UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY

Protecting your retirement benefits

Newsletter

Quarter-4, Year Ender FY 2023/24

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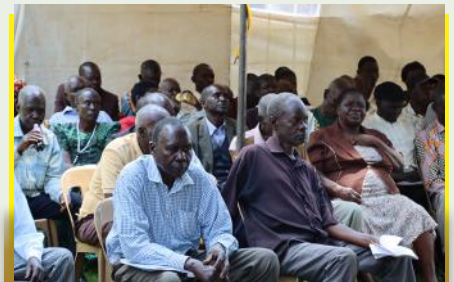

Unclaimed Retirement Benefits account for more than 50% of complaints-URBRA

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

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Ag.Chief Executive Officer's Foreword

Dear Reader,

As we continue to drive Uganda's retirement benefits sector landscape, I am delighted to share with our dear readers, URBRA's quarterly achievements.

During the FY 2023/24, URBRA witnessed sector development in the form of the increased number of people saving for retirement, growth in sector assets, effective sector supervision, as well as the successful deployment of the Risk-Based Supervision System known as the "URBRA Bridge". This system enables the Regulator's supervisory role and strengthens collaboration with supervised entities. Over 65 licensed schemes and various service providers were able to submit their statutory quarterly returns and reports using the "URBRA Bridge".

In order to consolidate and accelerate the growth of the sector, URBRA with the support of the Financial Sector Deepening Uganda (FSD Uganda), undertook a feasibility study for the establishment of a national long-term saving scheme. The study sought to explore solutions to address the challenge of unserved informal sector workers, who also need to save for their retirement. We are optimistic that the recommendations of the feasibility study will be adopted by the government to put in place a framework that supports retirement savings for the informal sector. This will ultimately contribute towards the attainment of the Uganda Vision 2040 hence building on the progress made in addressing the strategic bottlenecks that have constrained Uganda's socio-economic development.

During the year our efforts were also directed towards the enhancement of the member's ability to proactively engage with their trustees on scheme-related matters, as well as the creation of awareness of member rights and obligations. As such, the Authority conducted engagements with over 10 retirement benefits schemes to sensitize the members about their rights and obligations. Members were empowered to hold the trustees accountable for the effective management and operation of the scheme in the best interest of the members. Members were urged to be keen and actively participate in the decision-making process of their respective schemes.

It is therefore, with great pleasure that I now present the Q4 Newsletter for FY2023-24 key highlights from URBRA's activities. We appreciate your engagement with the Authority throughout the past financial year 2023/24, and look forward to further engagement in 2024/25.

We appreciate all our regulated entities for your unwavering commitment to serving Ugandans and also commend the innovations made to meet the needs and interests of the members.

I especially want to appreciate citizens who are not in formal employment but have taken the initiative to save for retirement voluntarily, notwithstanding the economic challenges and the daily financial requirements at a personal level. I urge those who have not yet taken the decision, it's never too late to start saving, but don't lose sight of the goal – a happy and dignified retirement.

As we start the new financial year 2024/25, URBRA will continue to sensitize every Ugandan who earns an income to endeavor to save for retirement with a regulated retirement benefits scheme and service providers licensed to receive, manage, and invest your savings. Most importantly, as the sector regulator, we commit to heightening our supervisory function to ensure that your retirement benefits are well protected.

For God and My Country

RRNansasi

Rita Faith Nansasi Wasswa

Ag. Chief Executive Offcier

Uganda Retirement Benefits Regulatory Authority

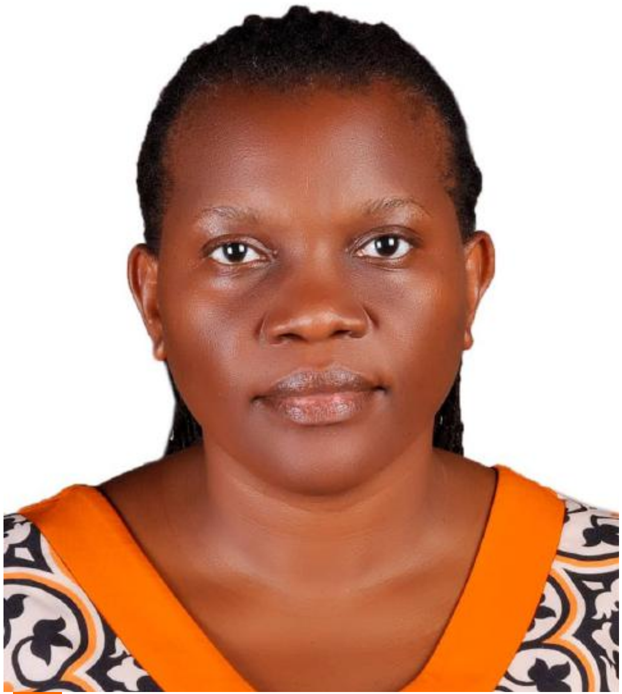
From the EDITOR

In Uganda, the end of a financial year coincides with the end of the first half of the calendar year. It is always a good time to pause and reflect on two fronts: at individual level, we reflect on the annual goals and targets set on New Year's Eve or on New Year's Day; at institutional level we reflect on the attainments and challenges of the financial year past, as we make forecasts for the one.

At URBRA, all these reflections converge at the point of retirement planning and saving. If at the start of the new calendar year you set yourself some goals around personal finances and saving, did you include retirement? If not, this half year point is an opportunity to review your goals and include retirement saving. This is because every day lived brings each one of us closer to retirement. You don't want that time to come and you have no fallback position as far as income is concerned. So, we urge you to start today. One thing you can be sure of is that Uganda's retirement benefits and pensions sector is effectively regulated by URBRA; your savings are safe and prudently invested to give you a good outcome when your time comes.

At institutional level, we use this time of the year to reflect on achievements of the financial year just ended. In 2023/24, we witnessed sector development in form of increased number of number of people saving for retirement and growth in sector assets. We successfully deployed the Risk-Based Supervision System, which eases our supervisory role and strengthens the Authority's working relations with our supervised entities. In the search for solutions to the challenge of unserved informal sector workers, we undertook a feasibility study for the establishment of a national long-term saving scheme, and we are optimistic that the recommendations will be adopted by the government.

We also made efforts to reach more Ugandans in far-flung districts, creating awareness about retirement saving, but mainly emphasizing the need for an inclusive and sustainable retirement benefits sector. In the quest for dignity in retirement, no one should be left behind on account of geographical location, gender, age or technology. There should be solutions that cater to the unique needs and capabilities of all citizens, to enable them save for retirement.



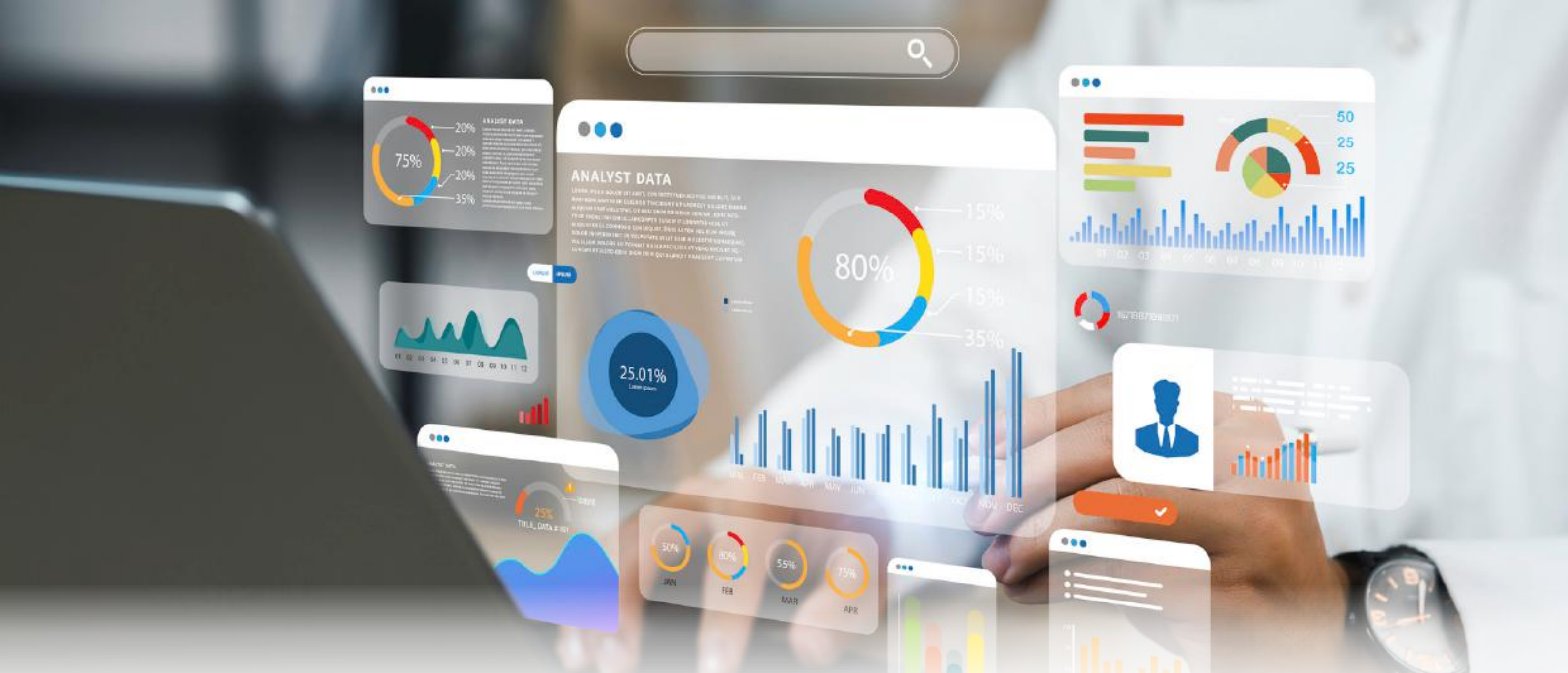
Lydia Mirembe
Manager Corporate and Public Affairs

Another area we reflect on with pride is that of member rights and obligations. Throughout the financial year, we emphasized that all members should be keen and participate actively in the affairs of their scheme. Once you embark on the journey of retirement planning and saving; you entrust your savings to a scheme or a fund, you can't look the other way. In matters of retirement benefits, where your treasure lies, there your heart shall be. And this brings us back to the personal level – are you saving for retirement; are you keeping track of your savings; are you abreast of the developments in your scheme?

