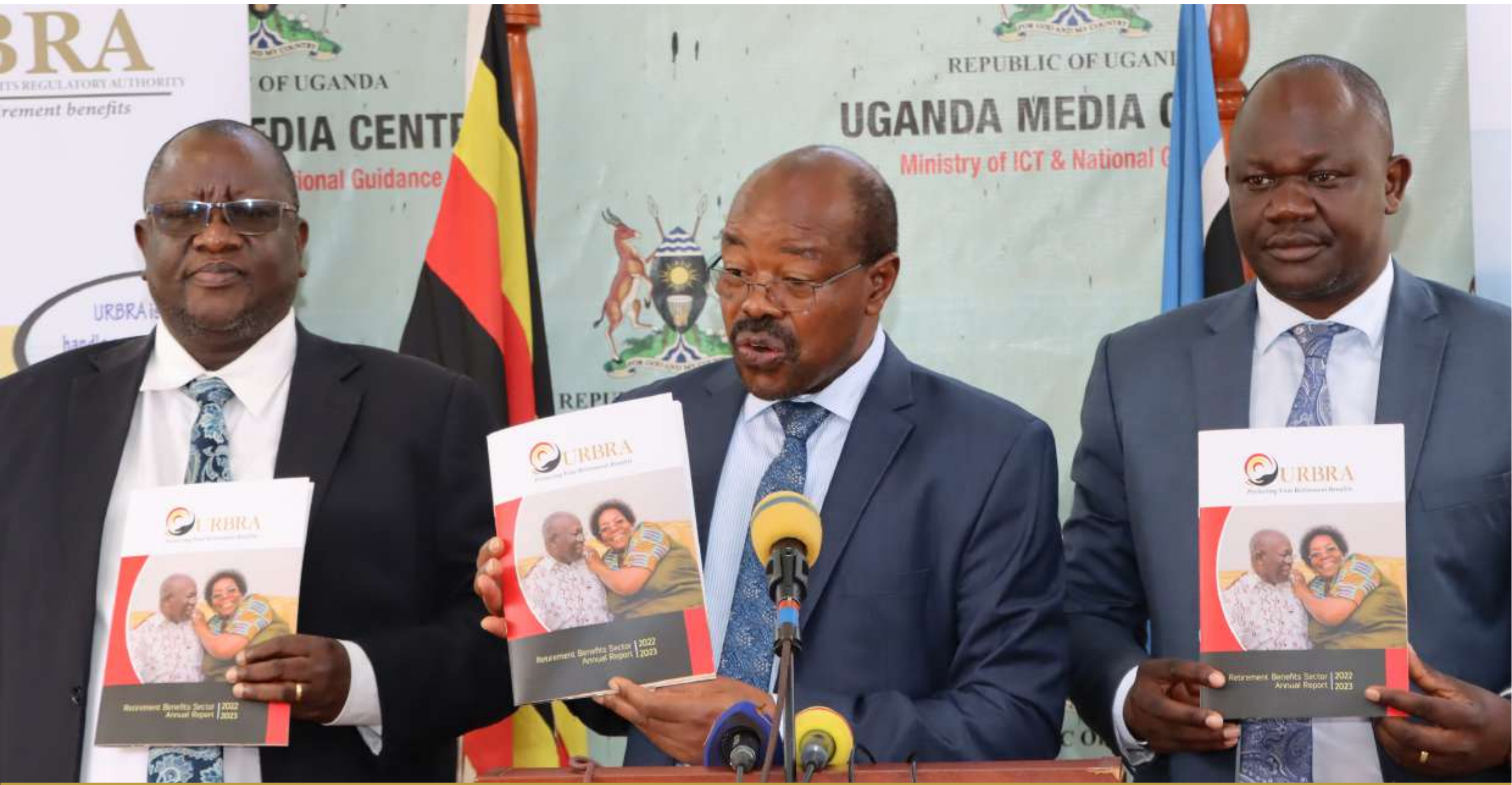
URBRA

UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY

Protecting your retirement benefits

Newsletter

Quarter-3, FY 2023/24



Retirement Benefits Sector grows to UGX 22 trillion as more Ugandans save voluntarily

Develop Financial Discipline in your Youth to thrive in retirement.

Inclusivity and Adequacy agenda; Leave no woman behind

OPINION: How to deal with retirement benefits remittances when your business is in financial dire straits

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Chief Executive Officer's Foreword

Dear Reader,

Sometimes there's a lot happening around us, that it's almost impossible to determine what to talk about and what to leave out. People are so concerned about day-to-day demands that they will momentarily forget to look further in the future to consider what their life will be in old-age. Some people don't even believe that they will live long enough to reach the age of retirement. But as the saying goes, it's better to hope than to despair. As long as one lives, there will be a time to stop active engagement; a time to hang up the gloves.

Now think about it, when you retire from active engagement, what kind of life would like to live? Would you like to wallow in destitution or would you rather sustain the life you lived when you were still energetic, productive and earning? Having envisioned the kind of life you would like to live when you retire, think about the steps you out to take in order to achieve that life. Then think about where you are now, how long you have until you attain what is commonly considered the retirement age. Also think about what you have done or not yet done to work towards your retirement goal.

The answers that come to your mind as you think through all these situations, should give you an idea of what decisions and actions you ought to take today. At URBRA we say, it's never too early and never too late to start saving for retirement. Even as you read and gain some insights from this issue of our newsletter, I hope you will be triggered to embark on the retirement planning and saving journey.

Also, don't hesitate to share your feedback, insights, and proposals of issues that we need to cover in this newsletter. Send us an email: communication@urbra.go.ug

Martin Anthony Nsubuga

Chief Executive Offcier
Uganda Retirement Benefits Regulatory Authority

Retirement Benefits Sector grows to UGX 22 trillion as more Ugandans save voluntarily

Uganda's pension sector has registered a 10% increase in total assets in the last one year, reaching an unprecedented UGX 22 trillion.

This was announced by Hon. Amos Lugoloobi, Minister of State for Planning as he released the Sector's 2023 Annual Performance Report, published by the Uganda Retirement Benefits Regulatory Authority (URBRA).

The growth in sector assets was mainly a result of increased net contributions valued at UGX 700 billion and income generated from investments valued at UGX 1.3 trillion.

Further growth was recorded in the number of people saving for retirement, which rose from 3,015,807 in 2022, to 3,142,311 in 2023, representing 15% coverage of Uganda's total working population.

"The simple act of saving a portion of one's income for retirement sets in motion a chain of decisions and actions that ultimately have a positive impact on the national economy. Saving for retirement is therefore a patriotic deed," Minister Lugoloobi said, as he commended Ugandans who had embraced voluntary retirement saving in 2023.

