URBRA
UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY
PROTECTING YOUR RETIREMENT BENEFITS

THE PENSIONERS JOURNAL

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ISSUE 001
July - December 2020

The Retirement Benefits Sector is a leading contributor to Uganda's economy

CAPACITY BUILDING
Trustee certification programme launched

OPINION
Will Covid-19 pandemic spare Uganda's Retirement Benefits Sector?

OUTREACH
Over 1,000 people benefit from URBRA's health camp in Lira

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Published by

UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY
4th-6th Floor,
Plot 1 Clement Hill Road,
P.O.Box 7561, Kampala - Uganda
Tel: +256 417 304 500, +256 312 324 500
+256 200 513 500
Email: urbra@urbra.go.ug
Website: www.urbra.go.ug

EDITORIAL COMMITTEE

Chairperson
Rita Nansasi Wasswa (Mrs.)
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Editorial Coordination and Supervision
Lydia Mirembe Ssenyonjo
Manager Communication and Public Affairs, URBRA

Photography
Billy Bruno Gang
Communication Assistant, URBRA

Design & Print
Morgan International Limited

Publisher's Note

Dear Reader,

Welcome to the inaugural issue of *The Pensioners Journal!* This publication is produced by Uganda Retirement Benefits Regulatory Authority (URBRA), to add to an ever-growing body of information and knowledge sharing platforms in the pensions and retirement benefits sector.

The Retirement Benefits Sector is one of the fastest growing sectors in Uganda with an average annual growth rate of 20% over the past five years. As at December 2019, the sector was valued at UGX 15 trillion, providing unique products and services as well as employment opportunities to the citizens of Uganda. The Retirement Benefits Sector is a strong economic pillar in Uganda. Retirement benefits schemes invest in government securities, equities and other areas important to the sustenance of the economy.

At such a stupendous growth rate, added to an ever-growing number of stakeholders, there is need for increased information and knowledge sharing. It is important to keep all stakeholders abreast of the key developments and trends in the sector. *The Pensioners Journal* will provide a platform for key sector players to showcase their products and services in an engaging format. They will be able to highlight their success stories, contribute to broader sector learning and onboard new sector entrants.

On the whole, this journal is intended to be a reliable source of information about the Retirement Benefits Sector at all levels. As the publication grows, we shall be reaching out to you, to share information, knowledge and experience that you consider useful and impactful to the sector. Our appeal is that you embrace this journal as your space to be informed, to share and to learn from fellow sector actors. We hope you will enjoy reading it.

Martin A. Nsubuga
Chief Executive Officer - URBRA

Sector Overview

The Retirement Benefits Sector is a leading contributor to Uganda's economy

Since its establishment in 2011, the Uganda Retirement Benefits Regulatory Authority (URBRA) has overseen the growth of the retirement benefits sector which, as at end of 2019, contributed 10.3% of Uganda's Gross Domestic Product (GDP). The sector remains vibrant with an average annual growth rate of 20% since 2014. *The Pensioners Journal* spoke to URBRA's CEO, **Martin A. Nsubuga,** about the trends and prospects of the sector.

Q You have been at the helm of regulating the retirement benefits sector in Uganda for a while. In your opinion, how is the sector performing?

A I am satisfied with the progress we have so far registered in the Retirement Benefits Sector. When we started the journey of reforming the sector in 2003, some of the things we looked at were to have a regulator in place, open up the sector to other players, and also reform the Public Service Pension Scheme to overcome its fiscal constraints.

We are moving in the right direction. Government has delivered on the establishment of the Regulator through the URBRA Act, and amendments to the Public Service Pension Scheme are underway- the Bill is already prepared.

As a regulator, we have since set up a structure and enhanced our capabilities to supervise the sector. We have also seen a number of players joining this market. Todate we have 67 licenced schemes, including the NSSF and 12 umbrella schemes that house 168 participating employers. The sector has continued to gain public trust given the protection of benefits that is continuously assured by the Regulator. The sector has also seen assets under management tripling from Shs.5trillion in 2014 to Shs.15trillion by the end of 2019. NSSF, the biggest scheme in the country, accounts for Shs.13trillion while others, mostly occupational schemes, account for Shs2trillion. This trend has placed the Retirement Benefits Sector among the fastest-growing sectors in the economy, growing at an average of 20% per annum since 2014.

Q What is the sector's contribution to national GDP and the development of Uganda's economy?

A participant speaks during a sensitisation seminar organised by URBRA for Makerere University students

A Currently retirement benefits savings account for 10.3% of GDP, from 7% recorded in 2014. This excellent growth since 2014 is likely to be sustained as the number of contributing members and the funds value grows as a result of increasing annual contributions. Added to this is prudent investment headed by professional fund managers licenced by URBRA.

As a regulator, URBRA's primary responsibility is to protect retirement benefits through our supervisory oversight and to continuously provide assurance of the safety of members and beneficiaries' savings. Saving for retirement is mostly long-term. You start today and get your money after ten to thirty years. Therefore, continuously building trust is paramount. While executing this function, we contribute to our economy by providing a solid foundation for long-term savings to support long-term investments. We currently provide the largest amount of domestic long-term savings that can be leveraged upon to develop the country.

Q It has been said and widely discussed in the public arena, that the impending amendments to the NSSF Act will trim your power and control over entities you regulate. Does this worry you?

A The NSSF Amendments bill has stirred mixed reactions, but let me clarify that NSSF is a regulated scheme, licensed and supervised by URBRA under the URBRA Act. That status shall continue and is not affected by the amendments to the NSSF Act.

While the Bill is well intentioned, we provided guidance as the sector Regulator to the Parliamentary Joint committee of Finance, and Gender and Social Protection. We have no doubt that our guidance will be incorporated in the final Bill.

Q Over time, there have been complaints about corporate governance in retirement benefits schemes. What are you doing to address this?

A One of the biggest challenges we are dealing with is having trustees who are given substantial responsibility under the Retirement Benefits Regulatory Act yet they do not appreciate their fiduciary responsibilities.

Some of the trustees we have in the industry do not understand the key tenets of good governance such as: the basic principles for saving for retirement, basic corporate governance principles, financial reporting and interpretation of accounts, procedures for outsourcing service providers.

Having identified that constraint, we started a Trustees Certification Programme. This is a skills training program meant to boost trustees' knowledge and skills required to execute their fiduciary responsibilities. We have partnered with the Insurance Training College (ITC), and we think by the end of the year, we would have launched our maiden programme. This will be an examination based five-day training program where we shall test proficiency, to see if they have understood the principal of governance and fiduciary responsibilities. We shall continue with our bi-annual half-day programs to discuss any new developments in the sector, and disseminate or clarify on new regulations or guidelines issued.

Q What are the key challenges the sector is grappling with and what sector level solutions have you devised to address the challenges?

A Our biggest challenge so far, is working with a small resource envelope. Since we were established seven years ago, we have continuously received only Shs6bn from the government. This has been supplemented by collections from levies and licence fees, which have increased over the years. Notwithstanding, these levies are reviewed regularly lest we constrain the schemes.

That said, there are a number of things we need to do to match the high growth rate of the sector. We need a robust supervisory system to monitor operations of all the regulated entities in real time.

We also need to expand coverage to the informal sector. We are working on a platform where the informal sector workers can make personal contributions towards saving for retirement. However, due to a small resource envelope, this has been hard to implement, especially because of the legal constraints of establishing a unique system which speaks to differences in the informal sector.

The other challenge is to do with trustees' competences, and we have attempted to address that through the establishment of a trustee's certification programme. Lastly, people still have challenges appreciating the basic principles of saving for retirement. Many registered scheme members and the working public do not know their rights, benefits and privileges of saving for retirement. We therefore need to do a lot more to enhance our awareness programme.

A participant makes a point during a trustee training workshop organised by URBRA. The authority lays emphasis on enhancing the capacity and competences of Trustees.

Q During COVID, there was an outcry from savers for you to give them access to their savings to salvage their financial health. Why did you object to this?

A First, we do not have powers to grant this access. While we sympathise with members of retirement benefits schemes, we are constrained to support such demands. It is not supported by law neither do we have leeway to violate any provision of the URBRA Act.

Secondly, The NSSF Act, like the Trust Deeds and Rules of most licensed schemes, clearly describes the benefits a person can access i.e. age benefits, withdrawal benefit, invalidity benefit, emigration grant and survivor's benefit. Both the URBRA Act and the NSSF Act did not envisage circumstances such as Covid-19. These funds are currently for a specific purpose, which is provided for in the laws.

Finally, as a regulator, we ensure compliance of the rules of the game. We nonetheless provided guidance on this matter which has largely been appreciated. This is reflected in the current debates on the subject in the public media, social platforms and Parliament of Uganda.

Q Where do you see the pensions sector a decade from now?

A We envisage increased trust and confidence in the sector as we continue to provide protection of retirement benefits supported by a robust supervisory system. As a result, we project a substantial increase in the assets under management, which is likely to more than triple if the current rates are sustained. We also envisage enhanced levels of trustees' competences - appreciating their fiduciary responsibilities, as well more membership numbers in the informal sector. We are also likely to see a fully grown efficient and regulated Public Service Pension fund with substantial resources to ably meet the pensions of many retiring public servants.

Q Lastly, what is your parting word, especially to those you regulate?

We have come a long way with the pension reforms in this country and we are proud of the progress and direction the reforms are taking. We would have loved to move faster, however, irrespective of the constraints, we have been able to provide that assurance to the sector. I wish to reiterate URBRA's commitment to protect retirement benefits of regulated scheme members and their beneficiaries. That is our primary objective and we shall continue to professionally pursue it by upholding our core values of; proficiency, integrity, innovation, transparency and accountability.

We commit to deliver and take the sector to greater heights. .

URBRA set to strengthen regulation and supervision, to protect members' interests

The Retirement Benefits Sector contributes significantly to economic growth and financial stability of Uganda. In 2019, the sector accounted for about 10.3% of Uganda's Gross Domestic Product. URBRA, the sector regulator is gearing up for even greater sector development in the coming five years, 2020-2025. URBRA's Manager Research and Sector Development, Benjamin Mukiibi looks back at the past five years, and forward on the coming five years as he shares highlights from the Authority's new strategic plan.

Q Give an overview of the just-concluded phase of URBRA's strategic plan, which ended 2020. What was the focus and what was achieved?

A The just concluded phase of URBRA's Strategic Plan focused on three strategic areas namely: Improve regulation and supervision of the sector; improve understanding and promote development of the sector; and strengthen institutional capacity and development.

The Authority has since strengthened its regulatory and supervisory framework including stronger monitoring of market conduct and performance of sector players, and enhanced public awareness of both the ways and benefits of saving for retirement.

Other key milestones include enactment of regulations for licencing of schemes and service providers, financial reporting and disclosure, and management and operation of schemes. Furthermore, URBRA completed an assessment report on harmonisation of investment regulations in the East African Community, as well as guidelines on preparation of scheme annual reports, engagement of external auditors, whistleblowing, and Fit and Proper Testing. All these were meant to help rebut sectoral challenges like low coverage, absence of mechanisms to preserve the pre and post-retirement benefits, and low awareness about the importance of saving for retirement.

Q What is the focus of the new strategic plan? What should the sector look forward to?

A In the 2015 - 2020 Strategic Plan, emphasis was put on institutional development in terms of infrastructure, manpower recruitment, and development of institutional policies and procedures relevant for the effective execution of the Authority's mandate. The strategic direction of 2020/21- 2024/25 Strategic Plan will be to enhance the existing legal framework and URBRA's supervisory intensity. The aim is to protect beneficiary interests by requiring prudent practices from institutions and enabling prompt, effective and proportionate supervisory response to significant risks. The plan also aims to enhance URBRA's ability to proactively identify and respond to risks in a coordinated way. This is critical to effective supervision. This implies acquisition of a risk-based supervision system, build capacity for strong analytical capabilities, using available data within structured frameworks, to support.

It is also meant to ensure that the Authority has a more comprehensive understanding of the emerging risks and trends in the market, and makes decisions on resource allocation and prudential responses across a portfolio of risks.

The Authority will set clear and understandable requirements for licenced entities. Where appropriate, requirements shall be principle-based and allow a range of prudent practices to achieve an intended outcome.

Q What special approaches, ingredients are embedded in the new strategy to take the sector to the next level?

A While the Authority's supervisory activities have enhanced corporate governance, risk management and compliance monitoring, further reforms are needed to address the current sector challenges that include low coverage, absence of mechanisms to preserve the pre and post-retirement benefits, and low awareness about the importance of saving for retirement.

The Authority also identified important changes required in the URBRA Act and existing regulations pertaining to design of schemes, supervisory interventions, and restrictions on use of scheme funds. This also means that the Retirement Benefits Sector regulatory business culture requires a proactive approach to supervision.

In 2019, Retirement Benefits Sector assets accounted for 10.3% of Uganda's Gross Domestic Product. Currently, only about 14% of Uganda's working population is under some form of retirement benefit arrangement.

Existing arrangements to increase participation include the Social Assistance Grant for Empowerment, National Mandatory Scheme (National Social Security Fund), Mandatory Employer-based Pension Schemes, Supplementary Voluntary Occupational Schemes and Supplementary Voluntary Individual Schemes.