As sector regulator, URBRA remains committed to ensuring the security of your retirement benefits. Even as we get into a new financial year, we shall not relent on delivering our mandate and service Ugandans in form of: licencing and supervising retirement benefits schemes and service providers; handling complaints relating to retirement benefits; developing and implementing policies and regulations for the sector; conducting research and providing information for sector development; conducting public education and mobilizing citizens to save for retirement.

Our achievements, challenges and prospects are all captured in this issue of the URBRA newsletter. I hope you will find it enriching and inspiring.

As always, we would like to hear from you. Please send us feedback on email: urbra@urbra.go.ug



Risk-based supervision system deepens assessment, reduces turnaround time

By Lydia Mirembe,
Manager Corporate and Public Affairs

"It's amazing that we have moved from discussing a mere idea, to a point where we are sharing experiences of how sector stakeholders are actually using the system. We have come a long way," Daisy Nabakooza's face lights up as she speaks of URBRA's Risk Based Supervision System. She recalls that the journey started circa 2016, and has been characterized by ideation sessions, consultations, trials, user training, change management…all driven by the tireless efforts of the project team. Nabakooza is the Chief Manager - Supervision and Market Conduct, the URBRA Department that oversees the conduct of licenced entities.

The Risk Based Supervision System is a supervisory technology that will enable URBRA to make risk and compliance monitoring more predictive and proactive. It will ensure real time monitoring; enhance data collection, analysis, validation and visualisation; improve identification and evaluation of risks; and result in efficiency and effectiveness for both the regulator and regulated entities arising from more automation in data generation and management.

"A regulator is likely to have many institutions to supervise and may not have the number of staff to carry out all the activities of supervision. That calls for some tools that help to identify areas for improvement. The Risk-Based supervision system provides those tools," Nabakooza says.

Given the exponential growth of the sector since the establishment of the regulator in 2011, it was time to replace the manual handling of data with an automated system. URBRA now regulates over 65 licensed schemes, in addition to Trustees, Administrators, Managers and custodians. The need to regularly check and monitor their performance and operations, triggered the regulator to consider an electronic system to replace the manual which was getting ever more cumbersome. The need to identify risk as early as possible in the sector goes beyond setting checklists of requirements, to showing the implications, the quality of the requirements and how those affect the operations of the entity in question and the broader sector. The risk-based system makes it easier to identity and rate risks and mitigate their possible effects.

System up and running

The system interface has different modules which include onsite inspection and due diligence, risk rating module, returns module, complaints and whistle blowing module, licencing module among others. These have been rolled out in a modularized flow.

"We went live with the system in November 2023. At that time, we were going through the licencing cycle for our service providers. It was an ideal time to use the system and get it out there. Actually, all the licences for schemes, trustees, fund managers, administrators and custodians have all been processed on the system since November 2023. Essentially, all our key supervised entities have by now used the system at one point or another," Nabakooza says, happy that the market embraced the system.

After rolling out the licencing module, the Authority then rolled out the returns module, because at that point in time, half-year and December quarterly returns were due for filing. Other modules have also been set up but not yet used because the situations that require their use have not yet cropped up. These include the modules for interim administration, complaints, sanctions, mergers and winding up and the ad hocs.

True to its name, the system has so far enabled both URBRA and the supervised entities to know he risk rating profile of the schemes. "We want schemes to be able to monitor their risk profile. It could be an issue of late remittance of contributions or late filing of returns; system users should be able to get this information in real time. Trustees should also be able to access the information and assess performance especially with regard to compliance," Nabakooza explains.

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>
> **Daisy Nabakooza** - *Chief Manager Supervision and Market Conduct, URBRA*

Enabling deeper supervision and assessment

With the new system, the risk rating seems to shoot up, but that shouldn't worry sector stakeholders. That hike is attributed to the new assessment points that have been included, and are now being monitored. For example, in the old supervision process, URBRA mainly looked at compliance levels But the new system has incorporated interrogatories which enable URBRA to look beyond mere statistics and collect qualitative data. If you have trustees for example, do you know who they really are; are they all licenced? If you have an internal credit policy, are you really implementing it; when did you last review it?

"All these new data points are now enabling us to deepen our assessment and our supervision. We are now able to monitor small issues that crop up and address them before they grow into full-blown risks or even crises. It's because of these issues that the risk profile seems to be higher. But for us that is a positive thing because we nip them in the bud," Nabakooza adds.

One would think that the expansion of the scope overstretches URBRA's manpower and capabilities, but to the contrary, the risk-based supervision system has given staff time to focus on important supervision points. Previously, the team used excel, and one officer would be allocated up to five schemes and they would spend a very long time working through sheets upon sheets of data. They would enter the data manually and then use their subjective judgement to come up with supervisory action. A lot of manpower and manhours went into that process, but now the entire excel toolkit has been embedded into the system and the officers who used to look for information manually now spend more time on analysis of results and necessary supervisory actions.

Other gains of the risk-based supervision system are seen in form of easier and faster interaction. Where information was collected over a long time because of the time lag of communication between the supervisor and the supervised entities, now it is fully availed as soon as a service provider or a scheme logs on and enters the information. It has been observed that interaction with stakeholders has gone up from 20% to over 80% online. Previously some information was sent by email or in hard copies, making it hard to keep track of everything. With the newly-installed risk based supervision system, all records are in one place, human error has reduced significantly; less time is spent on filing; data is broken down to the last detail; and analysis is automated. Staff now have the opportunity to focus on other aspects of the job.

Thankfully, the adoption rate has been good. Schemes and service providers have quickly adjusted to new system. That maybe because the Authority has decided that all processes will now be on the system, leaving no choice to would-be resistors. But on the whole, the response has been great, albeit with a steep learning curve for some. Most importantly, the regulator has invested effort and resources in training users and supporting them to adjust.

Training has been a key part of the journey, to ensure that all system users know exactly how to use it. Many times, the trainings have been tailored to specific user needs and questions, although some generic group trainings were also conducted. Feedback generated from the training and trialing enabled the project team to make adjustments and clarify issues. For example, where data had been mismatched during migration, user feedback was applied to ensure that service providers were matched to their right schemes. Now service providers are able to access and update information about the schemes they serve. Most importantly, the schemes are also able to monitor the profiles of their service providers.

To further aid adoption and uptake, user support continues. User manuals have been shared; users can schedule meetings with URBRA; a ticketing system sand a support link have also been created. The whole purpose is to avoid situations where users get stuck. "This system is supposed to be the key interfacing platform between the authority and the supervised entities," Nabakooza emphasises.

Surmountable Challenges

Initially, one of the challenges anticipated was the issue of change management. That mostly came to pass when the returns module was being rolled out. The main reason was the expansion of the returns template to include parameters that the licenced entities were not used to.

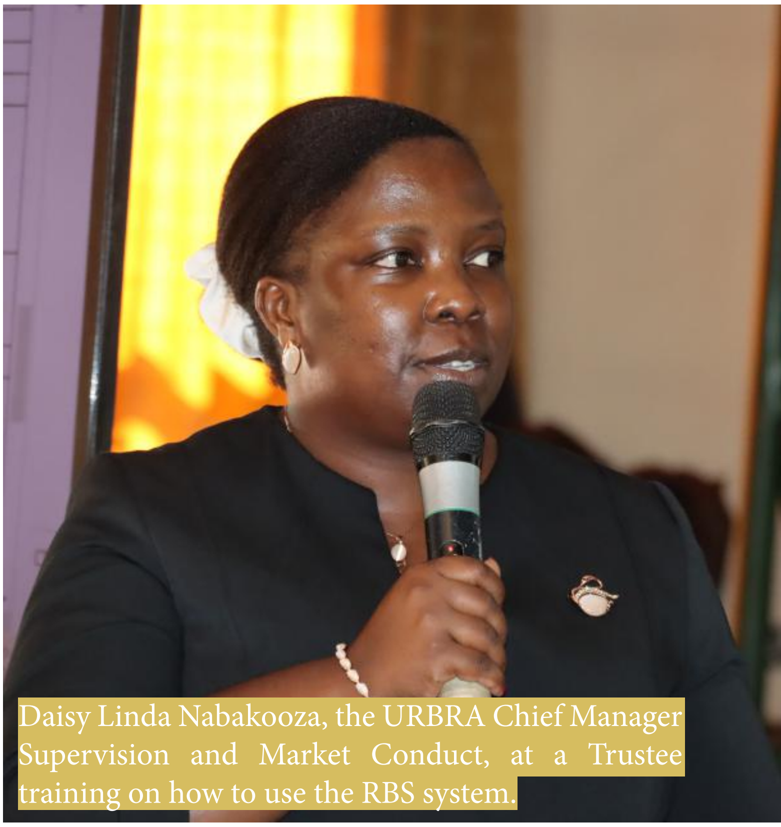
"There was information we used to get in a block, but now with the new system, we had to break it down to minute details. So, at the start it was an issue of change management but also a steep learning curve," Nabakooza observes. Service providers had not grasped the whole range of details required, and many of them requested URBRA to stay the module and allow them to transition slowly from the old mode of doing things. "But we stood our ground and instead intensified support and training. We even asked URBRA management to approve the extension of the deadline for filing returns, to allow service providers transition without too much pressure. We got the waiver and instead of having returns filed end of January, the deadline was extended to February," she adds.

The other challenge is about some service providers who were used to doing things manually, but with the level of detail required, they think that now the demands are too many yet they don't match the kind of fees they charge their clients. For example, previously a service provider would provide a consolidated report about their whole portfolio, but now they are required to provide a detailed report per scheme. That means they have to employ more staff to do that. But also, to adopt and integrate with the new system, they have to invest in some technology and more staff. "This challenge came up and we have to find a way to address it. At the same time, it made us realise that it may be time to discuss the idea of regulating costs of operation," Nabakooza says.