He noted that currently, retirement savings account for 60% of Uganda's Gross Domestic Savings, and 11.5 % of the Gross Domestic Product (GDP). Additionally, retirement benefits schemes contributed to the economic growth through the payment of taxes amounting to UGX235 billion to the government in taxes in 2023, up from UGX227 billion in 2022.

Explaining the key factors behind the 2023 sector performance, the CEO of URBRA, Mr. Martin Anthony Nsubuga cited the Regulator's strict supervisory actions and increased compliance on the part of the regulated entities. Key among the Regulator's actions was the introduction of a Risk-Based Supervision system, which enables the Authority identify and address risks before they affect the ability of regulated entities to meet their obligations. The ultimate outcome is better protection of the savers' funds.

Mr. Nsubuga also attributed the good performance to other factors that drive the sector saying, "governance, administrative and investment costs, density of contributions all come together to drive sector growth. Working at scheme level, we sought to identify and address weaknesses in risk management. In some instances, this included taking considered and proportionate enforcement action against some schemes and service providers."

He reassured all sector players that going forward, URBRA would be quicker and bolder in the use of its powers, with an increased focus on scheme management and operation, where non-compliance could be an indicator of broader governance failings.

The Chairman URBRA Board of Directors, Hon. Julius Bigirwa Junjura drew attention to the main goal of the retirement benefits sector, which is to ensure that all Ugandans who retire don't end up in old-age poverty. "Retirement Benefit arrangements move resources obtained during work life to post-retirement when income is no longer obtainable. This implies that assessment of the sector must go beyond financial performance to cover the iinterests and rights of savers. Consistent remittance of contributions and timely payment of benefits must be emphasized," Hon. Junjura said.

recovery of UGX26 billion, which would otherwise have been lost to unremitted contributions, delayed payout of benefits, and sometimes misappropriation of members' funds.

Apart from the key achievements, the report indicated that in 2023, the sector continued grappling with some key concerns including governance and prudent management in some schemes, delayed remittances, delayed payment of benefits, non-compliance with supervisory directives, high operational costs and failure to comply with financial disclosure requirements.

Other concerns arise from the sector operating environment including the wider economic performance, inflation, foreign exchange rates, population trends, and employment rates. "These require the pensions sector to work collaboratively with other sectors. As a key player in the financial services sector, URBRA should constantly monitor the trends to see how they ultimately affect the savers' retirement benefits," Hon. Lugoloobi advised.

Minister challenges sector stakeholders to establish a long-term saving scheme for informal sector workers

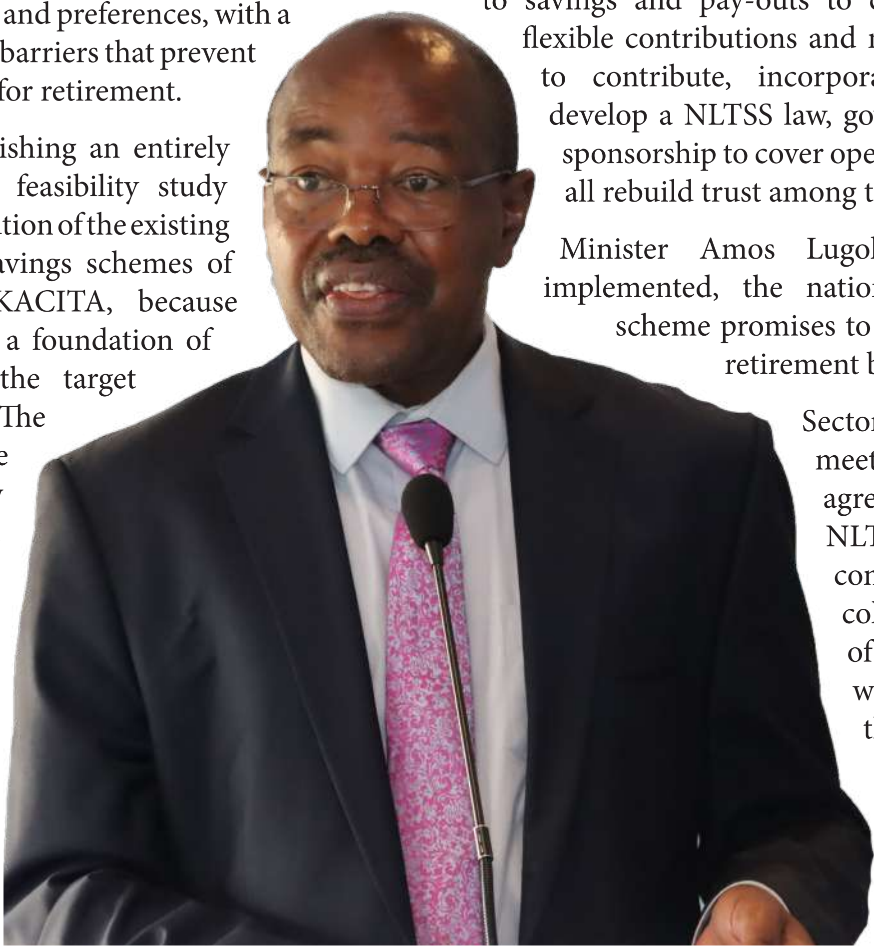
**By Lillian Kakayi,
Communication and Public Affairs Officer**

The Minister of State for Planning, Hon Amos Lugoloobi has called for the formation of a Steering Committee to drive the agenda of forming a National Long-term Savings Scheme. He was addressing a workshop where URBRA and FSD Uganda disseminated the findings of the feasibility study for the establishment of the retirement saving scheme intended to cover informal sector workers.

The committee will start by compiling and reviewing solutions, based on the recommendations of the feasibility study, which will then be presented to Cabinet for discussion and adoption.

Currently in Uganda, the retirement benefits sector mainly covers people who are formally employed, which is just 15% of the country's total working population. Informal sector workers, especially women and youth, remain unserved, which sets them up for old-age poverty and vulnerability. The proposed national long-term saving scheme will address their unique needs and preferences, with a view to resolve the barriers that prevent them from saving for retirement.

Apart from establishing an entirely new scheme, the feasibility study recommends evolution of the existing informal sector savings schemes of MAZIMA and KACITA, because they already have a foundation of familiarity with the target population. The major difference is that the new scheme would be facilitated by government. The compelling advantages are that the government would have ability and control to address existing barriers and lessons learned from the previous schemes to foster long term savings outcomes.



The study further recommends that the new scheme be flexible, providing customized products to incentivize the informal sector workers who may not fit in templatized saving structures. This approach aims to enhance financial inclusion and social protection among the informal population by offering a diverse range of financial services.