However, there's need for increased coverage, security, adequacy, stability and sustainability. This demands a comprehensive package of reforms to

In 2019, Retirement Benefits Sector assets accounted for 10.3% of Uganda's Gross Domestic Product. Currently, only about 14% of Uganda's working population is under some form of retirement benefit arrangement.

enhance regulation and supervision of the sector.

Currently, the average monthly contribution rate for mandatory schemes is at 20% and 10% from employers and employees respectively. On the other hand, average monthly contribution rates for supplementary voluntary occupational schemes is 7.8% and 4.4% from employers and employees respectively.

Contribution rate for supplementary voluntary individual schemes is at a minimum of UGX 2,000. Considering that earnings determine total contributions, Ugandans with a low density and frequency of contribution are not saving enough. They will therefore have low accumulated assets at retirement age, and are therefore likely to have low retirement incomes.

Q What do you foresee as the key sector challenges in the next five years and how does URBRA intend to address them?

A With the changes to existing legislation, the Authority facilitated awareness of regulatory agenda and put effective public-private dialogue channels in place for articulating reform priorities. This aimed at increasing coverage, security, adequacy, and to guarantee life-term income streams by introducing phased payouts on retirement including programmed withdrawals, income drawdown and annuities that could pose future challenges if not handled now.

However, even now we see substantial improvement and this can be attributed to increased compliance with Financial Reporting and Disclosure Regulations, 2016, an aspect that reduced overstating of assets and understating of expenses to cover costs and the Risk Based Supervisory Framework that inspires proactiveness of sector players.

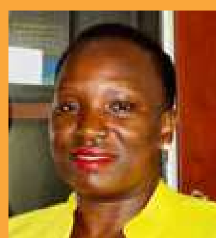
Saving for retirement is primarily in the interest of all Ugandans. The manner in which the assets are managed, valued and invested is therefore essential in maintaining the social contract implied in Retirement Benefit Sector arrangements by ensuring adequate, affordable and sustainable benefits to contributors, safety and security of funds, adequate liquidity to pay all benefits of contributors as and when due, and optimal trade-off of risk and return through strategic asset allocation.

As at December 2019, the overall sector risk rating is 1.66%. But the industry evolves, so do the risks faced by the schemes and the Authority. In pursuing the laid down strategic objectives, the Authority is mindful of the need to manage the risks if the strategic goals are to be realized. The Authority's management continues to identify risks across functions and business units to ensure that strategic interventions to manage and mitigate those risks are defined with the Board taking a supervisory role to ensure that these risks are controlled and managed effectively.

Regulations

URBRA Issues Regulations to Enhance Prudential Management of Schemes

On March 13th 2020, URBRA issued regulations regarding the management and operation of Retirement Benefits Schemes (Statutory Instrument No.43 of 2020).



By Rita Nansasi Wasswa

Director Legal Services, URBRA

Particularly, the regulations articulate the role of the sponsor in retirement benefits schemes, and provide guidance on the management of scheme bank accounts.

A scheme and its sponsor are two separate legal entities

Section 1 of the URBRA Act defines a sponsor as a person who establishes a retirement benefits scheme. The sponsor has a role of appointing the trustees of the scheme, who should be constituted according to the regulations governing the licencing of retirement benefits schemes.

During the establishment of the scheme, the sponsor meets the initial start-up costs for a period of not less than five years or until the scheme is able to meet its costs.

Despite their major role in scheme establishment, sponsors are prohibited from getting involved in the operations and management of the scheme.

Regulation 41 of Statutory Instrument. No. 43 of 2020, sets a clear distinction between the sponsor and the scheme. The scheme is a separate legal entity from the sponsor who established it. The sponsor should not interfere or get involved in the day-to-day operations and management of the scheme as this is the role of trustees.

The sponsor's interests in the scheme are protected by the sponsor-nominated trustees who form part of the Board of trustees of the scheme.

However, the prohibition in regulation 41 does not extend to contractual arrangements where the scheme contracts the sponsor in the capacity of a service provider such as offering fund management or administration services or any legally acceptable service.

In such transactions, the sponsor is contracting in the capacity of a service provider. As such, the transaction should follow the proper procedures prescribed by the scheme trust deed and rules or policies for contracting service providers. There should be a service level agreement that stipulates clear terms and conditions for providing the service the service in question. To ensure proper scheme governance, trustees are required to prescribe the nature and extent of transactions of the scheme with affiliate institutions and related parties.

Contributions and operational funds should be kept in separate accounts

The regulations also require trustees to ensure that the account into which members contributions are made and from which their benefits are paid, is maintained by the custodian of the scheme. All contributions, benefits payments and investment related transactions shall be through the custody account. Such an account is to be maintained separately from any other accounts that the scheme may have for any other purpose.

Trustees have the discretion to choose the bank in which to open the scheme's operational account. However, it is prudent for the trustees to open scheme operational account under the same custodian.

The purpose of the regulations is to ensure that contributions into the scheme, funds for benefits payment and funds for investment are not comingled funds for routine operations. The scheme is required to maintain a separate bank account for day-to-day scheme operations.

Trustees should also note that URBRA regulations regarding the investment of scheme funds (Statutory Instrument No.44 of 2014) require schemes to maintain, at all times, not more than 5% (five percent) of the scheme assets in cash and demand deposits.

These regulations are part of URBRA's continued efforts to provide guidance regarding scheme governance and prudential management of scheme operations.

A copy of the regulations can be accessed at: http://urbra.go.ug/legalframework/retirement-benefitsschemes-regulation/

Corporate governance; a requisite for Business Survival

Charles Ocici, the Enterprise Uganda Executive Director has often said, "As a nation, we are a highly an entrepreneurial country. For the last five to seven years, we have remained among the top three in the whole world in terms of enterprise creation". However, statistic show that we have for long been the country with the highest enterprise failure rate. Commenting on Uganda's vast potential, one of the world's most respected think tanks,

Chatham House or the Royal Institute of Internal Affairs in the UK in September 2017 observed, "the prevailing business culture tends to act as a hard cap on the growth of a business, and there is often a steep decline in management competence upon the retirement or death of the head of a small enterprise."

Unfortunately, the situation continues to play out as most start-ups close within a few years of opening. Of those that survive, few reach any scale. As a result, the jobs that are created are low quality and short-term and generate little tax revenue for the government, or savings and pensions capital for the banks. The Government's Micro Small and Medium Enterprises (MSMEs) policy is commendable for its intention to build the entrepreneurial, managerial and business skills of MSMEs. However, there is need for aggressive introduction of Corporate Governance principles to the private sector. It is not surprising that Out of the top 50 companies listed among the top taxpayers in Uganda, 50% of them classified as non-Ugandan have corporate controls based in jurisdictions where there is a strict adherence to principles of corporate governance.

In this article, I share personal experiences of business failure that I largely attribute to poor corporate governance.

In 1985, I was privileged to work at Casements Africa Ltd as a Legal Officer. The Company

By Senior Counsel Andrew Kasirye

Chairman, URBRA Board of Directors

was to later be subsumed by the ALAM Group, which included AMA Ply Led, Steel Rolling Mills Ltd, United Carbide Ltd, Gold Trust Bank Ltd and many others. This Group was among the most formidable corporate entities occupying private sector space as the NRM Government took over in January 1986. It reached the pinnacle of its success by entering Rwanda soon after the genocide establishing similar enterprises and ventured into the DRC, after rebels led by Laurent Kabila kicked out President Mobutu. I wonder if today's generation have heard of this Group, which had a huge footprint in the financial services sector, manufacturing, sawmilling, etc. So what happened to the ALAM Group?

The second example is Sembule Group of Companies that also played in the center court of the private sector during the mid-1980s. Sembule blossomed for a decade or so then fizzled out of visible existence as portions of its skeleton were clawed away by new vultures. The group was comprised of: Sembule Steel Mills Ltd, Shelter Ltd, Sembule Electronics, Sembule Investment Bank, Pan World Insurance, Sembule International, CableSat TV, etc. So what happened to this Group, which also had footprint in the financial services sector, manufacturing, electronics, Cable TV?

The two examples of Business Groups represent only a marginal section of what the Ugandan private sector had nurtured in the post-Idi Amin era. The founding families managed these businesses and many others. The common strand cutting across was the absence of the principles of corporate governance that are currently cherished and practiced globally. I normally refer to that period of private sector growth as the Pre-Corporate Governance era.

Today we have the Companies Act 2012, which introduced a code of corporate governance, which can be adopted and applied by Ugandan companies. Not much publicity has been given to this important milestone and it is my prayer

Pension funds represent an important share of the assets in Uganda's financial system (10.3 % of GDP as at end 2019). A country that does not therefore pay attention to the governance of pension funds paves way for their mismanagement

that the main actors in the private sector embraced it.

Investopedia defines Corporate governance as the system of rules, practices and processes by which a firm is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure. The Board of Directors is the primary direct stakeholder influencing corporate governance. Directors should be elected by shareholders or appointed by other board members to represent shareholders' interest.

As a good practice, boards should be made up of inside and independent directors. Insiders are major shareholders, founders and executives. Independent directors do not share the ties of the insiders, but they are chosen because of their experience in managing or directing other large companies.

Independents are considered helpful for governance because they dilute the concentration of power and help align shareholder interest with those of the insiders. The Board is tasked with making important decisions, and in some instances, where the obligations stretch beyond financial optimization, prioritize certain social or environmental concerns.

Pension funds represent an important share of the assets in Uganda's financial system (10.3 % of GDP as at end 2019). A country that does not therefore pay attention to the governance of pension funds paves way for their mismanagement leading to their failure to attain the long-term objective of fighting old age poverty, which in turn affects the development of the financial market.

For this reason, government established a robust regulatory environment for the retirement benefits sector with a rich content of corporate governance. The URBRA Act of 2011 requires all Retirement Benefits Schemes to be established as irrevocable trusts. The trustees, who represent the interest of scheme members, are responsible for the operation and administration of schemes in compliance with the URBRA Act and other established Regulations and laws.

Whereas Trustees appoint service providers for custodians, fund managers, administrators and auditors, they still retain the fiduciary responsibility to ensure that scheme funds are prudently invested and managed in the interest of members. As a result, the sector has registered exponential growth over the last five years reflected in the growing confidence in the sector. The future of the schemes is more certain with the regulatory framework and the robust oversight by the Regulator.

By Mrs Rosemary Ssenabulya

Board Member, URBRA

Retirement planning is a necessity not a luxury

Retirement is an inevitable part of life; however, many young people do not plan for it. Once one gets employment and starts earning an income, the focus is on satisfying immediate needs. Unfortunately, the needs keep on growing so one gets engrossed in spending with little regard to what will happen in the future.

If you want to retire and live in comfort, a retirement plan and commitment to saving are vital. People in their 20s, 30s or 40s are especially advised to start planning, saving and investing for retirement.

Rationale for retirement planning

In her 2020 article titled "Retirement Planning" Julia Kagan, defines retirement planning as the process of determining retirement income goals as well as strategies and actions to achieve those goals. It includes identifying sources of income, future expenses, implementing a savings programme and managing assets and risks. It is a life-long process which can be started any time. However, the earlier one starts the better.

Retirement planning helps one to assess his or her readiness to retire at a desired age and life style. It further provides an opportunity for one to identify actions to improve readiness to retire, acquire financial knowledge and encourage saving practices.

Although retirement planning is very important and makes life much easier during old age, to many young people especially those in their 20s and 30s, it is a very difficult task. However, it should be noted that time is an important ally when saving money. The earlier a retirement plan is developed and implemented the easier it will be to meet its goals.

Make your retirement plan now

Regardless of your age, if you don't have a retirement plan you should as a matter of urgency develop one. Your plan should be all round and cover your mental, physical, financial, social and spiritual needs during retirement. It should prepare you for a smooth transition from full time paid employment to home life. Your plan should include activities that will keep you productively engaged, and those that will enable you appreciate leisure as you moderate a work-life balance.

Developing a retirement plan is not different from developing any other plan. You have to start with the end in mind. What is it that you want to achieve? In essence what are the goals for your retirement plan? The goals should be developed along your mental, physical, financial, social and spiritual needs during retirement. This should be followed by identifying strategies and actions that will be needed to achieve them, necessary resources and timelines. As you develop the plan you should try to address the following;

- How will you keep mentally active? What will you do to remain physically fit?
- How much money will you need per month to cover all your needs without relying on hand outs?
- Which networks will you maintain and which new ones will you secure?
- How will you maintain your relationship with God?

Arthur Pinkasovitch, in his article "5 Key Retirement Planning Steps Everyone Should take," tasks everyone to include an Estate plan and life insurance in their retirement plan. This will ensure that your assets are distributed in a manner of your choice and your loved ones will not experience financial hardship following your death. The Retirement Plan should be reviewed annually to ensure that you are keeping track of your savings.

Operationalize your Retirement Plan

When you develop an excellent retirement plan, do not lock it up in your drawers or abandon it on the shelf to gather dust. This is your guiding tool on how to prepare yourself to have an easier and enjoyable life in retirement. Once you have accurately estimated the income you will require to comfortably live on during your retirement you should start saving and investing wisely.

Membership to the Public Service Pension Scheme (for those in public service) or subscribing to NSSF and belonging to a company voluntary contribution scheme (for those in the private sector) may not raise sufficient income you will need during retirement. In addition to your contributions to such schemes, you should consider investing in products and services that bring both short-term and long-term cash, like land, rentals, agroforestry, agriculture, money markets, fixed deposits and government bonds.