The few challenges notwithstanding, URBRA is more interested in the long-term outcome that the sector will get from the risk based supervision system. What is the ultimate goal? The long-term vision is to see a stable sector. Retirement Benefits is part of the broader financial sector whereby a small event can destabilize the whole system, that can kill confidence and the uptake of products. A robust supervision system ensures that risks are forestalled; it enables us to detect possible faults and close them before they become total disasters.

The system will also ensure that the regulator is in tune with the key developments in the financial service sector. For example, with a more accurate picture of how the sector is performing, it is easy to tell where the sector lies in terms of in-country and regional indicators. This will enable the regulator and other key stakeholders to take informed decisions about the necessary supervisory action.

As more sector stakeholders adopt and apply the system, URBRA will invest more efforts in supporting both internal and external users to ensure that the system is put to optimum use. It is important to note that pension and retirement benefits regulators around the world are quickly embracing risk based supervision, hence URBRA is on the right track. "It's not a waste of time; nor a waste of money we just have to accept the fact that this is where we are headed; this is where everyone is going," Nabakooza concludes.



Daisy Linda Nabakooza, the URBRA Chief Manager Supervision and Market Conduct, at a Trustee training on how to use the RBS system.

URBRA committed to establishment of Long- Term Saving Scheme for informal sector workers

By Lillian Kakayi,
Communication and Public Affairs Officer

The URBRA Chief Manager Research and Strategy, Benjamin Mukiibi, has reiterated URBRA's commitment to establishing a National Long-Term Saving Scheme (NLTSS) to cater to the needs and capabilities of informal sector workers. He was explaining the findings and recommendations of the NLTSS feasibility study which was conducted with the support of Financial Sector Deepening (FSD) Uganda.

The National Long- Term Saving Scheme (NLTSS) aims to encourage and facilitate long term savings by offering a structured and inclusive savings platform to address the retirement savings needs of the informal sector, while also providing opportunities for financial literacy, health care savings and emergency funds.

Since its establishment, URBRA has grappled with the challenge of limited sector coverage, the main barrier being a lack of effective mechanisms and products to include informal sector workers.

The current 64 schemes licensed by URBRA mainly offer products for formal sector workers, with the mandatory NSSF covering the biggest number of over 2,000,000 members. The other schemes are mainly occupational and employer-sponsored. Two schemes that were established to serve informal sector workers are yet to cover the anticipated scope.

Informal sector workers are defined by UBOS as those who are employed, but without any social security cover in law or in practice, and they form over 80% of Uganda's workforce. Moreover, the informal sector contributes significantly to the Ugandan economy. According to the World Bank and ILOSTAT, 2022 bout 51 per cent of GDP generated from the informal economy. To compound the situation further, many of them are youth, in a country where youth unemployment is estimated at 80%. Preliminary results of the 2024 census revealed that nearly 85% of Uganda's population is below the age of 40.

All these dynamics come together to create opportunities and challenges for the retirement benefits sector. Can the sector players rise to the occasion?

"We have a unique position with a young population," Mr Mukiibi said. "This demographic landscape presents a unique opportunity and a challenge. This youthful demographic has multiple decades ahead to accumulate savings for a financially secure and dignified retirement. However, the reality is that the majority of Ugandans lack retirement savings mechanisms and face an uncertain financial future."

Another area of interest are the transacting habits of many Ugandans. Studies conducted by FSDU and Bank of Uganda indicate that given the way people transact, they have some money. However, they spend on things that offer instant gratification like weekend picnics and hangouts, data bundles and airtime and the like. These expenditures could be justified if they brought returns to the spender, but unfortunately recreational activities are not investments. The critical issue at hand is enhancing financial literacy and encourage long-term saving specifically directed to retirement, rather than spend on gratification and ostentation.

The NLTSS presents a strategic response to these challenges. The aim is to provide a robust framework for Ugandans, especially those in the informal sector, to save for retirement. The informal sector, which constitutes a significant portion of the workforce to ensure financial inclusivity for a dignified and fulfilling retirement. In that regard, the regulator has broadened the discussion to demonstrate that the NLTSS is not just seen as a creation of another mandatory savings scheme; but rather a tailored solution designed to meet the unique needs of Uganda's diverse informal workforce. That means providing flexible, accessible, and attractive saving options that fit the lifestyle and income patterns of these people.

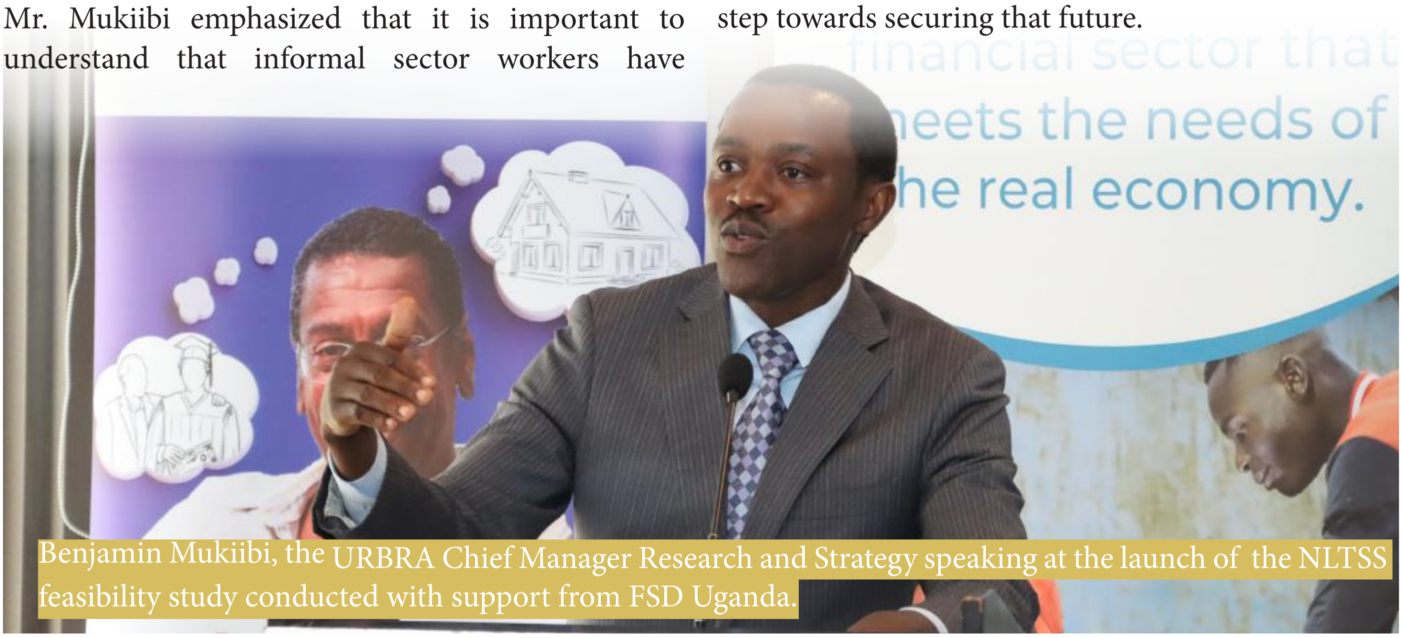
An example would be a product with specific features designed to suit a regular boda-boda rider, who may choose to save but wants to access his savings say after five years to re-invest and buy another motorcycle. Through its robust supervision system, URBRA shall be able to monitor operational efficiency, strengthen safe guards, and provide guidance on member rights to ensure a good outcome for all members.

Mr. Mukiibi emphasized that it is important to understand that informal sector workers have irregular incomes and face different financial challenges compared to formal sector workers. The NLTSS intends to offer flexible contribution options and propose incentives by government to encourage consistent and deliberate saving, no matter how small the amount. He cited the example of EjoHeza in Rwanda, the model which URBRA wants to advocate for the government to adopt.

In Rwanda, the government has provided incentives to grow the country's micro-pension scheme — Ejo Heza LTSS. Ejo Heza is a voluntary contribution scheme linked to the national ID and everyone with a national ID can be able to save. It is free for anyone to join including those involved in other schemes. It has three short term benefits: housing, education and loan collateral. The government of Rwanda pays for the cost of running the scheme enabling members to retain 100 percent of their savings and interest. As of November 2023, Ejo Heza had US$46m in assets under management.

Implementing such a comprehensive idea requires substantial support from the government and key policy stakeholders. URBRA intends to actively engage various entities like Ministry of Finance, Ministry of Gender, Labour and Social Development, Parliament and key policy stakeholders as proposed in the National Steering Committee to garner this support.

The success of this initiative hinges on the collective efforts of the government, development partners, and the public. The goodwill and support of Government and collaborative efforts by all sector players to ensure that this scheme reaches its full potential is all that is needed because "The future of our country depends on how well we prepare today. The NLTSS is a crucial step towards securing that future.



Benjamin Mukiibi, the URBRA Chief Manager Research and Strategy speaking at the launch of the NLTSS feasibility study conducted with support from FSD Uganda.

The role of Retirement Benefits in advancing social justice.

By Prudence Nakyeyune,
Corporate and Public Affairs intern

Saving for retirement is crucial for individuals, employers, and the economy as a whole. A higher savings rate leads to increased capital, resulting in higher GDP per capita and accelerated population growth. Unfortunately, Uganda's savings rate is one of the lowest in East Africa, with many individuals and employers in the formal sector failing to prioritize retirement planning.