Some of the long-term savings products suggested are bank deposits, stocks, bonds and annuity products. This may involve targeted outreach and financial literacy programs, simplified enrollment processes and more collaborations with stakeholders like financial institutions and civil society organisations.

The new NLTSS will allow for a fresh approach unmarred by reputation of current schemes and incorporate lesson learned from previous experiences. The key considerations thought was voluntary participation within the scheme, integrating an element of soft compulsion, offer scheme incentives, flexible access to savings and pay-outs to cater for emergencies, flexible contributions and no penalties for failure to contribute, incorporate a credit feature, develop a NLTSS law, government support and sponsorship to cover operational cost and above all rebuild trust among the savers.

Minister Amos Lugoloobi said, if well-implemented, the national long-term saving scheme promises to transform not just the retirement benefits sector,

Sector stakeholders in the meeting, unanimously agreed to the need for NLTSS and pledged commitment to continued collaboration. Regardless of the chosen approach, it was clear that addressing the retirement savings gap in Uganda's informal sector requires innovative, tailored solutions

How financial discipline enables the youth to prepare for retirement

By Billy B.Gang
Communication and Public Affairs Officer

In a world where financial independence is a cornerstone of personal freedom and stability, the importance of financial discipline for young people cannot be overstated. The habits and decisions molded in youth often set the trajectory for their financial future, making it essential for young adults to cultivate discipline in managing their finances. From budgeting and saving for long term(retirement) to investing and avoiding debt, instilling financial discipline early on empowers individuals to navigate the complexities of adulthood with confidence and resilience.

"One of the primary benefits of financial discipline for young people, is the ability to establish a strong foundation for the future which simply translates to meeting one's financial obligations in retirement", said Ahmed kamoga a Risk and Investment Advisor while addressing a youth webinar organized by URBRA.

Ritah Nansasi, the head of legal services at URBRA noted that youth need to embrace financial literacy especially planning and saving for retirement because they will not be young forever and will need funds to live out their golden years of old age which is only possible if they begin now.

Kamoga contends that young people can lay the groundwork for achieving their long-term financial goals, whether it's owning a home, starting a business, or saving for retirement, by firstly practicing responsible spending habits and adhering to a budget, without discipline he reasons it's easy to fall into the trap of living beyond one's means, leading to a cycle of debt and financial insecurity that stretches well into your old age.

When young people have a clear understanding of their income, expenses, and financial goals, they are better equipped to make informed decisions that align with their priorities.

Kamoga further adds that youth must learn to say no to things that interrupt their financial stability and interfere with saving, youth need to forego unnecessary purchases and expenses intended to please those around them, adding that it's only when youth manage to fight off these habits that they can take charge of their financial well-being.

Additionally, practicing financial discipline from a young age cultivates resilience and adaptability in the face of financial challenges. Life is unpredictable, and unexpected expenses or economic downturns like Covid-19 can derail even the most carefully laid financial plans that might include additional voluntary savings for retirement, financial resilience is what counts when it comes to weathering such storms.

Furthermore, financial discipline can only be achieved with knowledge of financial literacy, “Understand basic financial language like interest, investment return, risk i.e high or low, risk appetite” said Kamoga. Saving for retirement is one of the most important components of financial literacy, it utilizes the value and power of compounding interest offering good returns when you most need them in retirement.

Kamoga notes that by prioritizing savings and investments, youth position themselves for long-term financial growth and prosperity with its climax as an enjoyable retirement. This mindset shift can have profound implications not only for their financial health but also for overall well-being and happiness.

Cultivating financial discipline among youth today is more critical than ever. Kamonga observes that Schools, parents, and communities play a vital role in providing young people with the knowledge, skills, and support they need to develop healthy financial habits that they can be proud of in old age. By integrating financial literacy education into school, family discussions, offering mentorship programs for youth by those enjoying their retirement and fostering open conversations about money management, Kamoga believes society can empower the next generation to make sound financial decisions and build a brighter future for themselves and their future dependents.

In conclusion, financial discipline is not just about managing money; it’s about mastering life with the climax as retirement. By instilling discipline in their financial habits, young people can set themselves up for success, independence, and financial freedom in old age. As the saying goes, “ if you fail to plan, you are planning to fail.” Similarly, the best time for young people to cultivate financial discipline that will see them enjoy their old age is today.

Inclusivity and Adequacy agenda; Leave no woman behind

By Lillian Kakayi,
Communication and Public Affairs Officer

The Uganda Retirement Benefits Regulatory Authority (URBRA) message of sector inclusion, aiming to reach universal coverage of the retirement benefits sector. Zeroing in on the women, URBRA organized a webinar under the theme: “Leave no Woman Behind: Invest in Women to improve Retirement Planning and eradicate old-age poverty.” The webinar, held ahead of International Women’s Day, aimed to shed light on the specific needs and concerns of women regarding retirement planning and savings.

Ms. Marjorine Nantambi, a seasoned personal finance coach, was the keynote speaker, delivering insights into the challenges faced by women in retirement planning. The webinar delved into the nuances of retirement savings, highlighting the systemic disadvantages that women encounter throughout their careers and into their retirement years.

The rationale behind the webinar stemmed from a stark reality: women often start off at a disadvantage when it comes to retirement savings. Citing data from UBOS (2017), it was revealed that women are disproportionately represented in lower-paying jobs and spend a significant portion of their time on unpaid domestic work. Moreover, even within formal employment, women tend to gravitate towards less lucrative roles, thus impacting their ability to save for retirement effectively.

Through Ms. Nantambi’s presentation, attendees were equipped with essential insights and strategies to bolster their retirement preparedness. Key messages centered around the benefits of retirement planning, methods to ready oneself for retirement, and systematic approaches to long-term financial security. The session also provided a platform for participants to pose pertinent questions, reflecting their eagerness to navigate the complexities of retirement planning. Queries ranged from alternative investment options to strategies for individuals without formal employment or savings. The interactive nature of the webinar fostered a collaborative environment where attendees could glean practical advice tailored to their unique circumstances.

The webinar succeeded in raising awareness about the importance of retirement planning among women and provided actionable steps for financial stability in later years. Participants left inspired and motivated to take concrete steps towards securing their financial futures.

Moving forward, participants expressed a desire for continued conversations targeting men, alongside more information on alternative investment options. The success of such targeted talks underscores the relevance and relatability of the topic to women across various demographics.

Provide retirement savings for your employees to create the dream team

By Hannah Namugga
Legal Officer, URBRA

The NSSF Act the NSSF Act, 2022 (As amended) under section 7 (2) states, "Every employer, irrespective of the number of employees, shall register with the fund as a contributing employer and shall make regular contributions for his or her employees in accordance with this Act and regulations made under this Act."