Your mental health is very important during retirement. Plan to engage in hobbies you are passionate about and to develop new interests to keep you engaged during your retirement to avoid depression and premature death. You should also plan how active you want to be when you reach retirement. Do you intend to engage in part time contract work, writing, gardening, or any other activities that don't over stretch you?

Start living a healthy lifestyle now by being mindful of what you eat and drink as well as regularly exercising to keep fit. Include in your retirement plan how you intend to take care of your medical and wellness expenses.

When you retire you automatically disengage from many social networks. It is therefore important to carefully select the networks you would like to retain during retirement or to identify new ones you would wish to associate with. Only those that will be of value to you and where you will be adding value should be considered.

It is very interesting to note that as people approach old age they devote more time to GOD. You should therefore plan how you will improve or strengthen your relationship with your God during retirement.

Concluding tips

Retirement is a must for all of us regardless of what age you are now. Having a retirement plan is therefore a basic necessity and not a luxury. Do not spend extravagantly all that you are earning today. Make it a habit to save a manageable percentage of your income and invest it wisely. Do not wait to earn enough money to start saving because that day will never come. Saving is a culture that you have to inculcate in yourself. Even if you already belong to a scheme, that saving will not be enough to cover all your needs in retirement. If you want to live your retirement dream make your retirement plan now..

How to ensure adequacy and preservation of retirement benefits

A story is told of a man who withdrew his savings from NSSF as soon as he clocked 55. He had accumulated a hefty sum in savings, following a long and illustrious career in an international NGO. Once his package hit the bank account, he sought investment ideas from "trusted" friends. The most appealing idea, in his judgement, was to invest in "black dollars" which, through some process of "cleaning", would magically multiply and bring him supernormal profits in a matter of days, Writes Lydia Mirembe.

He invested his lifelong savings there. The result was a deeply depressed and sometimes schizophrenic man, well over fifty and not quite employable. He returned to his village in a rural district, where he spent a truly miserable retirement barely keeping his head above water.

Uganda is awash with such cases of poor investment choices and squandering of retirement benefits. Currently, about 90% of retirement benefits are accessed as lumpsum, and often squandered in a short period upon receipt.

Moreover, owing to improvement in medical care and living conditions, there is an increase in life expectancy and many people live for at least 17 years after retirement. The big question therefore, is how people can preserve their retirement benefits for the longest time possible, and ensure that the benefits are adequate to guarantee sufficient lifetime income during retirement.

That was the key topic of discussion on 4th March 2020, when the Uganda Retirement Benefits Regulatory Authority (URBRA) hosted a

Panelists at the stakeholders' breakfast meeting.

stakeholders' breakfast meeting at Imperial Royale Hotel in Kampala, under the theme: Care for your Future: Think Preservation and Adequacy of Benefits. The meeting attracted about 100 sector stakeholders.

Opening the meeting, the URBRA Chief Executive Officer, Martin A. Nsubuga observed that while there are several initiatives and product innovations in the retirement benefits sector, there are unending calls for easy access to retirement savings. Some trade unions are calling for a reduction in the contributions towards retirement savings. For those in formal employment, employers are contributing to their savings through NSSF. However, people are not taking any personal initiative to save with other licenced schemes, and now they want to withdraw even what they have saved with NSSF.

"Can we consider leaving these funds in the system rather than hanker for early withdrawal? How can we ensure adequacy of savings? How about our current investments – can they sustain us in retirement? Can we get payment options other than lumpsum payments which are squandered in the first year of withdrawal? Can we secure a poverty-free future?" Nsubuga asked quizzically. The ensuing discussion raised a number of issues that speak to preservation and adequacy of retirement benefits.

In his presentation, Dr. Fred Muhumuza a policy and research analyst, called for deep consultation and reflection on what motivates people to hanker for their money and address their key concerns. "People have fears and concerns.

People are observing trends in the economy and the risks therein. Let's speak to the risks in the economy and convince people that pensions and insurance are part of the solution," he

Mr. Mubbale Mugalya, chairperson Fund Managers' Association addresses the meeting.

recommended.

Investment choices matter

Preservation and adequacy of retirement funds are affected by investment choices. Talking about Prudent investment of members' savings, Mubbale Mugalya, Chairperson Fund Managers' Association of Uganda observed that the issue is not capital but how people deal with it. He explained that in investment there are two groups – those who are chasing cash flows and those who want to build wealth.

"If you want to create wealth, then check your living expenses. If your assets generate cash beyond your living expenses, then you can talk of wealth," Mubbale said, adding that pension should primarily be looked at from a cash flow perspective rather than a wealth creation perspective. "If someone is retiring, they need to be sure of a source of funds for their living expenses. However, all that goes back to the investment choices they make while still in employment."

Those in formal employment have labour capital, giving their employers eight hours every day in exchange for monthly payment. Many a time, when the labour capital is converted into cash, people waste it. "If you work and get paid consider your income as capital and invest it. That will ensure sustainability and adequacy and a good retirement. Your labour may reduce over time, but your assets should see you through retirement," Mubbale said. Hence, people will access their retirement savings, but if they don't know what to use if for, it will be wasted. People should invest wisely in ventures that are risk-free and sure to bring a good return.

Good governance is crucial

To ensure good investment choices, pension and retirement benefits schemes engage professionals to manage their funds, which casts light on the issue of governance. The Dean Faculty of Commerce at Makerere University Business School, Dr Isaac Nkote, observed that governance is paramount to safeguard members' contributions. The board of trustees must ensure that the funds are managed in accordance with high standards of corporate governance. The trustees should engage custodians, administrators, and fund managers who match the job.

Nkote said that one of the governance issues often cited, is the high cost associated with the management of schemes and it is important to examine the driving factors of this trend. "Are they charging some hidden fees? Is it connivance? Are service providers selected competitively?" he wondered.

Equally important is the matter of remuneration of trustees who invest time and energy, in the face of diminishing voluntarism. "If they are not remunerated how can they be expected to do a good job? Some boards of trustees have even instituted sitting allowances and are calling frequent meetings, just to line people's pockets," Nkote said.

In the absence of a clear legal or policy provision on trustee remuneration, URBRA should issue guidelines, otherwise the trustees won't have any motivation to perform their oversight functions efficiently.

Governance is also affected by the trustees' capacity gaps, especially in respect to investment. URBRA should consider ways of enhancing the capacity of trustees and service providers. For example, there should be a standard evaluation of service providers and the reports should be submitted to URBRA. "We will not grow until some things are formal and compulsory," Dr Nkote advised.

The URBRA CEO, assured participants that by July 2020, there would be a framework requiring each scheme to have a minimum number of trained trustees on their board. The new guidelines will address the composition of the board of trustees and evaluate the contribution of the individual members.

Insurance can preserve retirement benefits

Preservation and adequacy can also be considered from the insurance point of view. Adequacy of retirement benefits is the responsibility of prospective retirees. "Adequacy of your retirement benefits is in your control, during your working life when you are still accumulating capital and investing. But you need to protect and preserve your capital and investments. That is where insurance comes in," said Mr. Emmanuel Mwaka, Chief Executive Officer, ICEA.

Most retirees have lived from pay cheque to pay cheque. When they receive a lumpsum gratuity, they easily fall prey to

Aloysius Makata from the Parliamentary Pensions Scheme makes a contribution during the meeting

schemers and shenanigans because they have never handled that much money. Mwaka warned about many proposals that come up in form of retirement kitties but end up in losses – for example black dollars and crypto currency schemes. "For you to preserve anything it needs to survive all risks. This is what the insurance companies cover," he said. A key product that insurance companies provide is annuity, whereby a retiree agrees with the insurer on a payment plan. This could be an alternative to lumpsum payments.

Key recommendations to URBRA

- If the sector is ready to embrace the annuity option then all schemes should be engaged through their respective Boards of Trustees. Fruitful engagement combined with the Regulator's support will facilitate amendment of the scheme Trust Deeds and rules to accommodate the annuity option.
- URBRA should partner with existing institutions to offer pension management training and subsequently introduce mandatory training and certification of trustees. This will lead to improved governance.
- URBRA should introduce a regulatory framework that permits portability or transfer of retirement benefits from one scheme to another, and across the East African Region.
- URBRA should give guidance on the way schemes announce returns to members. Different schemes give different interests to members, and these attract a lot of publicity which puts boards of trustees in tight situations. It is advisable to give a long-term projection of the returns that members should expect - a five-year projection would be ideal.
- As people are encouraged to make voluntary contributions to licenced schemes, their source of funds should be declared to avoid money laundering.

Conclusion

It may not be possible to exhaustively discuss issues of preservation and adequacy of retirement benefits, but sector actors should not lose sight of the vision of a comfortable retirement. As the meeting moderator Protazio Sande capped it, "poverty is bad but it is worse in old age."

Enhancing the Retirement Benefits Sector protection through risk-based supervision

The Uganda Retirement Benefits Regulatory Authority has adopted a risk-based approach to sector supervision, with a view to proactively identify and manage. Ms. Daisy Lynda Nabakooza, the Authority's Manager Licensing spoke to the Pensioners' Journal on the benefits of Risk-Based Supervision and how it will complement the current compliance-based supervision.

Q Please give us a brief background to URBRA's Risk-Based Supervision approach.

A Risk-Based Supervision is a structured approach which focuses on the identification of potential risks faced by retirement benefits schemes and the assessment of the financial and operational factors in place to manage those risks. It incorporates traditional financial and qualitative analysis of retirement benefits schemes and with a focus on identifying and preventing problems from occurring in the schemes. Hence, it heavily relies on analysis of early warning indicators.

The approach enables the Authority to have a deeper understanding of both internal and external factors that may adversely affect the way licenced entities conduct their business, and to better align the Authority's sector risk management process to the licensees' operations and management of risks.

As evidenced in sectors and jurisdictions where Risk Based Supervision has been adopted, moving to a risk-based approach to supervision has enabled supervisors to better focus resources on areas that present the highest risk, hence a more efficient use of supervisory resources.

At URBRA, we aim at being a proactive

regulator using a wide range of tools supported by effective analysis of risks, in performing the supervisory mandate. To continue delivering effective supervision, the Authority shall invest in modern supervisory tools, and enhance the number and potential of our workforce.

Q What is the current supervision model?

A URBRA has, since commencement, employed the Compliance Based Supervisory model to oversee the sector. This involved strict adherence to statutory compliance and legal provisions, which in many instances is not representative of risks in the sector. Additionally, Compliance Based Supervision presented a heavy human capital and time resource demand on the Authority, hence making the regulator less proactive. The Authority therefore resolved to adopt Risk-Based Supervision that employs aspects of both the compliance-based and forward-looking approaches to sector supervision.

From URBRA's point of view, the main objectives of the Risk-Based Supervision model are among others, better identification of risks in the sector and ensuring more focused sector supervision with scope and intensity varied in relation to the level of risk the schemes are exposed to and integrating supervisory regimes and efficient use of resources and time.

Q How will the system benefit the entities/institutions that are being supervised? Are they on the same page with URBRA?

A A risk-based approach encourages supervised entities to place a greater focus on risk management in their daily operations, which promotes a stronger pension system and more effective outcomes for the members of the system.

> Risk-based supervision is a structured approach which focuses on the identification of potential risks faced by pension plans or funds and the assessment of the financial and operational factors in place to manage those risks.

Undoubtedly entities in the Retirement Benefits Sector will benefit because in order for retirement benefits schemes to run effectively, the regulator needs to guarantee maximised return and minimised risks. As such, the regulator develops a model that will not only focus on the administration, management and control, and capital support but will also focus on the investment risks of the funds and asset allocation that will give the maximum return with the present risk.

The risk-based supervision model will enable the Authority to better direct its scarce resources (human, financial and time) towards managing the main risks faced by retirement benefits schemes, as opposed to the nature of resource allocation in compliance-based supervision.

Q What other challenges does URBRA encounter in its supervision function and what's the plan to address the challenges?

A The main challenges are: belated data submissions by schemes, which inhibits the regulator's ability to effectively conduct risk assessment and provide proactive interventions and limited capacity of the trustees in management and oversight of schemes;

The system will eliminate the use of hard paper forms for submission of reports, reduce time taken to analyse financial and investment scheme data, intensify data security and reduce the licensing turnaround time. The RBS system will also resolve the issue of accuracy in reporting.

The Risk Based Supervision model will also provide for additional and varied performance and risk assessment parameters which will allow for a more agile form of supervision.

Q Any other views you would like to share about sector supervision and how it can be made more efficient?

A To ensure effective and efficient service delivery, the Authority aims to promote risk management across functions and business units, embed corporate risk management in its business operations to effectively manage current, strategic and emerging risks and opportunities in the sector.

To scale up effectiveness of supervision, URBRA will invest in modern management tools, and enhance the quality and quantity of the staff. The Authority will upgrade the existing Risk-based Supervisory Framework (RBSF), and set-up a Risk-Based Supervision IT system for effective risk assessment, response and monitoring.

Capacity building

Trustees to undertake URBRA certification programme

The Uganda Retirement Benefits Regulatory Authority (URBRA) has developed a Trustee Certification Programme to support capacity enhancement of the trustees, as they carry a big part of the responsibility in the retirement benefits sector. Susan N. Muhumuza, Manager Human Resource and Administration, spoke to The Pensioners Journal about the programme and its prospects for the retirement benefits sector.