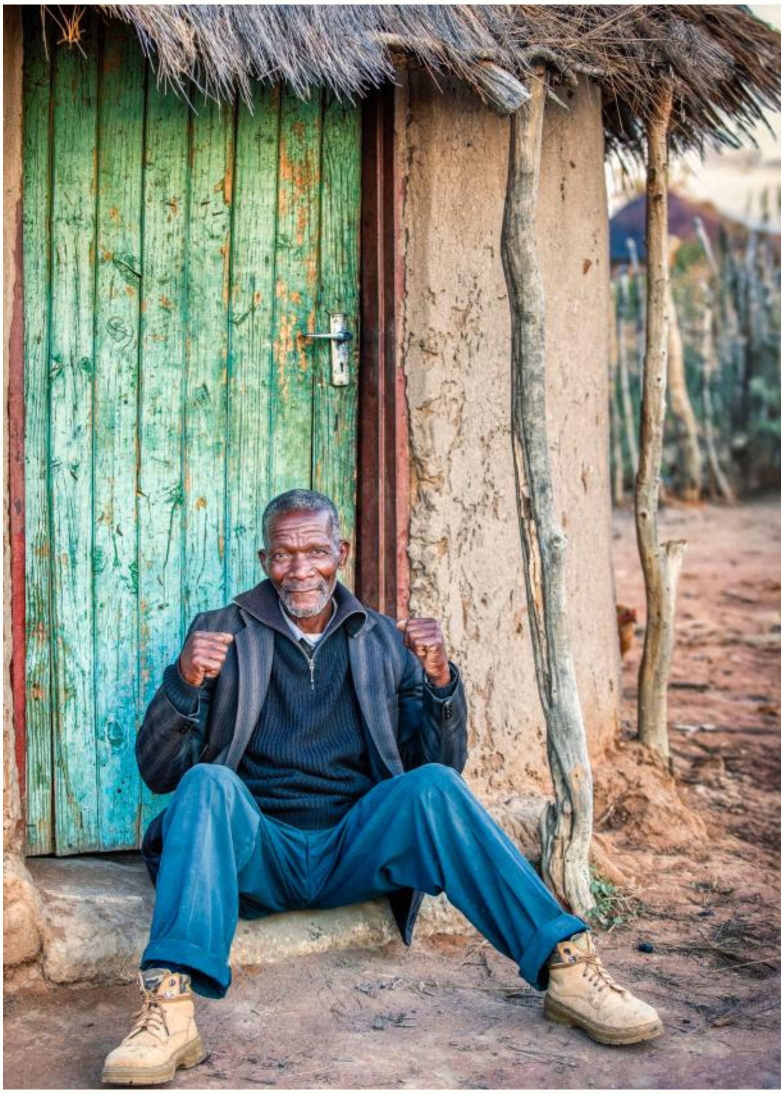
Recently, the Uganda Retirement Benefits Regulatory Authority hosted a webinar on "Retirement Benefits as a Key Element of Social Justice." The event featured Mr. Douglas Opio, CEO of the Federation of Uganda Employers, as the keynote speaker, and Ms. Lydia Mirembe, Manager of Corporate and Public Affairs - URBRA as the moderator.

"Around the world, the most recognized form of social justice, is the provision of pensions. The International Labour Organisation estimates that globally, 77.5% of people above retirement age receive some form of pension." Ms. Lydia Mirembe said.

Social justice can be defined as to the equality of opportunities regardless of the background gender work positions and more. Retirement benefits are a very important aspect of social justice upholding worker's rights dignity and well-being in their post-working life. The forms of social justice can include; non-discrimination decent work conditions social protection. However, many employees face discrimination, unsafe working conditions, and lack access to retirement benefits.

Retirement benefits can refer to pension plans provided by employers to employees upon their employment exit and the public sector does not contribute but rather they are defined pension contributors.

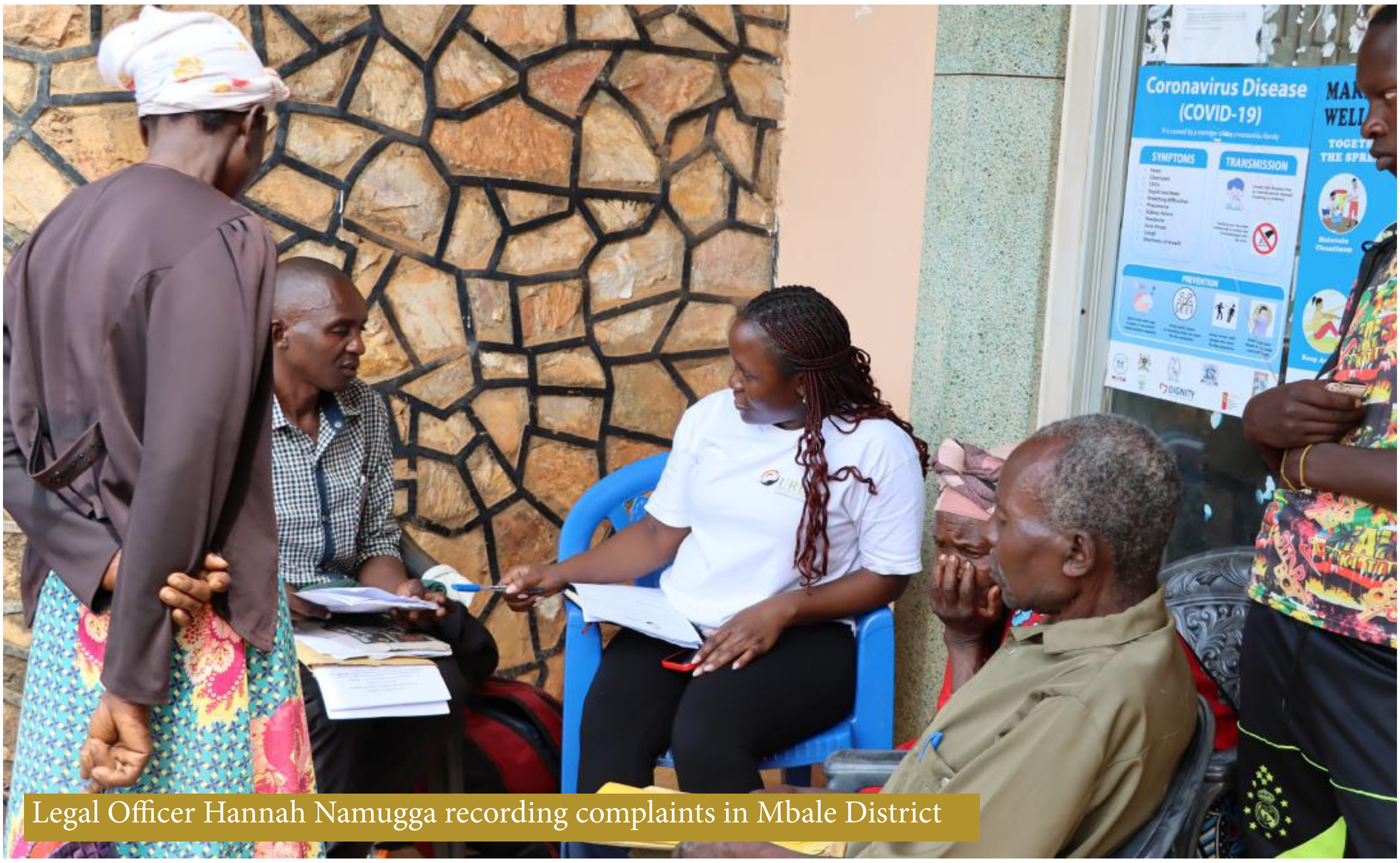
Mr. Opio emphasized that over 17 million Ugandans are uncertain about their future after retirement due to a lack of understanding about retirement savings. He encouraged employers to contribute to securing their employees' futures, not only to protect their brand but also to participate in the country's development.



Douglas Opio added that if people are educated about these retirement benefits schemes, they would have been appreciative and would voluntarily contribute to NSSF. By prioritizing retirement savings and extending coverage to the informal sector, we can work towards a more equitable society where all individuals can enjoy a better life after retirement.

URBRA is set to introduce reforms that will extend retirement benefit coverage to the informal sector, bridging the poverty gap between formal and informal sector workers in old age. By educating employees and employers about retirement benefits, URBRA aims to increase the number of contributors to financial retirement benefits schemes and promote social justice.

The role of Pension Clinics in resolving retirement benefits complaints



Legal Officer Hannah Namugga recording complaints in Mbale District

By Billy B. Gang,
Communication and Public Affairs Officer

URBRA's complaints handling interventions in the Financial Year 2023/24 led to the disbursement of over UGX 275,930,826 in form of retirement benefits to genuine complainants. Complaints Handling is one of the Authority's key services to the public, provided under the Directorate of Legal Services.

According to Hannah Namugga the Legal Officer, the majority of the complaints handled were related to unpaid or underpaid benefits due to retirees or their beneficiaries. The Public Service Pension scheme registered the bulk of the complaints.

District visits and pension clinics were the key initiatives undertaken to support complainants, especially those who couldn't reach URBRA's head office. The initiatives are aligned to URBRA's commitment to protect savers' retirement benefits. In these initiatives, URBRA in collaboration with the Ministry of Public Service pitched camp in selected districts, and conducted meetings with local government officials and complainants.

Apart from discussing the key issues and challenges concerning access to retirement benefits, URBRA also used the meetings to emphasise the importance of retirement planning and saving. In addition to physical meetings, URBRA and Public Service Officials also held talk shows on local radio programmes, to relay the message to a wider public audience.

Legal Officer, Hannah Namugga notes that these clinics have provided platform for sensitizing savers and retirees on their rights and obligations, educating the public on ways to lodge a retirement benefits complaint that requires the complainant to first raise the issue with the concerned scheme in writing before escalating to the regulator, the Uganda Retirement Benefits Regulatory Authority, in addition to having the necessary documents when registering a retirement benefits complaint.

In FY 2023/24, the URBRA team traversed Central, Eastern, Western and the West Nile regions of Uganda handling complaints related to retirement benefits. Doris Kahuura Rusoke the Senior Legal Officer at URBRA, notes that these clinics were pivotal in fostering direct engagement with stakeholders, understanding local challenges and ensuring that complaints are resolved.

Provision of Retirement Benefits is a key element of labour justice

By Lydia Mirembe,
Manager Corporate and Public Affairs

On May 1st, Uganda joined the rest of the world to commemorate International Labour Day, under the theme: Improving Access to Labour justice, a pre-requisite for increased productivity.