However, across Uganda, it is common practice for many employers in the private sector to deny their employees retirement benefits. This is especially in the private, informal sector where employers view NSSF contributions as an extra cost.

The NSSF Act requires all employers to remit 15% of the monthly emoluments of the employee – with a 10% contribution from the employer and 5% from the employee. Employees are often engaged but no contracts are issued. This makes their tenure with the employer non-binding with no benefits whatsoever.

In a sensitization workshop organized by URBRA and Uganda Law Society, it was revealed that some law firms have adopted the same practice, leaving some lawyers without retirement benefits. Speaking at the workshop in Mbarara, Mr. Allan Musasire the counsel member of the Uganda Law Society representing Western Uganda observed that this attitude had left many young lawyers deprived of retirement savings.

Ms. Rita Nansasi URBRA's Chief Manager Legal Services, urged all employers to ensure their employees are covered under the basic retirement savings arrangement in NSSF, so they don't retire into poverty.

Apart from preventing old-age poverty, providing a retirement plan for the employee also improves productivity and casts the employer in good light. It helps to retain talent within the institution, growing the business, saving the company recruiting costs and turnover which affects business operations in the long run.

It is therefore prudent that every employer thinks about their public image that is portrayed by the way their employees live in retirement whether in squalid conditions or in bliss and dignity.

Because retirement is an individual responsibility, employees will often opt for employers that have their best interests at heart through policy that include retirement benefits. Overall, it is in the best interest of employers to provide the necessary tools for their employees to save for retirement even beyond what is mandated by law.

Planning for business continuity ahead of retirement

By Billy B.Gang
Communication and Public Affairs Officer

For many business owners, it is common to carry on with regular work, even after clocking retirement age. This is because many sole proprietorships cannot survive in the absence of the proprietor. Often, when the business founder retires and hands the business to others to manage, there is discontinuity on many fronts. The new managers may fail to keep relations with key stakeholders, or just mismanage the business.

This situation cuts across all types of enterprises, as long as the owner does not have a clear plan for the post-retirement season. There are many examples of law firms, audit firms, supermarkets, clinics, schools, farms…which have fallen to ruins upon the retirement of their founders.

Allan Musasire, a counsel member of the Uganda Law Society representing Western Uganda, agrees with the analysis, saying that most law firms are as good as their owners and often collapse within a few years of their owner's retirement or passing. He attributes this to the lack of estate planning. He says that within the legal community, many retired lawyers have returned to full time employment in an attempt to salvage their firms.

Musasire adds that many times these businesses are a one man show despite having a fully operational structure and running smoothly, noting that these firms often revolve around an individual and have no vision beyond what the founder decrees.

This particularly becomes problematic when the founder isn't present to run the business let alone having put in place measures including mentoring individuals that will carry on their legacy and fill the vacuum left by their departure.

Why plan for your absence

Every business founder would like to see their enterprise thrive for generations. In fact, many expect to continue earning from that enterprise even after retirement. However, seeing your life's work and investments disintegrate would be unbearable. It is therefore important to plan for the continuity of your business when you retire.

It is important to carefully choose and mentor a responsible person who takes over the business. But this process must start long before, when one is still actively involved in the enterprise, and have sway over matters.

The bottom line is that while none of us likes to think about leaving our prized possessions in the care of others, planning for your absence from your business and putting it into effect, can help you live a peaceful life in old age without having to return to employment under the guise of resuscitating your business.

Utilizing local leadership structures to promote savings for retirement

By Geraldine Kyomugasho
Market Conduct Officer

In continuing efforts to sensitize the public about the importance of retirement saving, URBRA engaged technical and political leaders in the Greater Masaka area covering Bukomansimbi, Kalungu, and Masaka City. The engagement was premised on the fact that local government leaders have the advantage of convening power and proximity to the population.

Hajji Hassan Nakabaale, the URBRA Chief Manager Corporate and Public affairs led the URBRA delegation, and emphasized the importance of saving with a retirement benefits scheme regardless of other short-term savings arrangements like saccos, adding that it's important to think about long-term saving because of what the future holds.

During the engagement, the leaders expressed desire to save for retirement, but called for continuous sensitization. The local leaders of different associations of the informal sector that include Boda-Boda (Commercial motorcycles) leaders, urged URBRA to conduct more sensitizations of their members to better understand how the retirement benefits sector works so they can confidently save with the licensed schemes. They additionally raised several issues key among their concerns were;

a) The withdraw of accumulated benefits at the point of retirement

b) what is the cost of joining a retirement scheme?

c) How does URBRA help members facing challenges in withdrawing their accumulated savings in NSSF?

d) Does URBRA have dedicated contact people at the district level to guide interested parties and continuously engage the population in that area?

e) The majority of the retirement schemes seem to focus on formal sector workers. What about the informal sector workers?

According to Hajji Nakabaale, these submissions have informed the Authority to carry out the following;

Continued awareness programs for informal sector workers: Given that the highest percentage of Uganda's labor force lies in the informal sector, URBRA will continue conducting awareness programs to educate these workers about the need to save for retirement, how to join existing schemes and promote the establishment of other schemes.

The Authority will work closely with religious entities, these entities, such as churches and others have a significant presence and influence on communities, which can be an avenue to disseminate the message of saving for retirement.

Increase visibility: From the engagements, it was observed that the majority of the audience was unaware of who URBRA was. To address this, URBRA will use community centered means such as community radios, television, and other media channels to create public awareness of the Authority and its mandate to reach a wider audience.

The Authority will conduct outreach programs: as recommended in Masaka, URBRA will focus on educational drives in market areas, boda boda stages, farmer's meetings, and other gathering points where the informal sector workers frequent.

Engaging SACCOs: the Authority also seeks to utilize the opportunity offered by the SACCO leadership in the region to engage their membership and establish a scheme within the SACCO. In conclusion, going out to communities to sensitize individuals in their locality, listening and addressing their inquiries into the retirement benefits sector promotes a sustainable and inclusive sector.

URBRA starts stakeholder consultations about the viability of using retirement savings for healthcare

By Billy B.Gang
Communication and Public Affairs Officer

Retirement savings are typically earmarked for the golden years, ensuring financial security and comfort during one's later stages of life. However, unforeseen health care expenses can often cast a shadow on these plans. While dipping into retirement funds for medical needs might seem counterintuitive, there are scenarios where it can be a prudent and even beneficial decision. It is because of this reason that the Uganda Retirement Benefits Regulatory Authority has considered using retirement savings for medical treatment.