Q Give a brief background to the Trustee Certification Programme. What is it in the sector that necessitates this initiative?

A In the regulatory and supervisory framework for Retirement Benefits Schemes in Uganda, Trustees form the foundation upon which the sector is built. Promoting good governance in scheme management is therefore paramount to our supervisory oversight as this is the first layer of safety net. Trustees manage the schemes in trust on behalf of their members, which responsibility they exercise to carry out a number of functions.

One of URBRA's mandate is to improve understanding and promote development of the retirement benefits sector. In executing part of this function, the Authority is implementing the Trustee Certification Programme to enhance the skills of Trustee is carrying out their fiduciary duty of ensuring that the pension scheme is run properly and that members' benefits are secure.

All Trustees must therefore meet minimum requirements before they are by the Authority as provided for under Sections 40, 41, 42 and 43 of the URBRA Act 2011. The Authority conducts a "Fit and Proper" test to ensure that Trustees' are competent, have integrity and are of sound financial standing; and therefore,

suitable to serve in the sector.

Whereas Section 46 of the URBRA Act 2011 lays out a number of functions that Trustees are expected to undertake in execution of their fiduciary responsibility, most of the Trustees need to be acquainted with these functions. This requires a tailored training program that covers a wide scope to enable the Trustees appreciate their fiduciary responsibilities to the Retirement Benefits Scheme members and the compliance requirements to the Regulator and other statutory bodies.

The Trustee Certification programme was launched with the signing of a Memorandum of Understanding between URBRA and Insurance Training College on the 29th of June 2020 and is scheduled to commence this Financial Year 2020/21.

Q Who are the target beneficiaries of this programme?

A The URBRA (Management and Operation of Retirement benefits schemes) Regulations, 2020, Reg. 16 stipulates the requirement for Trustees to undertake training approved by the Authority. The Trustee Certification programme is developed to support capacity enhancement of the Trustees, as they carry a big part of the responsibility in the sector.

The programme also targets all other persons interested in providing services in the sector to enhance their knowledge and ability to carry out their functions. The certification will therefore be part of the minimum requirements needed by URBRA for licensing of Trustees.

The programme also targets human capital management practitioners, to equip them with information on benefits' provisions and management as they develop benefits packages for the staff of their institutions.

The training also targets members of schemes and the general public, to better understand their obligations and rights in the various retirement related

URBRA CEO Martin A. Nsubuga and ITC CEO Saul Sseremba shortly after signing the MOU on June 29, 2020.

saving funds and to also improve the saving culture of all Ugandans.

The Programme has been structured in such a way that it benefits other players within the pensions space in order to act as a catalyst for involvement and engagement for all sector players who include but are not limited to: Chief Executive Officers of Insurance Companies, Managers of Institutions, Pension Administrators, Fund Managers, Fund custodians, Pension managers.

What prospects does this programme present for the sector? What should the sector look forward to?

The sector can look forward to a wide range of benefits: Better managed retirement benefits schemes; informed investment decisions by Trustees; growth of the sector due to increased trust in fund management; growth of savings owing to better investment decisions. The improvements in the Trustee capacity and professionalism will enhance scheme performance, reduce fraud hence restore and grow the public Trust. The programme will also enhance the regulator's ability to communicate and engage sector players, increase efficiency and reduce turnaround times for decision making. The programme will act as a catalyst for involvement and engagement for all sector players and the enforcement of the sector standards. In the long term, improved saving culture and sustainability of the sector. For the Retirement Benefits Schemes, the programme will improve corporate governance and strengthen member involvement and engagement. For the Trustees, there will be better satisfaction and ability to provide a good service, and a strong base for continuous capacity development. For the service providers, the programme will improve understanding between the Boards of trustees and the service providers and ease engagement with the people they are accountable to.

How will the programme structured and what is its duration?

It will be five days, instructor-led and in-person attendance. It will be implemented through interactive methods and hands-on training. It will also involve computer based and E-Learning modules, video training, case studies, guest speakers, physical exams and practical sessions.

How does the programme compare with others around the region? What makes the URBRA's programme unique?

There are other countries like Kenya and South Africa which conduct Trustee Certification Programme. In Kenya for instance, it is mandatory for one to go through the examinable Trustee Certification Programme prior to being licensed by the Regulator. Since there was no Trustee Certification Programme in Uganda, several Trustees in Uganda have undergone the Kenyan programme but not as a requirement by the Regulator. Moving forward all Trustees will be required to undergo the Ugandan programme which is tailor made to our sector particularly the regulatory framework.

Apart from URBRA, who else is involved in the initiative?

URBRA is partnering with the Insurance Training College to conduct the programme. Other stakeholders in the Programme Execution Committee are the Association of Retirement Benefits Schemes of Uganda, Association of Scheme Administrators of Uganda and the Association of Fund Managers of Uganda

How will you ensure that all Trustees (and possibly other service providers in pensions sector) enrol for the course? What will you front as your pull-factor?

Initially, all schemes will be encouraged to send their Trustees for the Certification programme. Later, it will become a requirement for a Trustee to be Licensed by the Authority i.e. mandatory. The list of certified Trustees will also be published.

Why partial access to retirement benefits due to COVID-19 is a no-go area

During the lockdown period, my colleagues sent me this interesting message: "the current lockdown might be what retirement will be like – no cash, no friends, lots of free time, anxiety and the villagers treating you like a suspect." While this situation may be unlikely if you saved for retirement, the message provides a good basis to reflect upon how we plan for retirement.

By Martin A. Nsubuga

Chief Executive Officer, URBRA

I am specifically concerned about those agitating for partial access or early withdrawal of retirement benefits due to COVID-19 lockdown. The pressure is premised on the presumption that most savers already have running loans and obligations and may not be able to accommodate the anticipated rise in the cost of living. The Uganda Retirement Benefits Regulatory Authority (URBRA) shares in this plight and sympathizes with members of retirement benefits schemes. However, we are constrained to support such demands because they are not supported by law.

The NSSF Act, like the Trust Deeds and Rules of most licenced retirement benefits schemes, clearly describes the benefits a person can access i.e. age benefits, withdrawal benefit, invalidity benefit, emigration grant and survivor's benefit. Under the NSSF Act, a member qualifies for only one benefit. Where a member qualifies for more than one benefit, he or she shall be paid only one – the most advantageous.

In whichever circumstances, these benefits are intended to provide a safety net for members upon retirement, permanent incapacitation, or for dependants in the event of death of a member. The legal documents did not envisage circumstances such as COVID-19. Mr. Joachim Buwembo summarised it aptly in his recent Facebook post: "NSSF money is like a guard dog – it is for a specific purpose; it does not provide milk when you need some. NSSF money is for post-employment use, not a health insurance policy." This analogy applies to other retirement benefits schemes as well.

The intention for retirement savings is for one to replace the cash flow they used to receive while working. With early withdrawal, a member reduces the principal amount saved and also foregoes the compounded benefits arising from investments. For instance, if you have 10 years to retirement and had accumulated Shs.50m but withdraw Shs10m, the opportunity cost is almost Shs16 million at 10% per annum compounded interest. Therefore, after ten years the available sum at retirement will be short by approximately Shs26m.

The other consideration is the availability of liquidity to meet this unexpected payment to members. The regulations for investments of scheme funds allow for a maximum of 5% of the Assets Under Management (AUM) to be invested in cash and demand deposits in institutions licenced under the Financial Institutional Act 2004 or other similar institutions licenced in the East African Community. Most of the schemes, if not all, keep not more than 3% of their assets in such cash and demand deposits. Over 75% of scheme assets is invested in Government Securities (Treasury Bills and Treasury Bonds) while 15% is invested in quoted equities and 7% in immovable property. In the event of a call for early payment to members, it will require liquidating these assets to raise the necessary liquidity.

However, because most of them are invested for long term, liquidating such assets will require selling them at a discount, notwithstanding the distortion in our financial markets and fiscal sustainability. Who then should bear this cost? Are members ready to receive a discounted amount (less amount than anticipated)?

Finally, while the employers' matching contribution to NSSF is mandatory, it is not the case for most retirement benefits schemes in Uganda. Agitation for partial or early withdrawal therefore can easily discourage employers from making such contributions. In making that additional contribution, the employer wants to see a former employee living happily in retirement. Employees contribute 5% of their monthly salaries and retain 95%. It would be ideal for employees to live within that 95% of their salary and cater for any eventualities that arise before retirement. We should not risk generating a situation that can be counterproductive to our old-age aspirations.

It is my prayer that we uphold the culture of saving for retirement and preserve these savings for as long as possible. We also encourage people to start saving early in their working life to lengthen their years of saving.

Retirement Benefits

Public service pension scheme reforms to improve service delivery

Article 254(3) of the 1995 Constitution (Amendments) enjoins the Government to provide pension to public officers who retire under pensionable circumstances. It provides for payment of pension based on rank, salary and length of service. It also provides for timeliness and promptness of pension payment.

By Victor Bua Leku

Member, URBRA Board of Directors

Commissioner, Human Resource Management in charge of Compensation, Ministry of Public Service.

Objective 14(b) of the National Objectives and Directive Principles of State Policy of the Constitution, under social and economic objective directs the state to ensure that all Ugandans enjoy pension and retirement benefits, among others.

The National Development Strategy Sixteen (16) of the National Development Plan Three (NDP III) provides for increased access to Social Security. This development strategy provides for the provision and expansion of social protection measures to reduce vulnerability and enhance the productivity of the human resource of the country. An efficient social security system therefore is required to achieve Vision, 2040; of "A Transformed Ugandan Society from a Peasant to a Modern and Prosperous Country within 30 years".

Article 22 of the United Nations (UN) Bill of Rights (1948) identifies pension as a right. The Public Service Pension Scheme as well as the Parliamentary Pension Scheme fulfils this obligation through payment of monthly pension till death for persons who serve for at least ten years or are retrenched and a commutation (lumpsum benefits) for retired public officers and members of Parliament for the Public Service Pension Scheme and Parliamentary Pension Scheme respectively. The lumpsum provides for soft landing at retirement.

The Public Service Pension Scheme which was established in 1948 is an unfunded, PAY-GO scheme which draws all its funds from the consolidated fund. The scheme covers employees in the Public Service, teaching service, health service, local Government Services, Police and Prisons Services, employees of the defunct East African Community under the amended pensions Act Cap 286 and members of the armed forces (the UPDF). The Judicial Service was part of the scheme up to 18th June, 2020 when a separate retirement benefits arrangement was established

under the Administration of Judiciary Act, 2020.

Retirement benefits under this scheme can be determined in advance through a formula although eligibility to it is incumbent upon exit of an employee under pensionable circumstances. Pensionable circumstances include mandatory retirement age, invalidity, death, early retirement at age 45 years and 10 years of continuous service, transfer of service from the Public Service, early retirement on serving for 20 years continuous service or upon retirement on abolition of office (retrenchment) as well as retirement in Public Interest. The scheme effective 23rd March 1994 provides for the transfer of the pension rights of a deceased public officer to his/ her spouse and children below eighteen years of age for fifteen years from the date of death or from the retirement date, whichever is the earliest.

As at July 2020, the scheme covers over 281,000 active members (Public Officers who are still in the service) and 76, 090 pensioners consisting of 22,648 Veterans, 20,726 teaching service and 32,716 traditional service retirees. These draw funds from the consolidated fund equivalent to UGX. 305,436,847,752 per annum as monthly pension.

The Ministry introduced a number of parametric, systemic and administrative reforms mainly to address challenges of timeliness of access of retirement benefits, payroll ghosts, multiple action officers and lengthy business process. Some of the reforms include the reduction of the pension business process from eighteen (18) steps to four (4) steps; full decentralization of the processing, management and payment of pension and gratuity to the Vote of retirement; compulsory biometric validation/ census of pensioners and beneficiaries, removal of offline redundant business process among others.

REQUIREMENTS FOR PROCESSING PENSION

- Retirement letter issued by the Responsible Officer at Vote (only for Mandatory retirement).
- Retirement letter issued by MoPS (in case of Early retirement)
- Letter of first appointment.
- Letter of confirmation.
- Letters of promotion (if any).
- Last salary payslip (HR to provide).
- Pension forms NS 7 (for bank details)
- Pension form NS 20 (For any debt recovery)
- Pension form PSF 18 (for mandatory retirement only).
- Pension form PSF 19 (for contract only)
- Pension form PSF 20 (for death only)
- Registration Certificates for Teachers and Health Workers (no longer required)
- Attestation papers (police & prisons only)
- Pensions form (for Military Widows and Orphans)
- Death certificate (In case of death benefits)
- Letters of Administration (In case of death Estates)
- Estates Account (in case of death benefits)
- Bank Statement (Applies only when one wishes to change bank details)

Decentralization of pension management has also enabled timely payment of pension and gratuity, clean-up of the payroll. It has also minimized accumulation of pension and gratuity arrears. This has also reduced the need for Pensioners to travel long distances to Ministry of Public Service and the Ministry of Finance, Planning and Economic Development following up their payments. It has also established a clear responsibility centre for all payroll and salary/pension transactions by the Responsible Officer.

Under the full decentralization of pension management, no employee or pensioner is required to travel to the Ministry of Public Service or the Ministry of Finance, Planning and Economic Development as all these are handled at the Vote. Responsible Officers are expected to pay pensioners by 28th of every month and outstanding arrears claims are submitted directly to the Ministry of Finance, Planning and Economic Development and funds provided to the Vote to pay.