Any discussion about labour justice is not complete without reference to retirement benefits and pensions. Around the world, the most recognized form of social justice and protection, is the provision of pensions for older persons. The International Labour Organisation (ILO) estimates that globally, 77.5% of people above retirement age receive some form of old-age pension. However, major disparities still exist across regions, between rural and urban areas, and between women and men.

In Africa, for example, some 600 million young economically active informal sector workers across the continent are excluded from formal pension and social protection arrangements and face the grim prospect of living in extreme poverty when they get too old to work. Specifically in Uganda, out of an estimated 20.5 million people in the working population, only 3,142,311 are covered under existing pension and retirement benefits arrangements. Even those who are covered still face the challenge of inadequate savings. The National Social Security Fund (NSSF) in their 2023 members annual meeting, reported that that 80% of its members, had accrued balances of UGX 10 million or less. The majority of those who are not covered, are in informal employment. The Uganda Bureau of Statistics (UBOS) defines informal workers as those who are employed, but without any social security cover in law or in practice. Such workers have no provision for pension, no contribution to National Social Security Fund and no entitlement to paid annual leave or paid sick leave.

Uganda's pension systems comprise contributory and non-contributory schemes, both aimed at providing old-age income security. The Public Service Pension Scheme is the main non-contributory, defined benefits scheme and is sponsored by the government. It covers an estimated 41,000 members. On the other hand, contributory schemes mainly include the NSSF, whose membership is estimated at about 2.2 million. Other occupational schemes and mandatory employer-sponsored schemes cover an estimated 390,000 members. Hence, out of Uganda's estimated population of 44.2 million, as at June 2023, only 15% are covered by retirement benefits and pension arrangements.

Any form of exclusion spells injustice. Exclusion from retirement benefits arrangements is attributed to many factors. For example, many employees do not have any contracts or appointment letters to support their employment status, leaving them at the mercy of their employers. The UBOS National Labour Force Survey 2021, found that 67% of employees in Uganda were employed on the basis of an oral agreement. Overall, only 33% of employed persons were engaged on the basis of written agreements. With such terms of engagement, it is no wonder that only 14.5% of employers were paying NSSF for their employees.

Many are excluded from pensions and retirement benefits on account of gender and location. The UBOS National Labour Force Survey of 2021 found that there were fewer women in formal employment compared to men. The report shows 39.8% of women in employment, compared to 57.8% of men. There were more women in subsistence agriculture at 45.9%

compared to men at 34.4%. Suffice it to say that people's occupations and productivity have great implications for their retirement benefits.

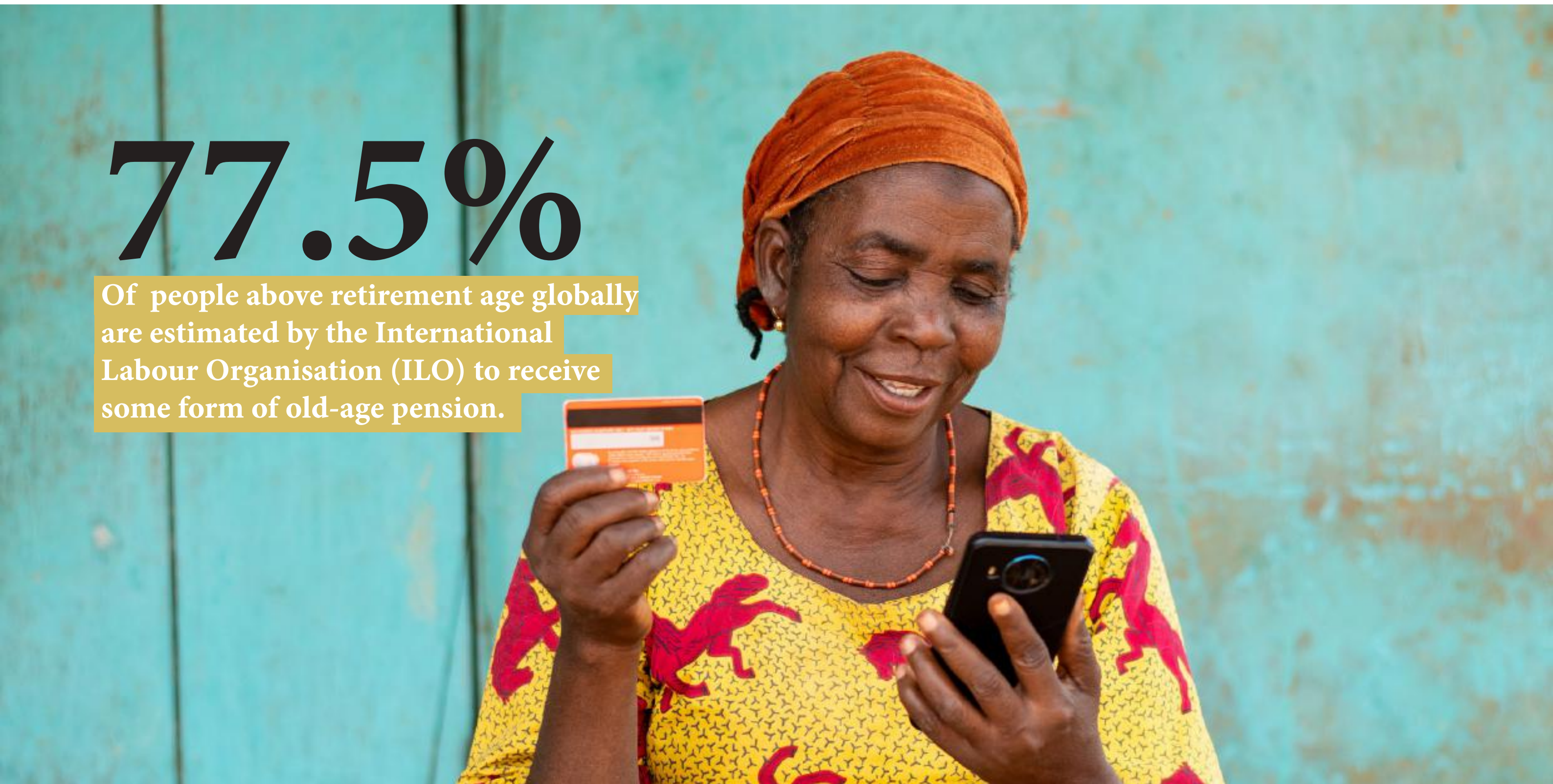
In terms of geographical location and residence, UBOS statistics indicate that 63.5% of the urban population are in employment, compared to 42.5% of the rural population. Urban workers are better advantaged than rural folk because of differences in access to opportunities and services. This shows that the folks in the rural settings are less advantaged even when it comes to retirement planning, saving and investing.

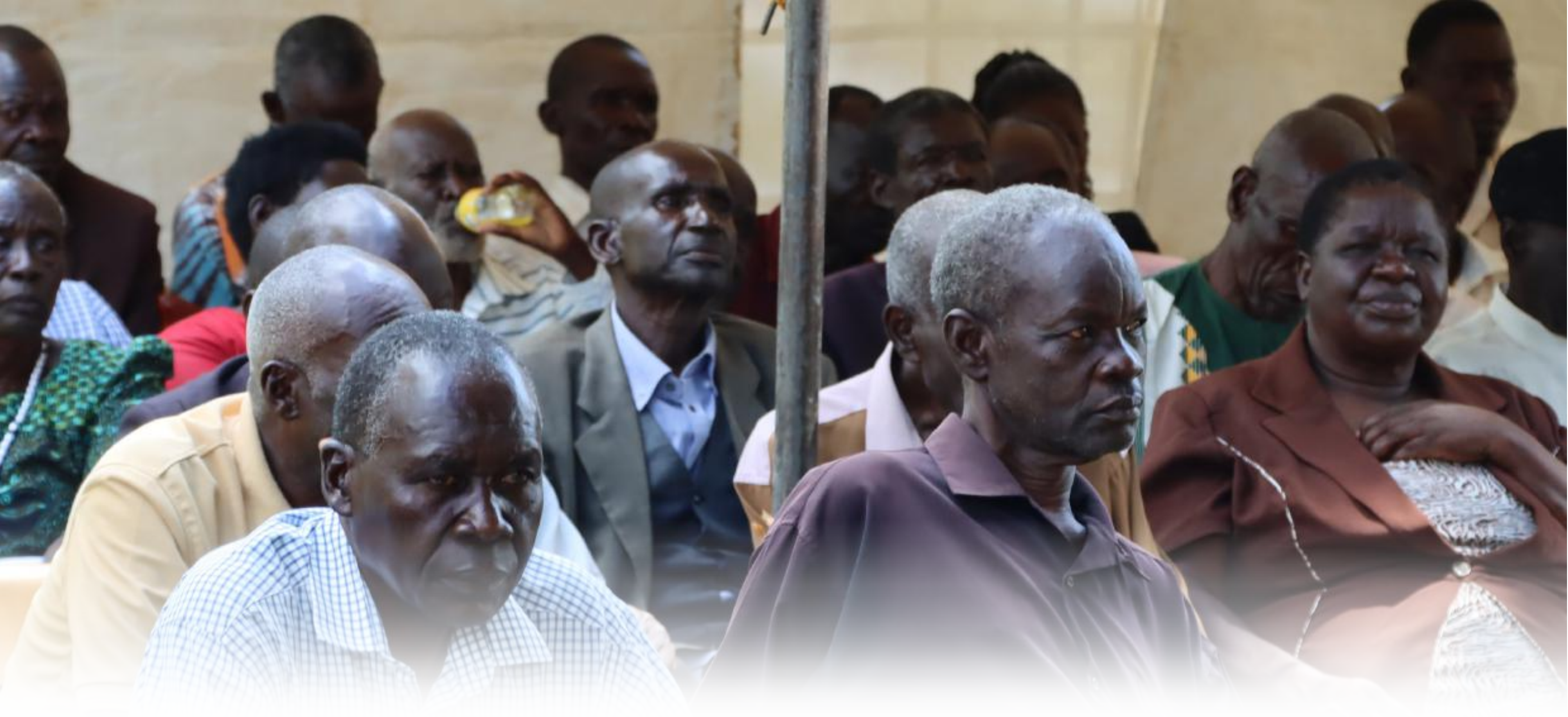
Even when people retire, they may experience some forms of injustice. The commonest cases relate to those who retire and fail access their benefits. Again, some retirees have access to their benefits but they are too low and inadequate. This is mainly because their monthly wages were too low in the first place, which directly impacts retirement savings since wages are a factor of one's monthly remuneration.