Dubbed the Uganda Retirement Benefits Regulatory Authority (Assignment of Retirement Benefits for Medical Treatment) Regulations, 2023. This draft regulation when signed by the Minister of Finance, Planning and Economic Development and thereafter gazetted will enable savers to use up to 50% of their accrued benefits for purposes of payment of medical treatment or to offset the cost of outstanding medical bills incurred by the member.

During a stakeholder engagement to seek views on these regulations, URBRA CEO, Mr. Martin Anthony Nsubuga observed that the procedures in the regulations have been simplified in order to ease the process of assignment of retirement benefits so that members diagnosed with terminal illness can receive the necessary treatment.

Health care costs can skyrocket in the face of unexpected illnesses or accidents. In such cases, tapping into retirement savings can provide a crucial safety net. By using these funds to cover medical bills, individuals can avoid accumulating substantial debt or depleting their emergency funds, ensuring financial stability during challenging times.

Presenting the regulations, the URBRA Chief Manager Legal Services, Ms. Rita Nansasi, noted that these regulations are in the best interest of the saver and will go a long way to ensure that the saver's life is preserved so they can go back to working and saving for their old age.

Discussing the amendments, stakeholders made several inquiries and suggestions such as; Why the regulations can't be extended to the treatment of a member's beneficiaries for instance their children who suffer terminal ailments, they also sought reimbursement in case a member borrows money in order to receive treatment for an illness. They additionally proposed that the percentage access should be lower to avoid depletion of retirement benefits in the case of retirement benefits schemes that make provision for mid-term access, Ms. Nansasi reassured all stakeholders that the draft regulations would be reviewed in order to put all their concerns into consideration, the Authority will ensure that the draft regulations go through the due process of legislation prior to their enforcement..

using retirement savings to address these urgent health-related needs can significantly improve well-being before retirement enabling the saver to continue going about their daily life and building up a retirement nest when they are back on their feet.

While preserving retirement savings for its intended purpose is essential, there are situations where using these funds for health care can be a prudent decision. From protecting against unforeseen medical emergencies to saving the life of the saver, leveraging retirement savings for health care needs can provide financial security and peace of mind during retirement. However, it's crucial to weigh the long-term implications and explore alternative sources of funding before making any withdrawals, making informed decisions tailored to every saver's unique circumstances, ensuring a balanced approach to managing both health and ensuring you have something left for retirement.

OPINION: How to deal with retirement benefits remittances when your business is in financial dire straits

By Lydia Mirembe
Manager Corporate and Public Affairs

RECENTLY, The New Vision published an article about the impending closure of several tea factories. The Chairperson of Uganda Tea Association, Gregory Mugabe was quoted as saying that nine factories out of 21 had already shut down, and many others were on the verge.

Factory owners were under pressure since they had not paid bills, workers salaries, NSSF remittances, among many other fees. The situation, if not averted, puts at risk over 100,000 direct jobs and threatens the livelihoods of 1.2 million people (The New Vision, Tuesday, February 13, 2024).

One of the realities with this situation is that over 100,000 people are about to get into early, forced retirement. Additionally, factory owners are about to get on the wrong side of the retirement benefits regulations – because they might default on remitting employees' contributions.

One wonders, what are the regulatory requirements when an employer or scheme sponsor gets into dire straits as these tea factories? What are the options available for them to navigate the situation?

In the current regulatory framework, retirement benefits contributions are tagged to salaries or emoluments accorded to an employee. Should the employer be in a position where such emoluments cannot be paid, then remittances will be affected. What implications does such a situation have for the employer and the employee?

The situation that the tea factories are currently grappling with is not new. Only in 2020 when Covid19 took the world by storm, many distressed businesses closed, while others cut back on operations.

Many employees were laid off and some had their emoluments reduced significantly. In the Retirement Benefits Sector, employers who were not able to remit contributions applied to the Regulator and requested to defer their contributions. For some members under occupational schemes, the employers worked out arrangements to delay remittances until the situation normalized.

Affected employers were required to notify their scheme trustees, clearly stating a date they expected to resume remittances and cover any unremitted contributions.

On the part of the Regulator, the key issue was about filing statutory returns. URBRA adjusted the deadlines to allow trustees some room to adapt to the prevailing circumstances.

Reading about tea factories in distress is therefore reminiscent of the Covid19 period. And given the dynamics that characterize our economy, such situations cannot be ruled out. So, what should such distressed businesses do in order to remain on the right side of Retirement Benefits Regulations?

Under such circumstances, the URBRA regulatory framework allows for schemes to develop a remedial plan. Daisy Lynda Nabakooza, the URBRA Chief Manager Supervision and Market Conduct, advises sponsors to discuss with trustees. "They should not wait for the regulator to conduct an inspection and find them at fault.

The sponsor and the trustees should set a timeframe for the remedial plan not exceeding 12 months. Sponsors and trustees should also stick to the plan and avoid new cases of non-remittance," Nabakooza says.

Ideally, the members' percentage of the remittance should not be defaulted – except of course if there is no salary paid to the member. But if a salary has been paid and deductions made, then the members percentage should be remitted.

In the event that the sponsor must close shop, then they should consider winding up the scheme. The scheme does not wind up until the last member has been paid their accrued retirement benefits. This is common in voluntary retirement benefits schemes. The principle is for trustees to engage the sponsors immediately they notice gaps, before the Regulator does an inspection to uncover and confirm those gaps.

However, the Regulator cautions schemes to avoid using these avenues as an excuse for non-compliance. Sometimes sponsors and employers just won't comply with the regulations, causing an accumulation of unremitted contributions. This is where the vigilance of the member comes into play. Ms Nabakooza advises employees to maintain keen interest in their retirement benefits contributions.

"Have interest in your scheme; don't wait until retirement to uncover the gaps. Use available systems to check your balance; look at your monthly pay slips to see the deductions made from your emoluments. If things don't add up, raise the red flag," she advises.

To be able to prepare adequately for these uncertain times, the employer is advised to know the financial obligations that come with a retirement benefits scheme – whether mandatory or voluntary. If the employer falls on hard times, it's advisable to have a discussion with the trustees, seek support from professional service providers, and even consider approaching the regulator for support.

And specifically for the employee, be aware that employment status may change, sometimes without warning. This can easily lead you to early retirement. During your season of active employment, plan and save for retirement. That will help you to cope with ever-changing changing employment conditions.

HIV and AIDS Awareness in workplace: A call to end the spread and minimize impact

By Lillian Kakayi,
Communication and Public Affairs Officer

Continuous awareness plays a crucial role in prevention, support, and eventual eradication of HIV & AIDS. Recently, the Directorate of Human Resources and Administration at Uganda Retirement Benefits Regulatory Authority (URBRA) launched a sensitization initiative aimed at deepening understanding and awareness of HIV & AIDS within the workplace.