Under the new dispensation, the Ministry of Public Service is the pensions authority, charged with the responsibility of granting requests for early retirement, policy guidance, interpreting or varying any of the provisions of the Pensions Act and the Public Service Standing Orders, 2010 as well as undertaking reforms in the sector.

All reforms notwithstanding, the Public Service Pension Scheme has presented challenges of poor governance, affordability, accountability and sustainability. There are still rampant complaints of nonpayment of pension and gratuity, delays, extortion of money from retirees and records management challenges. These problems are mainly due to human resource capacity, governance and integrity issues as well as problem of fiscal sustainability and affordability problems. It therefore calls for parametric, systemic and administrative reforms. Uganda is among few countries in Sub-Saharan Africa still operating an unfunded, noncontributory, PAYGO Scheme. This has necessitated the transformation to a fully funded defined benefit scheme.

Cabinet under Minute No. 309 (CT 2020) has now approved the Public Service Pension Fund Bill, 2020 to: establish a Public Service Pension Fund; establish the Public Service Pension Scheme; collect contributions and pay retirement benefits; and provide for the investment of the contributions with the objectives of fulfilling the promise to provide a guaranteed benefit to members.

The contributory, defined benefit pension scheme will specifically:

i). Transform the current scheme from the un-funded, non-contributory system to a fully funded and contributory system;

ii).Establish a pension scheme that is affordable with respect to the financing capacity of the society and the individuals;

iii) Create a pension fund that guarantees fiscal sustainability in the medium and long run;

iv) Build a robust and efficient Public Service pension system which shall provide for timely payment of retirement benefits;

v) Guarantee retirement benefits to public servants in the short, medium and long term; and

vi) Promote good governance; restore public trust and confidence in the Public Service Pension Scheme.

The Public Service Pension Fund Bill, 2020 will soon be submitted to Parliament for consideration before it is passed into law. Government remains committed to ensuring that the Public Service is an efficient machinery for the delivery of services and for transforming the Ugandan society from a peasant to a modern and prosperous country within 30 years.

RETIREMENT TYPE	WHEN PENSION IS GRANTED
Mandatory Retirement	• 39-65 for UPDF • 60 years for TPS, TS, LG and police & prison services • 65-70 for Judges and Justices
Early Compulsory retirement	• On restructuring; abolition of office; divestiture/ privatization; excess staffing • Attracts additional 25% pension
Early Retirement	• 10 years of service and 45 years of age • 20 years of service and no age limit
Medical Grounds	• Due to illness or injury • Granted by the appointing authority on the recommendation of the Medical Board
Early Retirement on Medical Grounds (injury sustained during official work)	• Entitled to pension and additional pension of 5/60, 10/60, 15/60 and 20/60 for impairment, partial impairment, material impairment and total impairment respectively. • May be granted regardless of confirmation, appointment circumstances and length of service
Marriage	• Applies Only to female officers and requires a minimum of 5 years of service • No monthly pension entitlement
Death Retirement	• Upon death of an employee • Paid death gratuity only if the Late served for less than 10 years • Paid death gratuity and survivor's benefits if served for 10 years and above • Survivor's benefit is granted if death occurred on or after 18th March 1994 • Survivor's benefit is paid for 15 years from the date of death or death of retirement whichever is the earlier
End of Contract retirement(% according to the specific contract conditions)	• Appointment only applies to rare skills • Contract percentage must have been stated in the contract e.g. 25%, 30% and 40% being the highest
Retirement due to transfer from the PS to Other Public Service	• Paid gratuity if served for less than 10 years • Paid gratuity and pension if served for 10 years and above • Benefits are frozen until retirement from the Other Public Service • If dismissed from the Other Public Service loose retirement benefits
Public interest	• On disciplinary grounds but attracts Pension
Leave without pay	• Protects pensionable service
Resignation	• No Benefit
Abandonment of duty	• No benefits
Dismissal	• Attract no Pension Benefit though special consideration may be given

Impact of early access on retirement benefits and fixed income investments

Early access is where an individual is provided funds from their retirement savings vehicle before their scheduled retirement date. This can happen by design or on an ad hoc basis. Early access could encourage more retirement saving, or provide flexibility for individuals facing financial hardship. It could also give more choice during the accumulation of retirement savings. However, early access also poses potential risks to retirement outcomes. **Rosemary Nantambi-Amiri and Oscar Kitasoboka** discuss the impact of early access on retirement benefits and fixed income assets in the context of COVID-19 pandemic.

What is the (real) value of early access?

Early access may help alleviate specific instances of hardship by allowing access to retirement funds in particular circumstances, such as where an individual faces repossession of their home. The current COVID-19 scenario could also be considered one such particular circumstance of hardship whose medium to long-term consequences have not yet really been fully understood. Whilst early access reduces the size of the remaining fund, quantifying its "value" should also be considered in its wider sense: the "psychological value" of immediate hardship alleviation, the "halo effect" arising from tangible positive experiences which could positively impact or influence public opinion about retirement planning and "insurance" in its wider sense thereby improving savings.

Rosemary Nantambi-Amiri and Oscar Kitasoboka

Balancing genuine short-term needs, savings, retirement targets and government programmes

The challenge is how to balance genuine needs for some pre-retirement liquidity, and providing adequate income post retirement for individuals. The need for pre-retirement liquidity often arises, due to lack of short-term 'emergency' saving, indebtedness and extreme situations (like COVID-19 and how the lockdown means individuals are unable to work).

Retirement savings should not be depleted to such an extent that inadequate retirement incomes are provided. Even in the case of accessing retirement funds for housing, this can leave individuals 'asset rich but cash poor' (as is the accusation with the Singapore system). If the loan is not paid back, individuals put both their home and their retirement savings at risk. Importantly, even in systems without such a direct 'early access' link, risks to retirement savings can flow through indirectly for example, through contribution holidays, to fund debt repayments or more fundamentally through reduced earnings capacity, for long-term savings.

Types of early access schemes

When discussing early access, it is important to contextualise the discussion between the way different schemes work. There are two main types of schemes: Defined Benefit (DB) and Defined Contribution (DC).

DB schemes are where the obligation for paying for retirement income is with the state and/or employers. Individuals know what benefits they will get. It may or may not be pre-funded in the period before retirement. If it is not pre-funded, the benefits are usually paid out of ongoing cash flows, like tax revenues or business revenues.

A DC scheme is pre-funded. The obligation to save for retirement rests more with the individuals. Individuals do not know what benefits they will get since this depends on how much is contributed and how that fund grows over time with investment returns. DC schemes, therefore, establish a strong link between contributions during working life and benefits during retirement, for individuals.

Access to mandatory retirement savings is rare and, when allowed, is highly restricted and requires a repayment of the withdrawn amount. The systems in Canada and Australia allow controlled access in clearly defined cases of disability or terminal illness, severe financial hardship as determined by the plan trustee, payment to a beneficiary following the death of an account owner or temporary residents permanently leaving the country. There continue to be restrictions on the use of withdrawn funds even among these exceptions e.g. withdrawal of funds by the disabled are limited to disability-related home or vehicle modifications, and palliative care.

Where DC systems are voluntary, some access may be allowed, partly as a way of incentivizing individuals to sign up to such schemes.

401(k) schemes, the main pension saving plans sponsored by employers in the USA, have some of the most liberal access rules. They allow for 'hardship withdrawals' subject to payment of personal income tax and a 10% penalty on amounts withdrawn. Loans are limited to no more than 50% of savings or USD 50,000 whichever is lower, interest is charged and the maximum repayment period is five years.

The ways in which individuals can use their pension savings for other purposes differs by country. Some of the common methods include: Permanent withdrawal, Loan and repayment, Pensions as collateral.

COVID-19 impact on individuals, introduces uncertainty

The COVID-19 pandemic has significantly reduced economic activity globally. Individuals' lives have been impacted because of reduced earnings yet living costs may not have reduced significantly. As a consequence, individuals are looking to their savings for support.

There is considerable uncertainty due to the scale and duration of the pandemic. Will lockdown end soon with life returning to normal soon thereafter? Could there be a second wave or more relapses later during the year(s)? With the right long-term measures and management programs in place, like widespread testing, would the pandemic end in a few months? Is there a "new normal"? When will a vaccine be produced, etc.?

COVID-19 impact on retirement funds

There are three main components to a retirement savings scheme: inflows (contribution income), growth (investment returns) and outflows (retirement benefits and other early-access payouts).

- **Inflows (contribution income)** - Retirement savings contributions are likely to reduce as a result of job losses, many companies may struggle to pay contributions into their pension schemes due to cash flow challenges linked to reduced economic activity.

- **Growth (investment returns)** - Investment returns are linked directly to economic growth. Equity values have reduced in value in the short term, but could return to their long-term levels in future, if businesses survive post COVID-19. Fixed interest investments may not be impacted in the short term; however, in the medium term, non-government borrowers may experience cash flow challenges and struggle to pay bond interest payments.

- **Outflows (retirement benefits and other early-access payouts)** – scheduled retirement outflows will not be impacted as they will have been planned for; however, the source of funds used to pay retirement outflows could be reduced if they include cash flows from new contributions and investment oncome, both of which could be impacted as discussed above.

Unscheduled out flows will put a strain on retirement savings schemes

Unscheduled out flows (like early access benefits that are not part of the scheme designs) are likely to put a strain on retirement savings schemes for the following reasons:

- **Design challenges.** Unplanned early access benefits that are not part of the scheme designs will need to be designed under very short and highly-pressured and politicised conditions.

- **Liquidity challenges.** The source of cash flows to fund these unplanned early access benefits may come under strain; reduced inflows from new contributions, reduced investment income, priority of scheduled retirement income over ad hoc payment of unplanned early access benefits, less than optimal outcomes from liquidating existing investments in order to fund unplanned early access benefits, retirement scheme cash flow needs to run their day-to-day operations, etc.

- **Tax planning challenges.** The impact on the scheme tax planning position needs to be considered carefully. For example, if the government extended tax incentives in the pre-retirement period because funds were not going to be accessed until retirement, and now the funds are being accessed, will the government tax this as "replacement income"? And if the funds are not taxed, what is the impact on the treasury position, since they will also not be receiving tax revenues from lost salary payments?

- **Legal challenges.** If unplanned early access benefits are not currently allowed for in the retirement savings scheme design protocols. There may be a need for legislative expediency in order to support the release of unplanned early access benefits.

- **Operational challenges.** Retirement benefit schemes may not be operationally set up to handle unplanned early access benefits, which could then delay the efficient implementation of policy decisions. These operational challenges also need to be synchronised with all the above-mentioned challenges in order to achieve simplicity, transparency and efficiency.

- **Reduction in long term investment returns.** High volumes of withdrawals would force fund managers to increase portfolio liquidity which would reduce opportunities to investment in long-term instruments, thereby reducing their ability to take advantage of illiquidity premiums and generate higher returns. Since financial emergencies tend to be unexpected and urgent, accessing funds directly from a retirement (pension) fund invested to deliver long-term returns could lead to very poor 'value' withdrawals if they take place at an inopportune moment in terms of market conditions.

Impact of early access on savings

The objectives of a well-designed retirement benefit (pension) system are poverty reduction in old age and income smoothing throughout an individuals' lifetime. It achieves this by targeting a certain level of retirement income (the replacement ratio or "RR" of post-retirement income to pre-retirement income) and other benefits (which could include early access benefits) in its scheme design. The scheme design mainly comprises, contribution rate, term of contribution and target investment returns.

Our analysis, based on a simplified but realistic example, indicates that the impact of early withdrawals depends on when this happens and how these are corrected for subsequently. In direct-withdrawal systems, unless the amounts withdrawn are repaid with interest, allowing for early withdrawals from DC schemes inevitably leads to lower replacement rates (RR) at retirement.

Withdrawing 25% of the fund, regardless of how long contributions have been paid in for, would reduce the RR by 6% for younger people vs. 22% for older personswho are nearer retirement, simply because younger members would have more time to recover. Targeting early access benefits worth three months of salary would have the opposite effect: it would reduce the RR by 11% for younger member's vs 4% for older members because the fund is smaller at younger ages, meaning more of it needs to be accessed to fund the same level of hardship relief (i.e. 3 months' worth of salary).

Targeting an early withdrawal as a fixed percentage of the fund, regardless of how long a member has contributed for				
%age of fund withdrawn	Impact of Early Access After 5 years	Impact of Early Access After 10 years	Impact of Early Access After 20 years	Impact of Early Access After 30 years
25%	6%	11%	18%	22%

Targeting an early withdrawal benefit which is equivalent to 3 months' worth of salary, and specifically targeted at alleviating Covid-19 hardship effects				
%age of fund withdrawn	Impact of Early Access After 5 years	Impact of Early Access After 10 years	Impact of Early Access After 20 years	Impact of Early Access After 30 years
45%	11%			
20%		9%		
8%			6%	
4%				4%

Beneficiaries of the Social Assistance Grants for Empowerment (SAGE) programme receivers their benefits.

Older persons look to SAGE to improve livelihoods and restore dignity

On December 14, 1990, the United Nations General Assembly under resolution 45/106 designated October 1 as the International Day of Older Persons.

The day aims to appreciate contributions made by older persons, to create awareness among the public on the rights and needs of older persons, and to celebrate the older persons' contribution to society in form of leadership, caretaking and being protectors of heritage, among others.