The key question therefore, is how to extend justice to those who are excluded from the current retirement benefits and pension systems. In the Africa Pension Supervisors' Conference which was hosted by URBRA in November 2023, sector stakeholders agreed that to alleviate exclusion, there is need to build inclusive mechanisms and pension systems that provide citizens with secure, accessible, affordable and well-regulated pension and retirement benefits products. Some very specific proposals include:

- Ensure digital equity, to cater to the digital preferences of savers. Uganda has 12 million internet users and 28 million mobile phone users, but access and use are lowest among the elderly aged 75 and above.
- Take action to ensure that the youth voluntarily save for retirement. Uganda has the youngest population in Africa and one of the highest youth unemployment rates in the world. But old age does not discriminate – all youth eventually grow old.
- Address the barriers that exclude women from retirement benefits programmes. Currently in Uganda, there are more men than women in employment. Moreover, 48% of women in the labour force are self-employed, meaning they don't have a structured retirement savings plan.
- Establish micro-pension programs to enable low-income earners save for retirement. A micro-pension program with the necessary incentives would ensure broader sector coverage.
- Ensure nationwide coverage and access to retirement benefits services.
- Accelerate public education to ensure that everyone has the necessary information and knowledge to inspire them to start saving for retirement.

Therefore, as we reflect on the issue of labour justice, we should bear in mind that some of the greatest effects of labour injustice will only manifest in retirement, and it might be too late to change anything. While people are still young and productive, they should join a retirement benefits or pension scheme, to avoid old-age poverty. Some people have structured retirement plans sponsored by their employers, but in Uganda those are too few. For the majority in informal employment, voluntary retirement saving is the only option for now, until such a time when the government operationalises the proposed Long Term National Saving Scheme.





Unclaimed Retirement Benefits account for more than 50% of complaints-URBRA

By Prudence Nakyeyune,
Intern Corporate and Public Affairs Directorate

The main purpose of retirement benefits is to ensure that when individuals step back from active employment, they have an income to keep them going. This may be due to attainment of the prescribed retirement age or any other circumstances such as physical or mental disability that may incapacitate a member partially or totally. Under such circumstances, a member is entitled to access their retirement benefits from the scheme they subscribe to.

Other circumstances under which a member may access their retirement benefits include emigration and death. A member may also have mid-term access to their NSSF savings if they attain 45 years and have been saving with the fund for a period of ten years.

While many members and their dependents, qualify to access their benefits, it has been observed that many don't, creating a good number of cases of unclaimed retirement benefits.

Addressing a recent webinar to address the matter of unclaimed retirement benefits, the URBRA Senior Legal Officer, Ms. Doris Kahuura observed that many of the complaints handled by URBRA are related to unclaimed benefits.

One wonders, what causes this backlog? How come people do not immediately dash to their schemes to withdraw what is duly theirs? Is it a lack of knowledge and vigilance on the part of members or their dependents?

URBRA organized a webinar to discuss the issue of unclaimed benefits with a view to explain to the public the causes and solutions.

What are unclaimed benefits?

Unclaimed benefits are funds that are rightfully owed to individuals or their beneficiaries but have not been paid to them, these can represent a lifetime of savings or contributions such as retirement savings and pension plans.

Ms. Rusoke added that in line with URBRA's mandate of supervising, regulating and promoting the development of the retirement benefits sector, URBRA ensures members rights are protected and have a right to their savings upon reaching retirement age.

During the webinar session, participants raised concerns about the fate of these unclaimed benefits, questioning where these funds are allocated and how they are utilized by the schemes further inquiring about the measures put in place by URBRA to ensure that these benefits are not misappropriate but rather returned to their rightful owners for their good.

According to Ms. Rusoke, failure to claim one's benefits has far-reaching consequences that can hinder prospects for the dependents while preventing the actual retirees from living comfortably in retirement due to financial hardships.

How do unclaimed benefits arise?

These unclaimed benefits may arise due to many circumstances;

•Where members do not provide the fund with theirs and their beneficiaries' updated contact details.

•Employers do not provide the scheme trustees and administrators with comprehensive details concerning members of the scheme.

•Inadequate administration and record keeping by scheme administrators. Administrators may lack robust systems to capture relevant member data.

•Insufficient mechanisms to enable foreigners leaving the country after the expiry of their work permits claim their benefits from their home countries and get paid in those countries and many more.

•Beneficiaries lack information because members do not inform them about the benefits payable and which institution to contact.

•Trustees fail to trace and pay the beneficiaries to the unclaimed benefits. This is usually as a result of records that are not up to date.

•Nature of exit e.g. members who are dismissed for causing financial loss may not be cleared by employers.

How to reduce incidents of unclaimed benefits

First of all, there is need to create awareness. Many have not claimed their due benefits because they are unaware of their entitlement. This especially applies to beneficiaries who are supposed to claim survivors' benefits. Trustees should circulate lists of members with unclaimed benefits through mass circulation, media platforms with authorization from URBRA. Members should avail relevant information to their respective schemes and ensure that it is regularly updated. Administrators should have robust systems which can capture all relevant data about members and their nominated beneficiaries.

Any one who suspects they might have unclaimed benefits, Ms. Rusoke recommends that they obtain a copy of the scheme trust deed and rules, submit claim forms and all relevant documentation to scheme trustees.

For public service, follow up with the vote's Human Resource Officer six months before the date of your retirement, fill in the necessary forms for gratuity and pension.

URBRA urges everyone to be an active and informed member of their respective scheme, keeping track of their savings and when they are due for claiming. This way, all members will enjoy what is dully theirs, and cases of unclaimed benefits will be reduced significantly.

How to file a Retirement Benefits Complaint

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

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.

Note:

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

URBRA
UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY
Protecting your retirement benefits

Clement Hill Rd (3rd - 6th Floor) Opposite Tanzanian High Commission P.O. Box 7561, Kampala
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Suffering retirees: 'I had to pay an agent to get my pension'

Source Nation Kenya
By Moraa Obiria
Senior Gender Journalist

Many pensioners around the world face challenges accessing their pensions, often involving lengthy delays, bureaucratic hurdles and potential underpayment. In Kenya, a retiree tells of the tedious and difficult process of following up on her pension.

In 2018, Edna* received a letter from the Ministry of Health informing her that she was just one year away from her retirement from her nursing job at a county referral hospital in Western Kenya. Before the transfer to the county in 2016, Edna had worked at Kenyatta National Hospital, a public referral hospital in Kenya, for 31 years.

"I quickly filled the documents and submitted to the Ministry of Health, specifically the department in charge of processing pension to forward them to the Treasury," she says. "I was hopeful of receiving my pension in the last month of working, or at least the first month of my retirement."

Shock on her! She retired in May 2019, at 60 years, the age at which public servants retire except for those with disabilities whose term is extended to 65 years. The rounds she made between the Ministry of Health and Treasury was like a whirlwind in the Sahara Desert.

"I'd go to the Health ministry; they'd tell me the documents had been forwarded to the Pensions Department at the Treasury. Then the Treasury would send me back to the Health ministry to retrieve my documents. The back and forth was too stressful. Imagine travelling from Busia to Nairobi from time to time all the while thinking about your grandchildren. It's too much," she laments. Edna has 12 grandchildren under her care.

After a whole year of being taken in circles, Edna was desperate. Weary and in dire need of the pension, she fell prey to so-called "agents". "A friend who had retired from the Kenya Airforce introduced me to someone at the Treasury who offered to help," Edna recounts. That assistance came with a huge cost.

"To fast-track the processing of my documents, he told me to pay Sh50,000, which I did and after four months, I had my pension in lumpsum and started receiving the monthly payouts."

By failing to process Edna's pension in time, the public servants in the respective offices, violated not just the domestic laws on pensions but also the global guidelines on the scheme by the International Labour Organisation (ILO). ILO requires countries to adopt a good practice of prompt payment of pension to maintain the purchasing power of the pensioners and save them from poverty, vulnerability and social exclusion.

Section 16A of the Pensions Act gives civil servants the power not to vacate office until their pension is fully processed and paid. It says, "A person to whom a pension or other allowance is payable under this Act shall be entitled to be retained in the service until the payment in full of the gratuity payable to him consequent upon the exercise by him of his option to receive such gratuity."

Retirees say the biggest obstacle to access to pension is the parent ministries, departments and agencies from where they initiate the pension process.

"You'll find the file never left the ministry to the Treasury, yet you will be told it has been forwarded," says Benson Ambuni, national chairman of Retirees Benefits and Claims Welfare Association of Kenya. "And they don't communicate if the file was returned for corrections or if some documents are missing. They don't have a heart for retirees," decries Benson.

In a 2022 report, on a survey of pensioners and retirees by the Retirements Benefits Authority (RBA), 55 per cent of the retirees reported a smooth access to their pensions. Of those who faced challenges, 15 per cent said the pension was delayed while 12 per cent reported unpaid benefits due to underpayment. Five per cent reported being hit by poor communication or lack of information from their respective pension schemes, and four per cent of the sampled retiree said they were unaware of the benefits calculation.

Out of these challenges, Temmy*, a retired civil engineer, has faced three. Between 1982 and 2021, when she retired, she worked in two defunct local authorities in Central Kenya, which transitioned to counties in 2013. At the time, the authorities had a pension scheme. She filed for her pension a year before her retirement. She was promised to receive her lumpsum a month after retiring. But the payment was delayed and no one called her to inform her of the status of her pension payment.

"Four months after making frequent follow-ups, I finally got my lumpsum but it was 15 years less. I demanded to be shown how the calculation was done but the officers have refused to cooperate. It's too stressful," she complains.

In 2023, National Treasury and Economic Planning Cabinet Secretary Njuguna Ndung'u pointed out this failure of the counties to dutifully pay retired workers their pension.