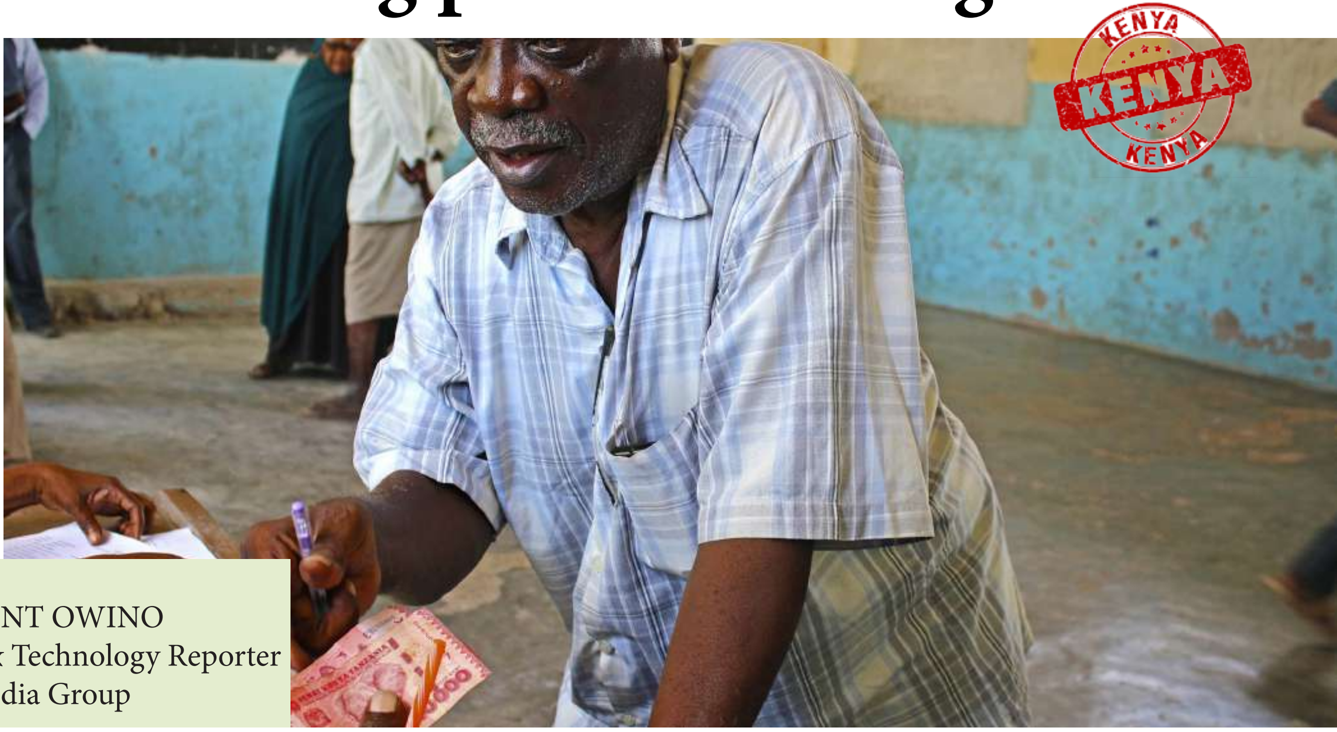
The sensitization covered important areas such as an in-depth examination of Uganda's HIV & AIDS landscape, preventive measures, testing services, and a poignant personal testimony from Dr. Stephen Watiti, a retiree living with HIV for over three decades.

The Participants appreciated Dr. Watiti for sharing his testimony as a practical way to learn about HIV/AIDS. Dr. Watiti explained that stigma had been the real "killer" for the people who are infected with HIV and AIDS. He encouraged URBRA staff not to be afraid because with the right medication, HIV could be managed. He shared that through his adherence to medication, he had overcome all infections and was celebrating his 78th birthday, and was sure he would never die of HIV and Aids but old age.

Dr. Watiti encouraged all individuals infected with and affected by HIV to use the available information to prevent new infections, Stop AIDs related deaths, and eliminate stigma and discrimination. His conviction is that this generation can achieve an HIV and AIDS-free world by 2030.

HIV in the workplace is considered a key issue, and government encourages all institutions to have HIV/AIDS policies. It is important for employers to have policies that protect the rights of those affected by HIV; prevent further spread through information, education and training; provide care and support for workers and their families. It is the responsibility of employers to demonstrate their appreciation of the seriousness of HIV/AIDS, support national efforts to reduce the spread and minimize its negative impacts.

Treasury to spend Sh255 million on increasing pension coverage



Source
By VINCENT OWINO
Business & Technology Reporter
Nation Media Group

The Treasury has lined up a series of reforms to the country's retirement benefits

policy to boost access for informal, diaspora, and short-term workers, which are set

to cost up to Sh255 million by December next year.

In Kenya, an estimated 3.5 million people, or 25 percent of the workforce, are covered by retirement benefit schemes, according to the Retirement Benefits Authority (RBA), meaning the majority of Kenyans will retire poor. The new measures outlined in the newly published National Retirement Benefits Policy (NRBP) seek to solve multiple challenges limiting access and discouraging contribution by workers.

In the new policy, the State will spend up to Sh110 million on strategies geared towards onboarding more informal sector employees through, among other things, developing targeted pension products and a campaign to encourage more uptake.

Additionally, at least Sh15 million will be spent on an awareness programme for Kenyans in the diaspora, and also for providing incentives and developing

infrastructure to extend coverage to those living abroad.

Another Sh15 million will be used to integrate financial literacy plans into the basic education curriculum, a move that is expected to enhance knowledge on retirement benefits.

Sh100 million is expected to be used in amending laws, including tax laws, to grow the uptake of pension products, and also for reviewing the progress of the outcomes of the reforms.