Across Africa, millions of older persons live in extreme poverty. Without access to pensions and eroding traditions of family support, many have no choice but to continue working.

For those who have disabilities or are in ill health, they may have no option to work. Moreover, without reliable incomes, older persons lead precarious lives on the brink of poverty. Social assistance initiatives are key to address this. They have great potential to reduce poverty, improve older people's access to healthcare and restore dignity through financial independence.

In 2011, the Government of Uganda, in partnership with the UK Department for International Development, Irish Aid and the United Nations Children's Fund, launched the Senior Citizens Grant as part


Vice President Edward Ssekandi (right) launches the SAGE scheme in 10 new districts during the commemoration of International Day of Older Persons in Sheema District on October 2, 2018.

of the wider Social Assistance Grants for Empowerment (SAGE). It is a government social assistance to older persons above eighty years, amounting to UGX 25,000 (US$7) a month.

Findings have shown that the social assistance has had deep impact. Among households receiving the grants, poverty reduced by 19 percentage points and household expenditure increased by 33%.

Development Pathways found that many older persons and their families use the income to further boost their livelihoods, such as investing in livestock.

Children who live with older persons receiving the grant were found to have better educational attainment and less likely to be involved in child labour.

According to Simon Omoding, a communication specialist at Ministry of Gender, Labour and Social Economic Development, in the districts where it was first introduced, all older persons above the age of 65 were eligible for the scheme, except in Karamoja where the age of eligibility was lowered to 60 years to reflect the lower life expectancy.

After reaching more than 100,000 older persons, the Government rolled it out to an additional 40 districts. However, in the new districts, only the 100 oldest people in each sub-county were eligible. As of June 2019, more than 160,000 older persons had been enrolled onto the scheme.

"We have continued to advocate for the pension to be universal across Uganda, and in July 2019 this became a reality. Everyone 80 and over in Uganda is now eligible, which means that 365,000 Ugandans will now have a regular, reliable income," Omoding said.

The cut-off age of 80 is high but it provides a foundation on which to campaign for a lower eligibility age. All existing recipients under 80 will continue to receive assistance.

While it is a modest amount of money, it has made a big difference to those it reaches. "The assistance has been instrumental in my life. When I get the money, I become happy. I have used it to buy a goat for my family to rear. I use it to pay school fees and buy books for my children," said Longora, an old man in Napak.

Loucho Alice, a visually impaired old woman also from Napak previously relied on handouts from people in her community to get by, said, "Social assitance has helped me in many ways, to buy a mattress, clothes, food and to buy plates and saucepans. It has helped me to buy chickens to rear, and when I am hungry, I can sell them."

The challenges of implementing social assistance

Uganda is not the only country in the process of expanding social assistance in sub-Saharan Africa. South Africa, Botswana, Lesotho, Namibia, Mauritius, Kenya and Zanzibar have all introduced similar universal social assistance, while Mozambique is planning to introduce a social protection system across the whole life cycle, which includes a social assistance. Nevertheless, these programmes are not without challenges.

Older persons can be excluded due to errors made determining eligibility or because they do not have access to the necessary documents. Mobility challenges or a long, expensive journey may prevent them reaching the pay point and a lack of information on the scheme may mean older persons are unaware and never enrol.

Additionally, late payments often mean older persons wait months for their money. Financial abuse, such as pay agents asking for a portion of their money or family members stealing it, prevents older persons getting their entitlement.

Addressing these challenges is key to the success of social assistance programmes, and older persons have a key role to play. By empowering them to speak out, to debate with others and have their opinions heard, they can better influence the decisions that impact their lives and hold their governments to account on how the services are delivered. This would also ensure that social assistance meets necessary standards, is free of fraud and corruption, and that those eligible receive the right amount of money regularly, reliably and accessibly.

From 2015-2018, HelpAge International, with financial support from the German Federal Ministry for Economic Cooperation and Development, set out to strengthen voice and accountability across four countries.

This was done through older citizen monitoring, an approach rooted in older people's community groups that harnessed the enthusiasm and altruism of their leaders to inform them about social assistance schemes, mobilise people to register, help recipients lodge complaints and collect evidence about issues with the schemes.

The enthusiasm of the leaders is key, as exemplified by the involvement of Aber Helen Uma, an older citizen monitor in Gulu's Unyama sub-county. Aber ensures that all older persons get information about their payment. She makes sure the payday is announced on the radio and goes around her community to ensure everyone knows.

"The moment I hear, I go straight to mobilise them so that when the SAGE staff come, the older persons are first at the pay point," she said.

One of the key problems they found is the distance recipients have to travel to pay points, with one-in-four people travelling four to six kilometres and one-in-10 travelling seven to 10 kilometres. This means older persons typically need to pay for transport, which can eat into their SAGE payment.

"When we first received the payments, it was only at the sub-county centre, which is very far away. So, we went back and reported that and so, more pay points have been created. Now in Unyama sub-county, we have three pay points," Aber said.

Indeed, their advocacy led to the maximum distance between an older person's house and the pay point being reduced from 18 kilometres to seven kilometres. In addition, after raising complaints, the pay points have become better organised and older persons are provided with drinking water and somewhere to rest in the shade while they wait.

For some older persons with mobility issues, even getting to a nearby pay point can be difficult or even impossible. While there is a proxy system in place for alternative recipients to collect the money, very few older persons or government officials know about it. Older citizen monitors sought to raise awareness about this provision and encouraged people to use it.

"There was one disabled person who could not reach the pay point," Loru Max, an older citizen monitor in Napak reported. "She had to be pushed there in a wheelbarrow. When the staff saw the situation, I was able to convince them to allow her daughter to collect the money."

According to Omoding, the Ministry is looking out for an effective, technology-based model to release payments and eliminate challenges of movement and other costs relating to accessing of the elderly moneys.

Opinion

Will COVID-19 pandemic spare Uganda's Retirement Benefits Sector?

The novel corona virus (COVID-19) outbreak has resulted into unprecedented human, economic and social costs leading to uncertainty in the global economic outlook. Despite the various steps devised by government organs to mitigate the effects of the pandemic, it will significantly impact the financial markets, including the retirement benefits sectors.

By Cosmas Ssenyonga

Senior Supervision Officer, URBRA

Over the past six years, Uganda's Retirement Benefits Sector has grown on average by 20% annually, majorly attributed to contributions and investment income. With the current pandemic which has affected key sectors as such manufacturing, tourism, agricultural, and trade both from the demand and supply side, there will be a reduction in companies' revenues which will put funding of Retirement Benefits Schemes at stake. There will be delays in remitting contributions and in some instances a decline, as some employers struggle to meet their capital expenditure and operational costs.

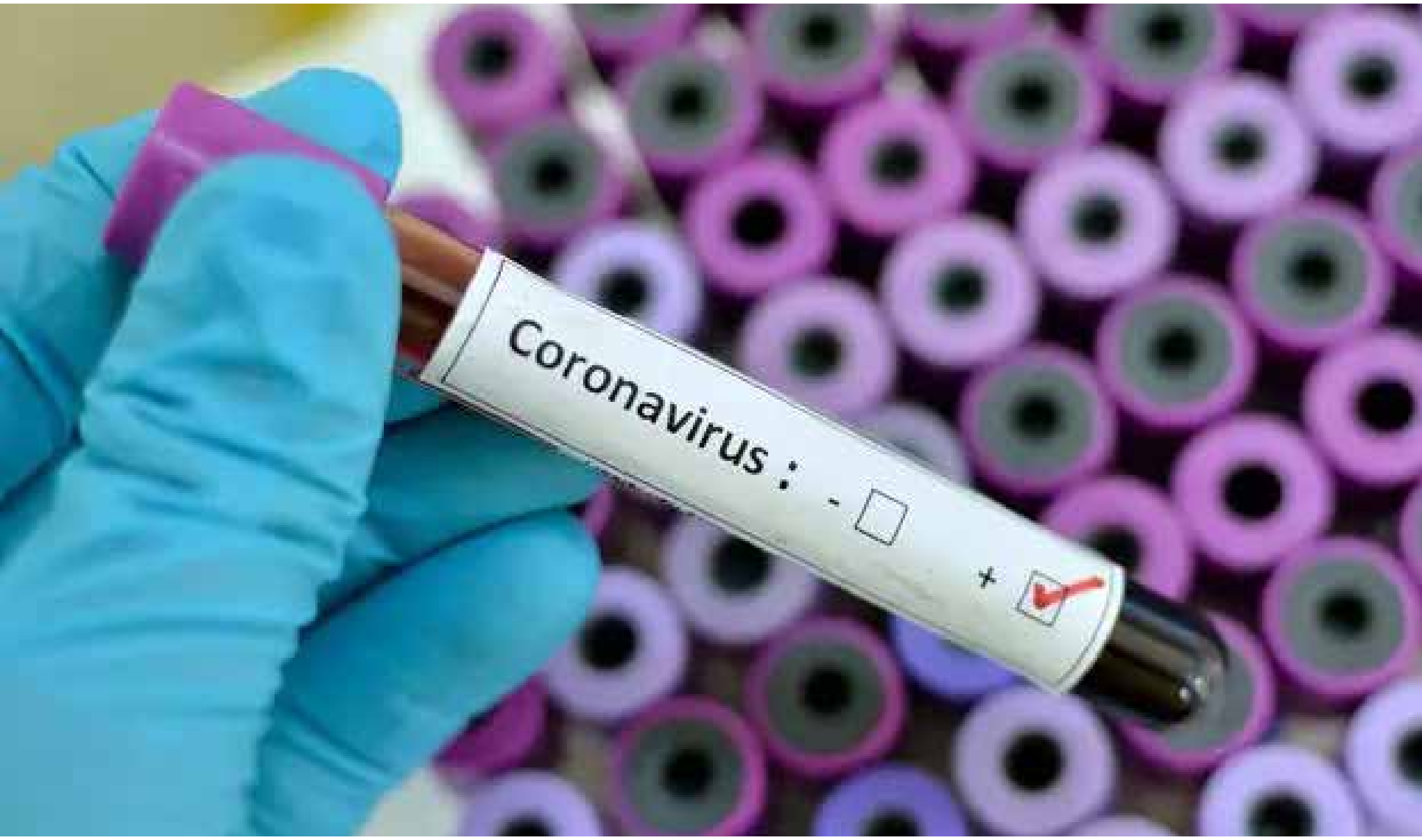
Financial Markets have experienced volatilities since the crisis began, resulting into significant loss in value of assets. Retirement Benefits schemes have not been spared. As at 31st December 2019, the sector's Assets Under Management (AUM) were UGX 14.2 Trillion, out of which almost 75% was in government securities and 15% in quoted stocks. COVID-19 will impact these assets, albeit with varying short-term implications.

To ensure stability and confidence in the financial systems, central banks in the East African region eased monetary policies by lowering the Central Bank Rates – Central Bank of Kenya from 8.25 % to 7.25% and Bank of Uganda from 9% to 8%. While this is intended to ensure adequate access to credit and the normal functioning of financial markets, it may not trigger a drop in interest rates on government securities. Given that most retirement benefits schemes hold these securities to maturity, there may not be a significant negative effect arising from the CBR on the AUM. However, the equities market is experiencing a downward trend.

In the quarter ending March 2020, Kenyan equities market (which accounts for 70% of the quoted equities for our Scheme) experienced a downward trajectory, with average value of the share prices of all companies on a stock exchange (NASI) losing 20.7%. Factors including behavioral and policy responses, such as containment and social distancing, are responsible for the bulk of the volatility.

Given the significance of quoted equities currently held in the Kenyan market, we expect a dip in the closing share prices at the end of this financial year, which is likely to give rise to capital losses. This, coupled with the depreciation of the Kenyan Shilling against the Ugandan Shilling by 1.96% between January and March 2020, will significantly erode the value of stocks. Nonetheless, the huge investment in government securities is expected to act as a shield against the turmoil in the equities market.

Uganda's immature retirement benefits sector, is however more threatened by the likely short-term liquidity demands arising from unscheduled or unplanned benefits withdrawal. Needless to say, some sponsors are facing serious financial challenges caused by changes in consumer behavior arising from the Covid-19 preventive measures. In the worst-case scenario, we may witness



job losses or staff lay-offs, which have a direct bearing on benefits payment given the structure of most occupational schemes. While this may not pose a huge risk to the sector, the long-term survival of some schemes is highly exposed.

While the equities market is expected to remain volatile during the year, there exist huge opportunities for schemes looking to purchase stocks at low valuations, especially in the financial services and telecommunication sector. Given the long-term stance of retirement benefits schemes, fund managers must play a long waiting game to realize value because equities prices will remain low as capital flees to safe havens such as fixed income securities.

Uganda's immature retirement benefits sector, is however more threatened by the likely short-term liquidity demands arising from unscheduled or unplanned benefits withdrawal.

By end of 2020, the impact of the COVID-19 crisis may be severe for the Retirement Benefits Sector if fund managers do not respond swiftly to the current market and economic dynamics. The economic downturn is expected to continue for some time as the impact of the pandemic subsides and different government policy responses feed through. The extent of the impact will largely depend on the Retirement Benefits Schemes' investment profiles, therefore diversification across the specific sectors will play a key role.

Boards of Trustees should closely monitor their schemes Investment Portfolios seeking to understand and utilize the different maturity-matching and hedging strategies in order to lessen the negative impact of the COVID-19 pandemic.