"Most of the county governments owe money to the various pension funds (Laptrust, Lapfund and County Pension Fund), which have accumulated over the years. Some county governments are not reflecting these pension liabilities in their pending bills stock, hence posing a great risk that these liabilities may not be prioritised for payment," Prof Ndung'u notes in the 2023 budget policy statement.

Experts warn against ineffective pension services, saying they drag the country's socioeconomic growth. "Pensioners in countries where the pension system is seamless, enjoy a healthy life and the benefits of this healthy life are felt by their families who don't have to struggle to take care of them," states Dr Gloria Langat, head of the Aging and Development at the African Population and Health Research Centre.

Considering the pensioners struggles to rightfully access their pension, stakeholders recommend devolving the pensions department services and digitising the process 1982, 2021.

"In countries with comprehensive and mature systems of social protection, with ageing populations, the main challenge is to maintain a sound balance between financial sustainability and pension adequacy," notes International Labour Organisation in its brief on social protection for older women and men.

"At the other extreme, many countries around the world are still struggling to extend and finance their pension systems; these countries face structural barriers linked to low levels of economic development, high levels of informality, low contributory capacity, poverty and insufficient fiscal space, among others," it further highlights.

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Dr Gloria says the government ought to "seriously" safeguard pension and streamline all processes of accessing it to save the retirees from the trauma of years of waiting for the lumpsum and payouts.

"Let the government establish pension offices in the counties. Why should an older person be forced to travel all the way from Mombasa or Marsabit to Nairobi to move from one office to another to follow up on their pension?" queries Lydia Makena Micheni, a programmes officer at HelpAge International, a global network of older persons' organisations.

The retirees, however, have a voice through the RBA as it can seek redress of their grievances once they file their complaints. RBA regulates, supervises as well as promotes development of the retirement benefits sector.
"We always advise members to file complaints or use the whistle-blower portal for sensitive issues. No Kenyan should be denied access to their rightful benefits," says James Ratemo, the head of corporate communication at RBA.

*The names have been changed to protect the privacy of the pensioners.

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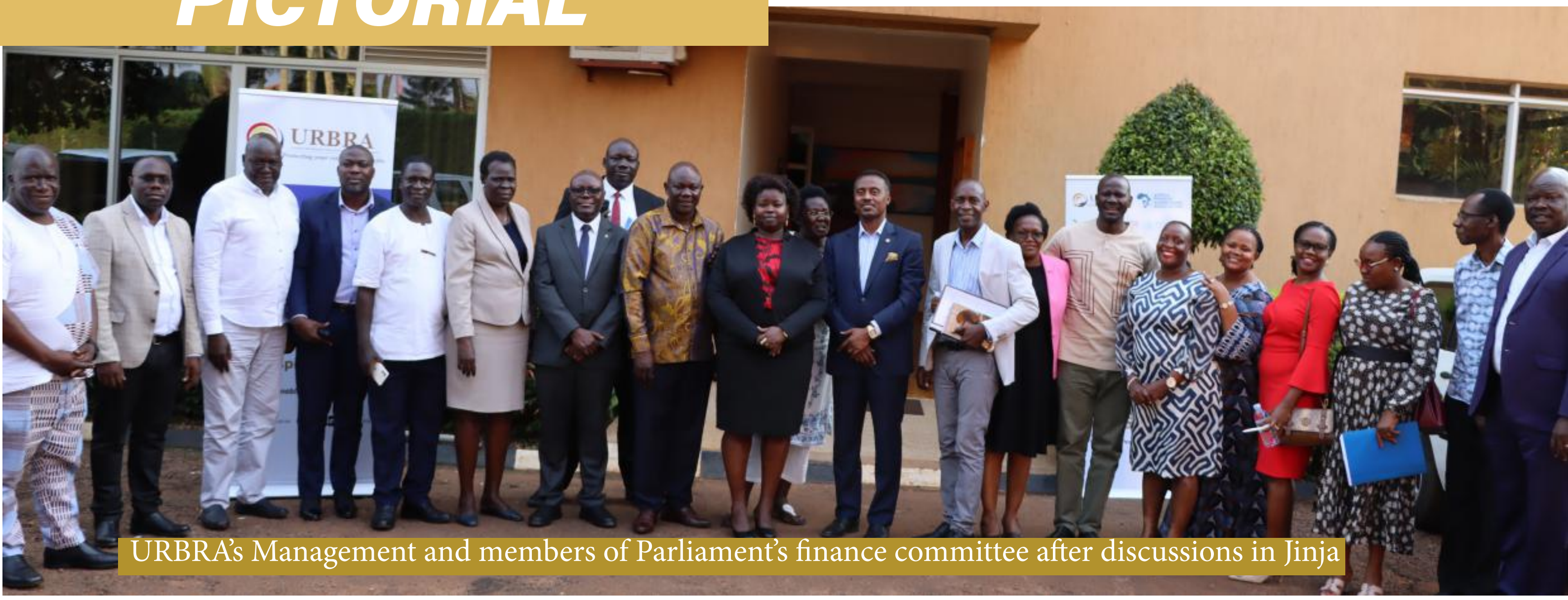
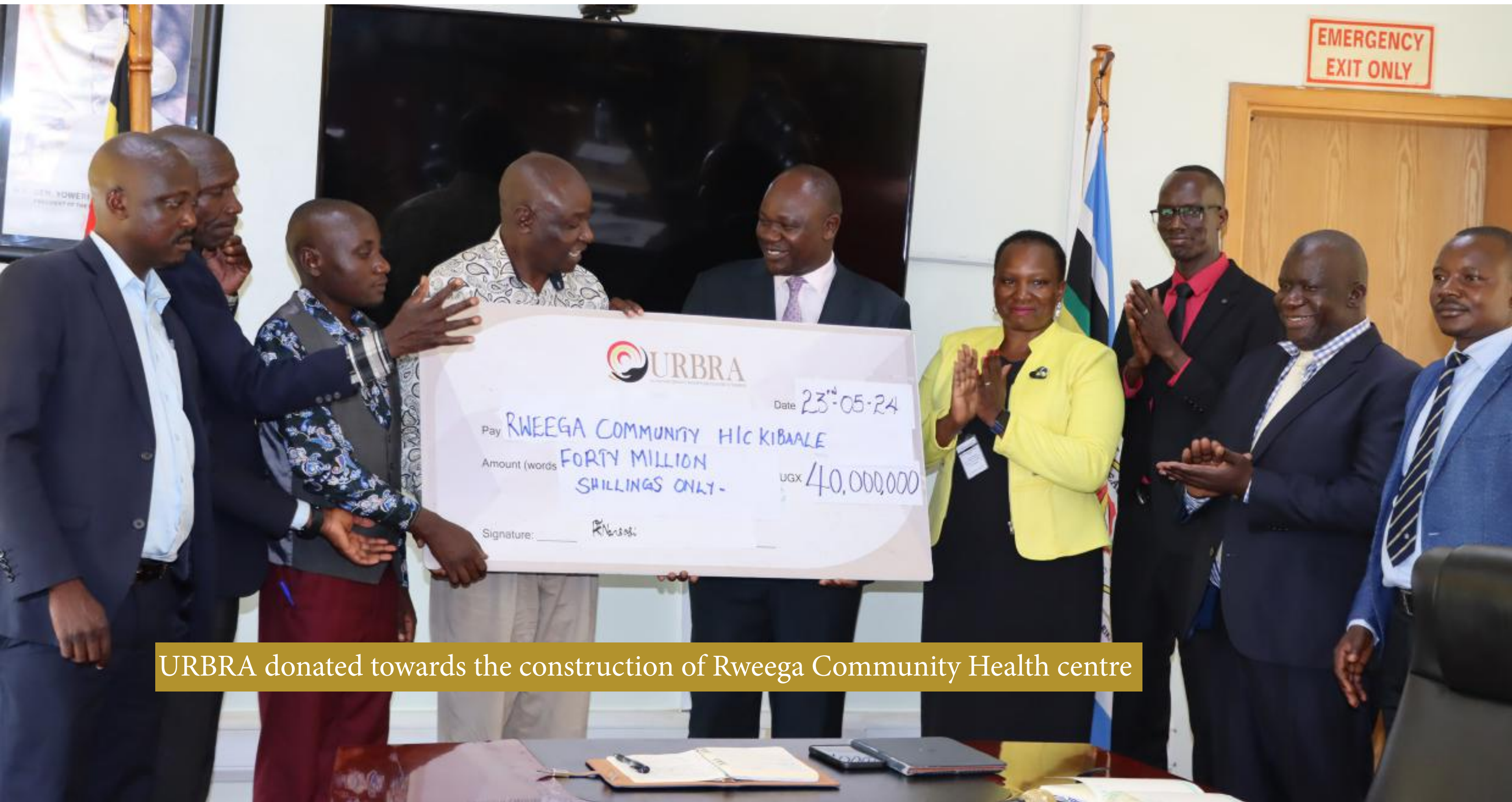
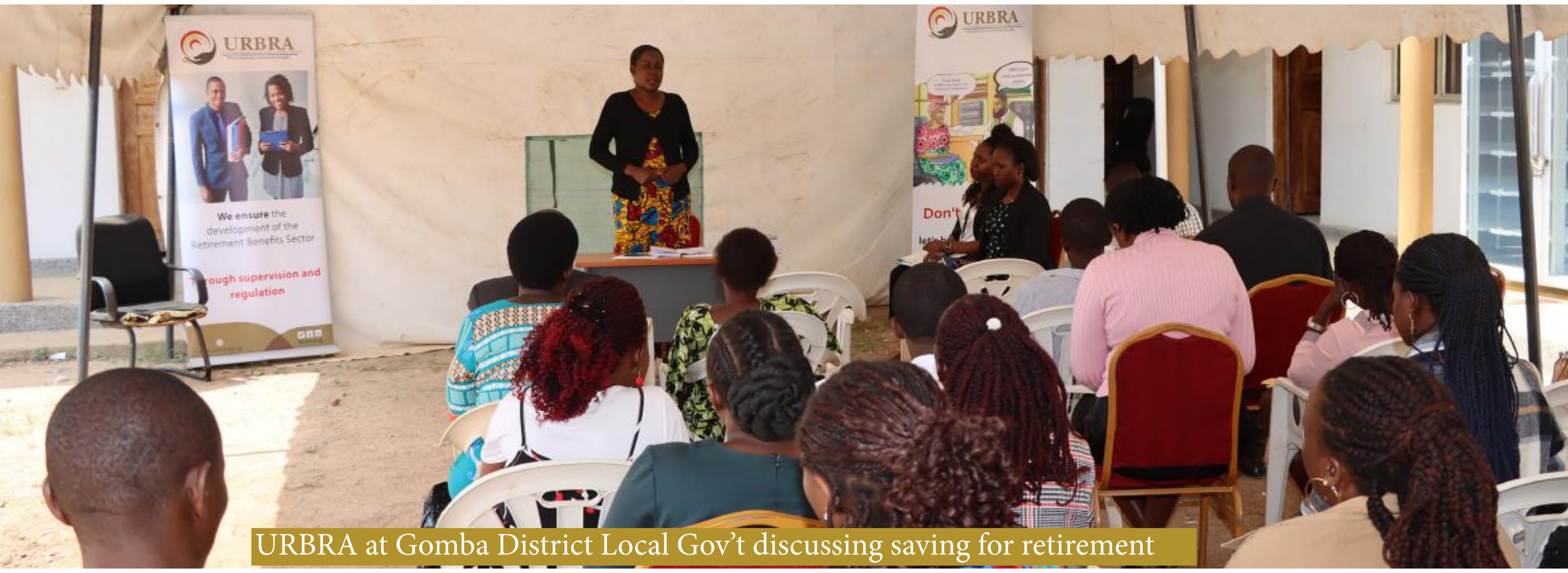