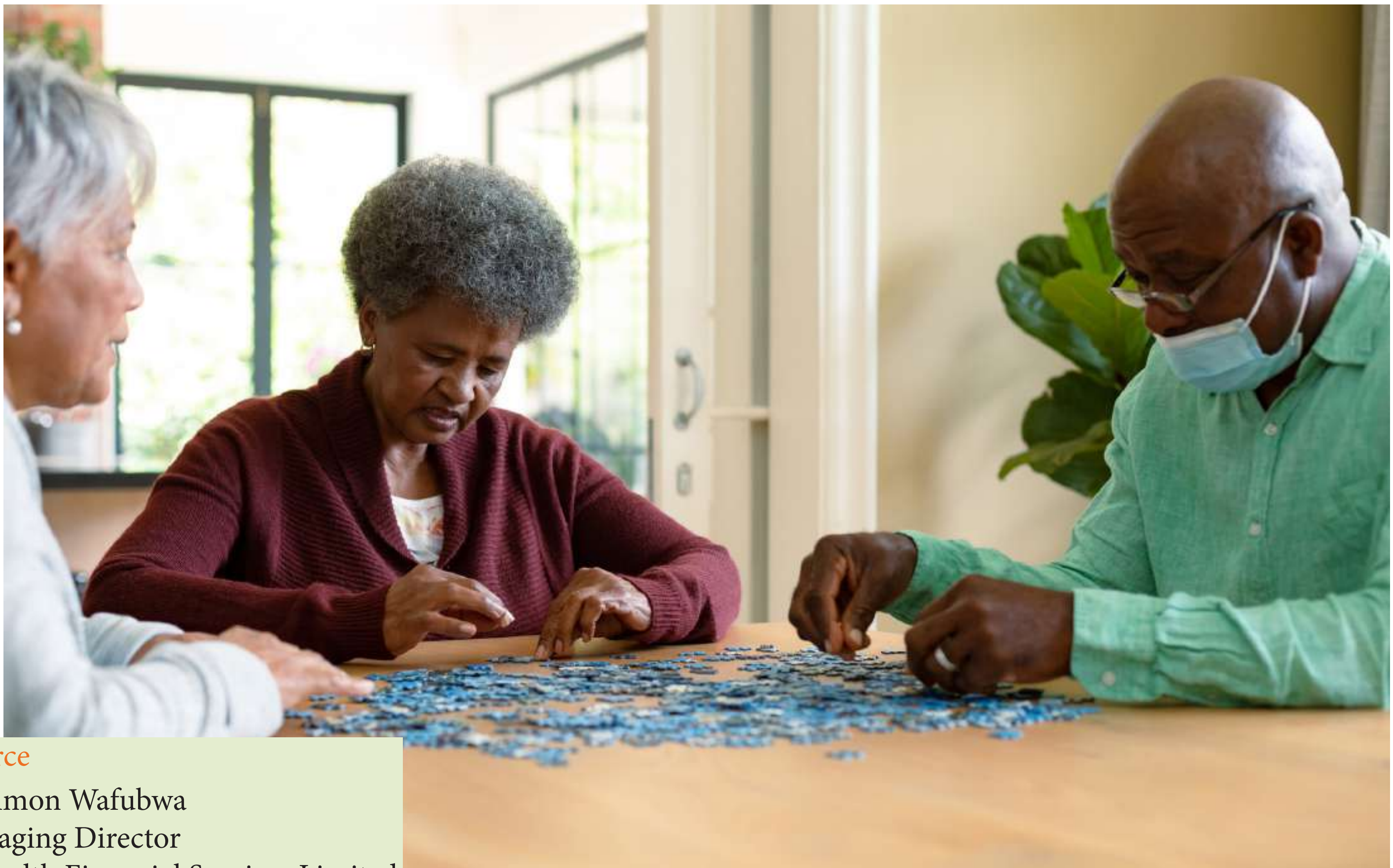
Based on the policy document, the interventions should significantly boost the number of Kenyans covered by a pension scheme within the next five years before a review.

Currently, pension coverage is concentrated on formal employees, despite the availability of the National Social Security Fund (NSSF), which is a mandatory contributory scheme that should cover informal sector workers.

"Although the NSSF scheme is mandatory, most of the employers in the informal sector and self-employed workers have neither registered nor contributed to the scheme due to low compliance level," says the Treasury.

"The current regulatory framework does not effectively support the establishment of the informal sector schemes. Therefore, there is a need for a legislative framework which promotes innovation and development of flexible and responsive retirement benefits products and enforcement of the NSSF Act."

What we must do to expand pension coverage in Kenya



Source
By Simon Wafubwa
Managing Director
Enwealth Financial Services Limited

Significant progress in the pension sector has been made in the past two decades and we continue to see growth every year. According to the Retirement Benefits Authority, Kenya's Pension Assets stood at Sh1.7 trillion by the end of June 2023. This marked an 8.1 percent growth compared to Sh1.5 trillion the previous year.

However, as a country, we still have certain challenges to overcome to ensure the financial security of the entire population during their retirement years. The growth can be attributed to several factors such as a firm regulatory environment that has built consumer confidence to save toward retirement and allowed investment of member funds in diverse asset classes.

Pension section players have also put in great efforts to demystify pension savings thus increasing the uptake of pension products. Last year we saw the enactment of the NSSF Act (2013) which aims to increase the mandatory contributions of workers to their social security kitty, a step in the right direction if implementation is well managed by allowing private pension schemes to thrive while ensuring sustainable funding affordability by both members and employers.

Despite these successes, we are not yet where we want to be, as a report by the Kenya National Bureau of Statistics revealed that as of 2023, over 13.9 million adult Kenyans have no retirement savings.

Furthermore, those covered do not have adequate savings for a dignified old age. These are some of the issues we are still grappling with:

The cost of living has been rising with little hope of stabilising. Kenyans have been forced to dig deeper into their pockets to survive. As a result, it is not possible to put aside money to build a retirement savings account.

Given that Kenyans are spread thin, the savings culture is not picking up as it should. Unfortunately, the reality is that Kenyans are borrowing more for consumption from financial institutions or mobile-loan apps.

Moreover, Kenyans from low-income backgrounds and the informal sector tend to be excluded in efforts to raise awareness of the importance of building a retirement fund as we see more effort go into educating the working class.

It is common to find people from such backgrounds do not give any thought to setting up a retirement fund and remain oblivious to the available schemes that suit their financial status.

These challenges can be resolved through various ways. From a policy perspective, the focus should be on supporting the number one employer - the MSME sector where 80 percent of the population makes a living. Formulating policy measures that lower the cost of credit, offer better tax regimes and tax holidays, open up markets for small businesses, and support them to survive in their initial years of business instead of stifling them.

This will increase pension coverage by first ensuring people have adequate incomes to meet their day-to-day needs, supporting employers to start their pension schemes or join existing umbrella schemes, and overall improving the standard of living for the people. A mandatory national social security number linked to various pre-funded benefits would be critical for enhanced pension coverage.

Financial literacy will play a pivotal role in increasing the penetration of pension coverage. People cannot invest in that which they do not know or understand. Financial literacy equips one with the tools needed to make sound decisions and impacts an individual's involvement in pension programmes. Retirement schemes ought to seriously plan and coordinate efforts towards increasing financial literacy on individual pension plans and their immense benefits.

UNITED KINGDOM

Chancellor backs British business with pension fund reforms

The Chancellor has today (2 March) announced the reforms as a further step in the government's plan to boost business and increase returns for savers.