Opinion

COVID-19 Quarantine is incomparable to life in retirement

The current lockdown owing to COVID-19 is a perfect time to reflect on retirement. Many have argued that the time we are spending at home without going to work is similar to what happens during retirement. They contend that just like in lockdown, people in retirement will not be able to access basic services, since they will have no jobs, no money, no friends and movement will be limited.

By Hajji Hassan Nakabaale

Director, Communication & Public Affairs, URBRA

Nothing could be further from the truth! Life in retirement need not be defined by such misery. The COVID-19 pandemic invaded the world unnoticed, and has resulted into uncertainty. Particularly in Uganda, the lockdown that was imposed to control the spread of the virus, has left many people stuck at home with limited access to basics, their livelihoods halted and waiting for handouts from the government and good Samaritans.

While no one saw COVID-19 coming, we all know that every passing day we inch closer to our retirement. It is therefore possible to plan for a good post-employment life. There are several arrangements through which Ugandans of all backgrounds and callings can ably save for retirement. Employers with more than five employees are under statutory obligation to register and contribute on behalf of their employees to the National Social Security Fund (NSSF). Civil servants, the military and employees in local authorities are members of the Public Service Pension schemes by virtue of statutory provisions. Ugandans employed in the informal sector can save with licenced voluntary retirement benefits schemes.

There is enough evidence to show that retirement benefits savings are highly beneficial to citizens. Take an example of NSSF which has done a commendable job on timely payment of retirement benefits and regular follow-up of beneficiaries to see how they are utilizing their savings. Under the Friends with Benefits project, many people have given testimonies and showed practically how NSSF savings have changed their lives. These are retired people who are above 55 years of age. It is therefore possible and achievable to lead a poverty-free life after retirement.

How to manage a retirement benefits package

During the period of active work and employment, all factors being constant, one should be able to create wealth, invest in income-generating projects and educate their children. It is not advisable to wait to receive retirement benefits to start big projects like construction of a family home. Retirement benefits, paid monthly for public servants or in lumpsum for NSSF savers, should be used to cover basic needs during one's post-employment life. Retirement benefits and pension earnings are meant to cover needs like medical, food, electricity, transport bills etc.

Some people may remain energetic, productive and employable after retirement. Depending on one's professional experience you may undertake professional consultancy services, write books, engage in trade, farming or even join politics. Retirees are also encouraged to participate in community voluntary work through groups like rotary, Red Cross, churches or mosques. They can also mentor young people and promote family-based activities. Retirees should try to find activities in their communities to keep themselves busy, maintain old friends and possibly make new ones and therefore avoid loneliness and sadness.

Given that we have a long time to prepare and save for retirement, it is rather far-fetched to compare life in the COVID-19 lockdown to life in retirement. Because of the social-distancing requirement, COVID-19 separates family, and the confinement does not create value for money. However, retirement brings you closer to family and gives you time to engage in activities you truly enjoy. Retirement is the time to enjoy the fruits of one's youthful efforts and investments.

Let us all save and prepare for retirement.

hassan.nakabaale@urbra.go.ug

Opinion

The irony of investing retirement funds outside Uganda

The conventional definition of offshore investment is the placing of money in a jurisdiction other than one's country of residence. However, the emergence of different trading blocs has often substituted country of residence with those regional trading blocs. For instance, in some countries including within the East African Community, investments held within the region are recognized as domestic investments.

By Moses Kiddu

Manager, Pension Consulting at Liaison Financial Services Limited

To begin with, it is important to appreciate why trustees and managers of retirement funds would want to invest their scheme assets in different jurisdictions other than their home countries. One of the main economic reasons why fund managers invest offshore is tax concessions.

Taxation takes a large proportion of investment returns and the rate of tax on investment returns differs from one country to the other.

Assuming equal investment returns, the higher the tax the lower the net return to an investor. The British Islands of Guernsey, Jersey and Isle of Man are typical destinations that have been referred to as tax havens. Such destinations allow investors to realize their investments at low or no tax and also to easily repatriate the gains or profits.

The second reason is being able to invest in assets or sectors that are not easily available in originating country. Some economies are more developed and diversified than others. Investment opportunities therefore vary depending not only on size but also availability of investment opportunities.

The third reason is reducing local risks thus hedging security of investments. Some of the local risks include currency devaluations, poor economic management or political risks. An offshore investment is not exposed to local risks.

In summary, the main economic reasons for investing offshore is to obtain better returns than would ordinarily be achieved locally and diversification of investments as a risk mitigation measure.

However, what proponents of offshore investments may not agree with is that in most cases the down sides of offshore investments may far outweigh the benefits. Globally, pension savings constitute a main pillar of domestic capital savings. Such capital thus plays an important role in national economic development. Investing pension funds outside Uganda is akin to capital flight as wealth produced in Uganda is transferred to develop other countries at a time when Uganda needs the money most for its economic development thus leaving the Government to resort to expensive foreign debt.

As such investments are denominated in foreign currency, there is always the currency exchange risk and depending on the currency movements, the performance of underlying assets may not offset the currency appreciation. Also, investment charges, offshore manager charges, custody charges and other transaction costs expend a significant amount of the investment income thus negating the objective of superior returns.

Lastly, the effect of allowing retirement funds to be invested outside Uganda but limiting the scope to only East Africa is in itself defeatist given that with all factors kept constant, the main risk determinant is the exchange rates.

Where the assets of a retirement scheme are invested in a destination with a different currency other than the originating destination, the risk of mismatch in asset liability ration is higher.

Email: mkiddu@liaisongroup.net

Outreach

URBRA reaches out to informal sector workers in Rubaga

A big number of people in Rubaga Division are employed in the informal sector, without a predictable income. Many of them find it difficult to have a structured retirement saving plan. Upon the invitation of the area Member of Parliament, URBRA organized a retirement sensitization seminar for residents of Rubaga Division, writes Lydia Mirembe

Bisirikirwa Eva, 28, is a tailor in Najjanankumbi, along Busabala Road. She is married, with two children. From her tailoring business she makes a decent living. She even dreams of acquiring property in an upcountry location and set up a home where she will retire someday. However, her saving culture is lacking grossly.

Bisirikirwa would like to save up enough money but I am failing. Every time I save some money I get a problem and use it. Even when I join saving and credit groups, I end up defaulting and eventually dropping out. How do I get myself out of this cycle?" a seemingly frustrated Bisirikirwa wonders.

Many people like Bisirikirwa are struggling to change their saving habits. Some have joined their local SACCOS but they have short term objectives and they soon fall out. Some put their money in piggy banks but these can be easily broken into. Other people are investing in plots but as soon they get a financial crisis, they mortgage the plots. These situations especially play out among informal sector workers who don't have a structured retirement saving plan. As such, many are headed for a pitiable retirement.

So, when URBRA organised a retirement sensitisation seminar for Rubaga South Constituency, the job was cut out – to educate informal sector workers about

L-R: Seminar Facilitator Hajji Jamil Sebalu, businesswoman Rose Naava and URBRA Board Member Mrs. Rosemary Ssenabulya at the informal sector workers sensitization seminar in Ndeeba.

Women attended the seminar in big numbers. The women were especially praised for being exemplary in terms of juggling household needs, business enterprises and saving.

the importance of saving for retirement, a core aspect of the Authority's mandate. The seminar was organised in response to an invitation from the area Member of Parliament, Hon Kato Lubwama, who expressed concern that people in his constituency were not saving for retirement.

"People in Rubaga south are not poor but they lack the saving culture. A big number of people in Rubaga South are employed in the informal sector, without a predictable income. Many believe that they do not have enough income to divide between their daily needs and retirement savings. Most informal sector workers are therefore headed for old-age poverty and a miserable life in retirement," he lamented.

The seminar attracted over 300 participants, all of whom were informal sector workers, just like Eva Bisirikirwa. Mechanics, market vendors, food vendors, casual laborers, artisans.... were all in attendance.

Not even the inclement weather could dampen their eagerness to learn. They asked a wide range of questions, all depicting their hopes, aspirations and fears. Some wanted to know if and how URBRA could support them to start a retirement saving scheme. Others wanted to know how they could join an existing scheme. Can one withdraw their savings when they get a problem? What is the maximum amount one can save per month? Does URBRA tax the savings at the time of withdrawal? Can two or three people start a scheme?

The facilitators were all the more encouraged to speak without mincing their words: old-age poverty is real and everyone is a potential candidate for it. Start saving now for old age now!

Talking about old-age, Mrs Rosemary Ssenabulya, URBRA Board Member said it presents many challenges for example diseases which require a lot of money to treat. That is on top of daily needs like food, water, electricity. "People need to prepare for old age so that they don't get desperate. You cannot rely on your children because they also have their own problems," Ssenabulya said. She explained to participants how licenced schemes work and assured them that with a regulator like URBRA, people's funds are secure.

David Wangi Lukyamuzi, Deputy Spokesperson KACITA observed that it was generally hard for people to save for retirement, when they have current and urgent needs. He also observed that rather than save with a licenced scheme, many people prefer to invest their money in such things as children's education and property development. "But these are all uncertain – children may turn out different from what the parent expected and a desperate situation might force one to mortgage the house," Lukyamuzi said. He decried the practice of keeping savings in the house, saying that there is no security and no interest earned. He encouraged participants to save with a licenced scheme, such as KACITA where savings are safe and they gain interest overtime as the funds are invested in profitable ventures. Moreover, one can save as little as UGX 2000 per day, hence no need to be a big salary earner. Lukyamuzi observed that one of the challenges is lack of knowledge. People are not exposed to the necessary information. He thanked URBRA for sensitising the public about retirement.

Some of the youth that attended the seminar. Youth were advised to start saving for retirement when they are still energetic and productive.

Hajji Nakabaale, URBRA's Director of Communication and Public Affairs challenged participants to think about the money they spend on their phones on a daily basis. He challenged boda boda riders to reflect on their daily take-home earning and how different their lives would be if they only saved 1000 shillings per day.

Hajji Jamir Ssebalu, Principal Namasuba Business College and lead facilitator shared tips on how participants could improve their saving habits. He discouraged participants from undermining themselves as too poor to save. "Start with the little you have. Saving is not a preserve of the rich," he said. He also encouraged them to find work as no one could save without working. He cautioned them against wasting resources like soap, water, electricity, food. Hajji Sebalu also advised participants to improve their timekeeping habits because, as the cliché goes, time is money. "Always keep time. Get up early and be where you have to be in time. Otherwise you get caught up in traffic jam and you end up using bodaboda which costs a lot of money and time," Sebalu said. Above all, he advised the participants to be disciplined, hardworking, committed to save and invest their resources in worthwhile ventures.

> Talking about old-age, Mrs Rosemary Ssenabulya, URBRA Board Member said it presents many challenges for example diseases which require a lot of money to treat.

The seminar touched many souls not least Eva Bisirikirwa the tailor, who vowed to change her timekeeping habits. "I'm very poor at timekeeping. I'm always late, so I end up spending a lot of money on bodabodas. I've learnt that it is important to keep time in order to save money," She said.

Rose Naava, a business woman from Busega learnt that no one is too poor to save. "I have never saved all my life because I thought saving was for the rich. I have learnt that one can save a small amount per day and I am going to start. I wish I had started saving early," Naava said. She even advised URBRA to sensitise young ones especially in universities and secondary schools so that they grow up knowing the importance of saving.

Tenywa Paul, a member of Ndeeba Yagaliza Ofune Group said that the seminar had been an eye-opener. "In our group, people don't have clear objectives for saving. People save for the purpose of buying a TV and they want to withdraw their money after a few months moreover they expect interest. I hope they have learnt from this seminar that it is important to be patient when you are saving," Tenywa said. He further expressed confidence that URBRA would ensure the safety of their savings. "Many of us lack of confidence in the system and fear that someone will steal our money. We have learnt that URBRA will ensure the safety of our savings."

Kalule Yasin Mayanja, a boda boda rider in Ndeeba and member of Mpomba Investment Club was happy to have participated in the seminar. "I've gained a lot from the seminar. We spend a lot of time in useless things and yet we could use our time more profitably. I will stop wasting time. In terms of preparing for retirement, I will invest in land and property."

Awareness is the first step towards behavioural change. From the participants' feedback, it was clear that they were now seriously considering the steps they were going to take to save for retirement.

Area MP Hon Kato Lubwama capped it all by saying: "stop living extravagantly ad wastefully. Rather focus on long-term saving if you want to live a good life in old age."

The health camp team support a patient to walk and access medical attention.

Over 1000 people benefit from URBRA's health camp in Lira

By Lydia Mirembe

When URBRA planned to conduct a health camp in Lira, there was no knowing how big the turnout would be. The plan was to address heart conditions and diabetes - key health issues for the elderly – targeting 1000 people. By the end of the two-day camp, 1246 people had received medical attention, cutting across age, gender, and coming from districts further afield. Records show that beneficiaries came from Lira, Dokolo, Alebtong, Oyam, Apac, Otuke and Kole districts. What a success!

The two-day medical camp was organized as part of URBRA's Corporate Social Responsibility (CSR) programme and was conducted on 6th-7th March 2020 at Akii Bua Stadium in Lira Municipality. The main objectives of the camp were: to give back to citizens by providing free medical attention to the disadvantaged and vulnerable and to raise awareness about the importance of saving for retirement.