URBRA's Management and members of Parliament's finance committee after discussions in Jinja

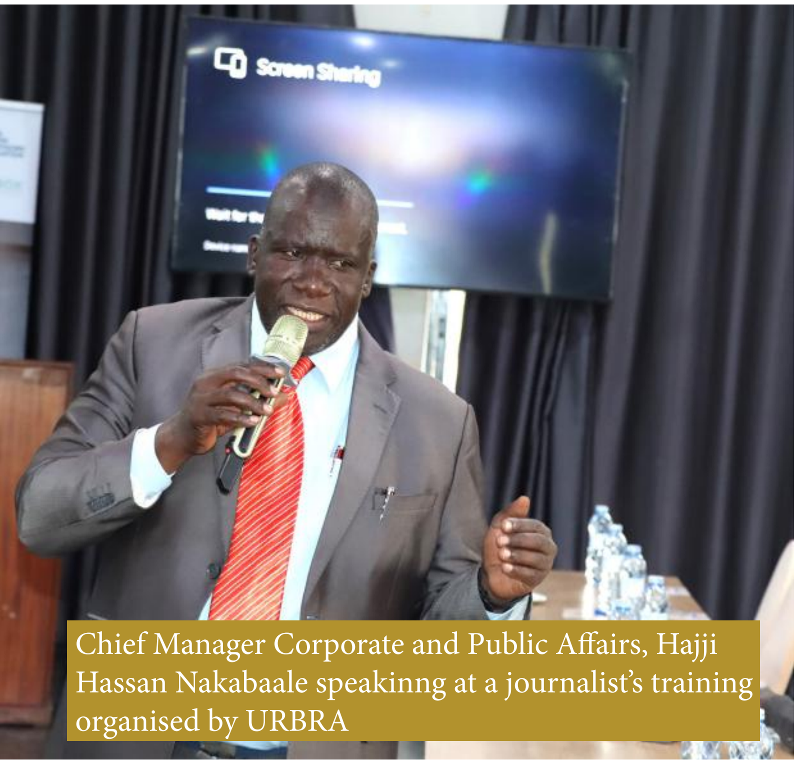
URBRA donated to Buyege Catholic Parish in Mpigi District



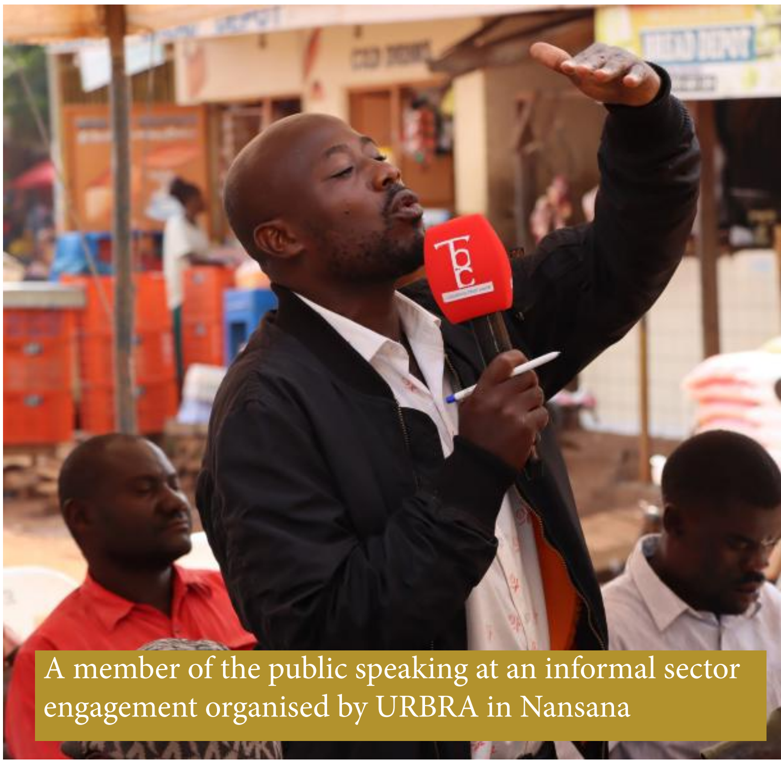
URBRA donated towards the construction of Rweega Community Health centre

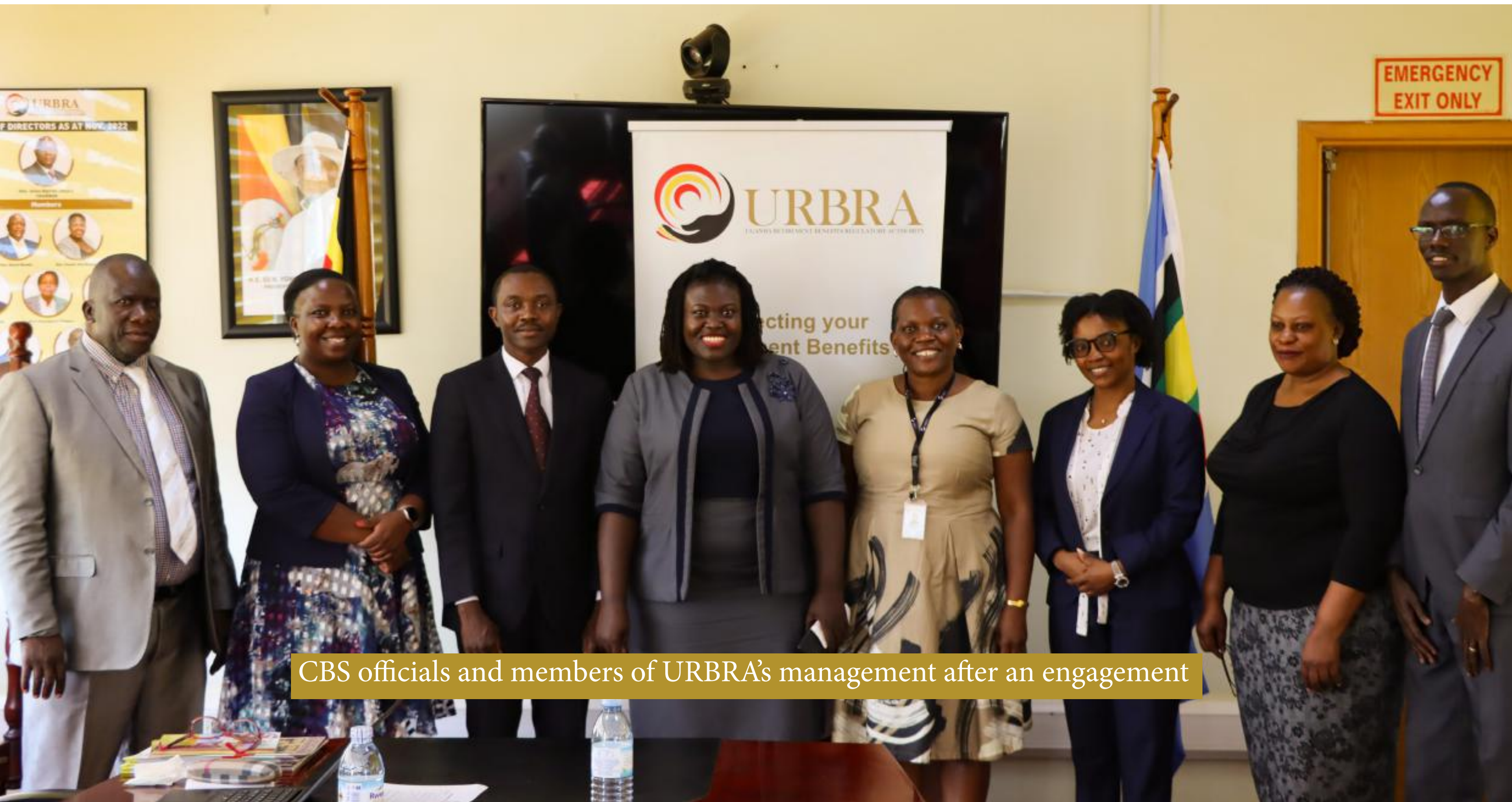


URBRA at Gomba District Local Gov't discussing saving for retirement



Chief Manager Corporate and Public Affairs, Hajji Hassan Nakabaale speakinng at a journalist's training organised by URBRA


A member of the public speaking at an informal sector engagement organised by URBRA in Nansana



CBS officials and members of URBRA's management after an engagement