBA points to governance challenges within pension schemes, where half of the board of trustees is made up of employer-appointed staff, including directors and executives.
This structure makes it difficult for trustees to enforce remittances without clashing with their employers.

"When this law was designed, it was not expected that employers would deduct and fail to remit. We put emphasis on trustees to ensure compliance but forgot the employer appoints most of the trustees, giving room to mischief," Michira said.

To address the issue, RBA is pushing for the Kenya Revenue Authority (KRA) to take over the collection of unremitted pension contributions.

If approved, KRA will have the authority to issue agency notices to defaulting employers and impose sanctions, including freezing or attaching bank accounts.

"The amendment aims to anchor the collection of unremitted contributions as part of the functions of KRA," RBA said.

The proposed policy change comes as the pension industry struggles with low coverage, which currently stands at 26 per cent. The move would also empower KRA to set payment deadlines for employers, including interest and penalties for delays.

Michira emphasised the need for stricter enforcement. "Why you deduct and fail to remit is criminal. We need to delegate the agency powers to KRA. KRA has better enforcement powers, including accessing employer accounts," he said.

KRA already enforces various laws beyond its core tax-collection mandate, including those under the Traffic Act, the Second-Hand Motor Vehicles Tax Act, the Betting Lotteries and Gaming Act, and the Stamp Duty Act. If given the mandate, it could streamline pension collections more effectively than pension trustees.
Public universities and county governments have been identified as major offenders in failing to remit pension deductions.
A recent RBA survey highlighted the hardships facing retirees, with 57 per cent of pensioners stating that their savings were inadequate to sustain them in retirement.

The growing arrears and governance issues within pension schemes continue to threaten the financial stability of retirees, raising calls for urgent reforms to ensure workers receive their full pension benefits upon retirement.

How to file a Retirement Benefits Complaint

THE REPUBLIC OF UGANDA

URBRA
UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY
Protecting your retirement benefits

STEP 1

- Complaints should first be raised preferably in writing with the trustees of the concerned scheme. Public Service Pension Scheme complainants should first raise the complaint with their former district of employment or former government employer.

STEP 2

If the complaint is not dealt with to a reasonable conclusion, the complainant may file a complaint with the URBRA complaint's unit.

How to raise the complaint

Pick, fill and submit the complaints form at the URBRA offices or fill and submit the complaints form using the URBRA website or record an oral complaint with the URBRA complaint's unit that shall be reduced into writing and signed by the complainant.

STEP 3

- If the URBRA Complaints unit does not resolve the matter to the complainant's satisfaction the complainant may raise it with the URBRA Chief Executive officer.

Clement Hill Rd (3rd - 6th Floor) Opposite Tanzanian High Commission P.O. Box 7561, Kampala
www.urbra.go.ug +256 417 304 500 urbra@urbra.go.ug @urbraUg urbraUg