Source
HM Treasury

The Chancellor has today (2 March) announced pension fund reforms as a further step in the government's plan to boost British business and increase returns for savers. This includes requirements for Defined Contribution (DC) pension funds to publicly disclosure their level of investment in the UK.

The government's auto enrolment rollout has driven a huge growth in the amount of investment entering UK pension funds, from less than £90 billion in 2012 to around £116 billion in 2022. However, the disclosure requirements for DC pension funds are currently inconsistent across the market and do not require a breakdown of UK investments, sometimes making it difficult for policymakers and savers to understand where this money is invested.

By ensuring pension funds publicly disclose where they invest and the returns they offer, it will make it possible for employers and savers to compare schemes and make informed choices. The government is embarking on Value for Money (VFM) pension fund reforms to improve outcomes for savers and consolidate the DC pensions market. The reforms will ensure that pension managers are focused on securing good returns for savers.

Under the plans:

By 2027 DC pension funds across the market will disclose their levels of investment in British businesses, as well as their costs and net investment returns.
Pension funds will be required to publicly compare their performance data against competitor schemes, including at least two schemes managing at least £10 billion in assets.
Schemes performing poorly for savers won't be allowed to take on new business from employers, with The Pensions Regulator (TPR) and Financial Conduct Authority (FCA) having a full range of intervention powers.

The plans are subject to a consultation by the Financial Conduct Authority and build on the Government's Mansion House compact, that encouraged pension funds to invest at least 5% of their assets in unlisted equity.

Chancellor Jeremy Hunt said:

"We have already started on a path to drive growth, unlock capital for our most promising companies and improve outcomes for savers – and these new rules mean employers and savers can see how their money is invested and how the returns compare to other schemes.

"British pension funds appear to contribute less to the UK economy than international counterparts do as they invest less in our domestic businesses. These requirements will help focus minds on how to improve overall returns and outcomes for savers."

Secretary of State for Work and Pensions, Mel Stride MP, said:

"The incredible success of automatic enrolment has opened up a huge opportunity to grow the economy, boost British businesses and fuel our futures. It has helped us transform the pensions landscape over the last decade.

"And our Value for Money framework will take this one step further, focusing pension managers on their number one priority – securing the best possible returns for savers – as well as providing a boost to the wider economy."

Julia Hoggett, CEO of London Stock Exchange plc and Chair of the Capital Markets Industry Taskforce, said:

"Pension holders should know how much is being invested in equities in their home market. Investing in UK companies ultimately benefits those companies and the returns they are delivering, which supports the economy and the country in which pension holders live, to everyone's benefit and in everyone's interest."

James Ashton, Quoted Companies Alliance chief executive, said:

"There is huge upside to aligning the UK's financial assets with innovative homegrown ventures that could be tomorrow's world beaters. We welcome these new disclosures and hope they are the first step to many UK pension funds discovering the numerous high-potential companies whose shares are traded on their doorstep."

Chris Hayward, Policy Chairman of the City of London Corporation, said:

"The Mansion House Compact aims to channel long-term capital from pension funds into growth companies. It will support high-growth companies to start, scale and stay in the UK. We welcome the Government's action to support this objective which will turn the dial to drive investment into UK businesses. It is vital that the pension ecosystem focusses on value for money and long-term returns for savers."

Job losses force Nigerians to tap pensions for lifeline

Source
ByModestus Aneasoronye
Business Day

Pension savings have become an immediate lifeline for Nigerians as rising unemployment forced more people to draw on their balances for day-to-day expenses.

This development has seen workers in both the public and private sectors who lost their jobs fall back on pension savings to survive current economic hardships.

Data from the National Pension Commission shows that at the end of the fourth quarter of 2023, a total 10,307 Retirement Savings Account (RSA) holders, otherwise called contributors, requested to access 25 percent of their balances due to temporary loss of employment.

According to the commission, out of that, 10,299 RSA holders' requests were approved and they took away N6.51 billion.

"Out of the applicants whose benefits were approved, 9,819 were from the private sector, while the remaining 480 were from the public sector," it said.

Corroborating the trend, data from the National Bureau of Statistics (NBS) shows that Nigeria's unemployment rate surged to 5.0 percent in the third quarter of 2023 from 4.2 percent in the previous quarter.

According to a new methodology adopted by the NBS, the unemployment rate in Africa's biggest economy, with more than 200 million people, fell from 5.3 percent in Q4 2022 to 4.1 percent in Q1 2023.

The Pension Reform Act 2014 says: "Where an employee voluntarily retires, disengages or is disengaged from employment as provided for under Section 16 (2) and (5) of this Act, the employee may with approval of the commission withdraw an amount of money not exceeding 25 percent of the total amount credited to his retirement savings account, provided that such withdrawal shall only be made after four months of such retirement or cessation of employment and the employee does not secure another employment."

It says where an employee has accessed the amount standing in his retirement savings account pursuant to subsection (2) of this section, such employee shall subsequently access the balance in retirement savings account only at the time of retirement.

Agudah Oguche, chief executive officer of Pension Fund Operators Association, while commenting on disbursement of death benefits to dependants of bereaved workers over a five-year period, said the Contributory Pension Scheme (CPS) has successful reflected commitment of both the increasing number of beneficiaries and providing financial support to those who are entitled to it during critical times.

He said the CPS, introduced by the Pension Reform Act 2004 and revised in 2014, recognises the importance of the contributors, the contributions, and what happens them while in employment.

“This is both when there is life and in death. With this realisation that there is life and there is also death, the operators ensure that people’s wishes are supported as far as is within the provisions of the law.”

Julius Obah, who worked in an advertising firm, lost his job in December 2020 when many companies were retrenching workers following the impact of the COVID-19 and increasing uncertainties in the economy.

Having approached his pension fund administrator (PFA) four months after he stayed without a job to access part of his pension savings, he was asked to complete the request form and after a month, he was paid.

“I would have liked to take more but my PFA insisted I cannot take more than 25 percent since I was not yet retired, but for me it was a good relief,” he said.

According to Obah, the advantage he had was that his employer had been regular in remitting his pensions.

“So, it was easy for my PFA to work out my 25 percent because it was meant to be both my accrued rights and what had been remitted to date,” he said.

Euphemia Ameh, who recently turned 50 years and has begun the process of accessing the balance in her RSA, said she collected 25 percent of the balance of the money when she lost her job four years ago.

“The money was quite helpful for me then because I used it to start a petty trade, which I am still managing till today,” she said.

According to her, she could not secure another job since then and she is looking forward to collecting her final balance after turning 50 years last January, saying because it is not enough to procure any of the retirement benefit options, she would go ahead to collect it.