Pearl Medical Centre managed the health camp with a twenty-four strong team comprising cardiologists, physicians, general practitioners, clinical officers, senior nursing officers, laboratory technicians and dispensers from the Regional Referral Hospital, local health centres and some from Mulago national referral hospital.

Even before daybreak the stadium was teeming with people from all over Lango region. In fact, many had reported the previous evening and spent the night at the stadium since they had heard on the radio that the principle of first come first served would apply.

Ahead of the health camp, local leaders at district and village level undertook massive mobilization through radio talk shows and announcements; notices in places of worship, market places and other public places; and banners placed in strategic locations. So, when the camp kicked off at 8.00am on 6th March, there were already too many people waiting to receive a much-needed service.

"People are sick. They need medical attention, but they can't afford the service. When an opportunity like this is presented, the huge turnout doesn't come as a surprise," said the Assistant District Health Officer, Dr. Edmond Acheka.

He further said that Lira district was grappling with myriad health challenges like malaria mostly affecting women and children; multi-drug resistant TB; pneumonia; high prenatal and maternal mortality rates. Add to that an inadequately facilitated referral system, lacking vital equipment and ambulances.

Dr Isaac Orec receives a microscope donated by URBRA to Amach HCIV.

Indeed, the dire need could be seen from the look and conduct of the expectant crowd. In the beginning there was pushing and shoving as everyone made a beeline for the doctor's desk. The camp attendants tried to create some order but the crowd surged. Even those who looked gaunt and frail were making efforts to push through the crowd, albeit without making much headway!

Some could barely walk and had to be supported; some were wheeled in by their caretakers; others just lay on the ground waiting for someone to pick them up. With the help of some police officers and the indefatigable camp staff, order reigned. The patients were assured that they would all be served.

So, they queued up patiently, endured the sweltering heat and waited for their turn each. For those who required hydration, a water bowser on site. One by one they went through triage, doctors' consultation, laboratory tests, diagnoses and eventually to the dispenser to get their recommended medicines. By the end of day one, 700 patients had got attention. Day two was even better and faster because everyone had got the message that they would all see the doctors and no one would be left behind.

Hajji Hassan Nakabaale, URBRA's Director of Communication and Public Affairs said that health complications were key among the challenges of old-age poverty.

"I came very early in the morning, but there were too many people. At some point I wanted to give up and go back home but my friends encouraged me to stay. Finally, my turn reached and I saw a doctor. I've been treated and advised on how to manage my health. I urge people to be patient because they will all be served," said Lyth Opira a retired agricultural extension worker from Agali sub county.

As patients and doctors carried on with their interactions, public education messages were being delivered. Speaker after speaker emphasized the need for citizens to adopt healthy lifestyles in order to avoid some diseases and to seek medical attention before they get too sick.

The Lira District Police Commander, SP Fred Mugerwa cautioned people against laziness and recklessness which result in non-communicable diseases. He urged them to exercise regularly and remain physically fit, to avoid diseases. One of the medical personnel at the camp, Dr. Isaac Orec observed that most of the health issues people presented were preventable because they related to lifestyle. He advised participants to eat a balanced diet, exercise regularly and drink lots of water.

Mr. Milton Odongo, the Resident District Commissioner (RDC) thanked URBRA for organizing the medical camp as it was aligned to the government's programme of improved health services. He reiterated that everyone would retire one day as they grew older and would therefore benefit from URBRA's services.

Hajji Hassan Nakabaale, URBRA's Director of Communication and Public Affairs said that health complications were key among the challenges of old-age poverty. He noted that many elderly persons lead destitute lives because they did not prepare for retirement. He urged participants, mainly the youth, to start saving for their old age.

The Chief Guest, also URBRA Board member, Dr Robert Okello observed that some people at the camp were facing old-age poverty and its various challenges.

got something out of this camp. I will take my medicine back home and show them what URBRA has done for me. URBRA should stay for at least one week and reach many more people in the villages. People are sick!"

which just had to be managed at home.

He also reaffirmed SP Mugerwa's position that many people were sick because they were unfit. "People should exercise regularly and feed well, to avoid heart disease," Dr Sebatta said.

Lira District Assistant Health Officer, Dr. Edmond Acheka addresses people at the camp

Dr Isaac Orec receives a microscope donated by URBRA to Amach HCIV.

URBRA Board Member Dr. Robert Okello addresses the gathering at the health camp

"Pensions are key to avoid old-age poverty therefore you should start saving while you're young," he said. Dr Okello urged all beneficiaries to continue visiting the hospitals and to take their full doze as prescribed by the medical personnel. He handed over two microscopes donated by URBRA to Amach Health Centre IV and Pentecostal Assemblies of God (PAG) Health Centre, and indicator that the services would go on beyond the two days of the health camp.

Indeed, for many of the residents who got medical attention, the benefits would go well beyond the two days at the camp as Akot Susan, a Catechist from Aloi sub county, Alebtong district observed: "People are really sick but they didn't come because they lacked transport. We need medical services that is why we came all the way from our district. We have

For Simon Riyek, from Kole District, it was the acquisition of documented diagnosis which he would use in the future to seek better medical attention. Said he: "I have a problem with my eyes. Earlier I was given a prescription but I could not afford the glasses. I have been given some eyedrops and tablets to manage the pain as I wait for an opportunity to buy glasses. I will use the records to get more medicine from my local health centre. Tomorrow I will bring my wife to see the cardiologist because she has a heart problem. I am grateful to URBRA for the service rendered."

Indeed, Simon's wife was one of the many patients that cardiologist Dr. Erias Sebatta attended to the next day. Like her, many people reported heart conditions, but had never accessed any form of medical attention. Dr. Sebatta observed that most of the patients had high blood pressure

As the health camp came to a close on Saturday 7th March, there were appeals for more support. The ADHO, Dr Edmond Acheka recommended that the camp should last at least one week so that more people get to see a doctor. The RDC appealed for more medical equipment to be sent to outlying health centres like Ogur and Agali; the DHO appealed to URBRA to expand the scope of the camp to cater for more health conditions besides heart problems and diabetes.

Clearly, there's a great need out there but URBRA can only do so much. One sure way to mitigate some of the health issues that come with old age, is to start saving early while still young, energetic and productive.

Retirement Plan

Tips for a Solid Retirement Plan

Retirement planning is an intricate multi stage process that develops over time, with a successful retirement hinging on a good plan. To have a comfortable, secure and enjoyable retirement, you don't only have to worry about building the financial incentives that will enable all this. The enjoyable bit is why you need to whole heartedly attend to the momentous and possibly hectic part: planning how you'll get there.

Planning for retirement starts with mapping out your retirement goals and the duration needed to meet them, as you save that money, you have to think of ways to make it last the entire while of your retirement.

These are some of the tips to consider in order to build a solid plan for your retirement.

Understand Your Time Horizon

Your current age and expected retirement age create the initial groundwork of an effective retirement strategy. The longer the time between today and retirement, the higher the level of risk your portfolio can withstand. If you're young and have 30-plus years until retirement, you should have the majority of your assets in riskier investments, such as stocks. Though there will be volatility, stocks have historically outperformed other securities, such as bonds, over long time periods. The main word here is "long," meaning at least more than 10 years.

Determine Retirement Spending Needs

Having realistic expectations about post-retirement spending habits will help you define the required size of a retirement portfolio. Most people believe that after retirement, their annual spending will amount to only 70% to 80% of what they spent previously. Such an assumption is often proved to be unrealistic, especially if the mortgage has not been paid off or if unforeseen medical expenses occur. Retirees also sometimes spend their first years splurging on travel or other bucket-list goals.

Assess Risk Tolerance vs. Investment Goals

Whether it's you or a professional money manager who is in charge of the investment decisions, a proper portfolio allocation that balances the concerns of risk aversion and return objectives is arguably the most important step in retirement planning. How much risk are you willing to take to meet your objectives? Should some income be set aside in risk-free Treasury bonds for required expenditures?

Stay on Top of Estate Planning

Estate planning is another key step in a well-rounded retirement plan, and each aspect requires the expertise of different professionals, such as lawyers and accountants, in that specific field. Life insurance is also an important part of an estate plan and the retirement-planning process. Having both a proper estate plan and life insurance coverage ensures that your assets are distributed in a manner of your choosing and that your loved ones will not experience financial hardship following your death. A carefully outlined plan also aids in avoiding an expensive and often lengthy probate process.

Monitor your investments in pre-retirement

Money needed 5-10 years into retirement is most vulnerable, so avoid overspending. If that money is lost, it is harder to recover over time. Look for investments with predictable income sources, but remember the more predictable the income, the lower the return.

Plan for inflation as a fact of life

Inflation and rising prices can eat away at the buying power of retirement funds. When planning for retirement, just assume prices will go up – and be planning for it.

Discuss with your partner about retirement spending

Be open with your spouse or significant other about how much you think you should, and will, spend in retirement so that you're both on the same page. Just as couples discuss buying a new car or a house while working, it's always a good habit to talk though financial matters in retirement as well.

Focus on physical health

Given the high costs of health care, focusing on physical fitness today is key to staying fiscally fit in retirement. Health care costs are often overlooked by retirees, despite the fact that it's constantly in the news and is still spinning out of control. Health care expenses could really burden your finances when you consider the projections:

> Having realistic expectations about post-retirement spending habits will help you define the required size of a retirement portfolio.

Create a budget and follow it

The best way to plan a budget is to know how much you can spend. But alas, most people don't bother to calculate how much they can safely spend in retirement. If you need help starting out, meet with an investment professional, like the majority of people who said they calculated their annual spending in retirement. An investment professional can provide additional insight and tools to help you stay on track with your plan. Speaking of which…

Get a good investment professional

You go to the doctor to help you stay healthy, so having an investment professional you work with regularly is a smart way to plan for fiscal health in retirement. Ask friends for recommendations on who they use, since referrals are often the best way to locate a good investment professional.

Watch travel expenses in retirement

Travel is cheaper and easier when you're mobile, so take big trips when you are younger. Don't save all of your vacations for retirement as this will be more costly. Also, don't take overly expensive vacations. As you are smart about spending when at home, keep the same habits while traveling.

Pay off your debts

Debt takes up a significant portion of funds that you could have contributed to you're your savings. By paying off your debt you can tap into your extra resources and direct them for retirement, eliminating a significant monthly expense.

Work longer

One of the best ways to ensure you have sufficient money well into retirement is to work a few additional years, beyond what you originally had planned. It may not be what you want to do, but it will add more cushion to your nest egg in the long run. Even just a couple more years of work income can add significantly to your retirement funds.

Expect to spend more

No matter how much you plan, surprise expenses are inevitable. Budget for unexpected expenses, as well as costs like property taxes and household maintenance costs that may go up dramatically during retirement.

The overall good news is that making a few small changes – maybe working a few years longer, saving a bit more each month and adopting some healthy lifestyle habits – can add up to a much more comfortable retirement. Talk to an investment professional about how you can save for retirement and be prepared.

Compiled by Billy Bruno Gang
Source: nationwide.com and investopedia.com

Testimony

How Mwine transitioned from formal to informal employment

It is often said that passion drives portfolio. Edson Mataara, a former Kyambogo University electric technician resigned from his job to start his own welding business in Rugando, Mbarara District.

This was after the 46-year-old realised that there was need for services in the hard to reach areas like Rugando. Thus, he began his journey of transitioning from formal to self-employment. Mataara started by moving from door to door looking for clients but because he had not established a physical workshop for an address, people did not trust him easily.

To be relevant in the community, Mataara started teaching at a local Technical Training Institute in Rugando and conducting private coaching sessions for interested students. Soon, the trained students started spreading news about his work by word of mouth and this subsequently increased demand for Mataara's electrical services in the community.

Having crossed from Kyambogo University to the government Technical Training Institute, Mataara decided to withdraw his NSSF benefits under the exemption employment benefits provision. These benefits are paid to contributing members who join employment categories that are exempted that are exempted from contributing to NSSF. These include the Police, Army, Prisons, Civil Service and Government Teaching service employees.

Saving with the NSSF has been an opportunity for Mataara because he has been able to follow his passion that is coincidentally in line with his profession. Everyone especially the youth should start saving with the little they have.

Mataara's total NSSF benefits amounted to UGX 600,000 only. He defied the belief that saving and investing is a preserve of the rich. He first registered a company known as Mataara Electrical Contractors and Engineers then opened up an electrical shop that he mainly stocked with his hand-made welding machines.

"I was inspired by the global paradigm shift from woodwork to metal work. I am a skilled person and therefore I have to exploit and pass on the skills to the next generation especially in this village of Rugando. My welding machine business serves two functions and that is training and business," Mataara says.

He has so far made over 20 welding machines with each selling for about UGX1,000,000. He has also established an electrical shop in Rugando Trading centre.

The demand of his products has been driven by many factors such as the government policy of Electricity Connection Policy (ECP) for all villages; the customers' shift from woodwork to metalwork; the quality of his welding machines; and the students he trained in the same field.

Mataara has been able to sell some of his products as far as Kasese, Bushenyi and Masaka. This has been his source of inspiration to continue in business despite the existing challenges.

He has so far trained more than 200 students in the field of electrical installation and welding manufacturing. His beneficiaries range from university graduates to students who are awarded with an informal certificate commonly known as certificate of participation.

"In future, I look forward to training more than 1000 students because there is need for this kind of skill. I decided to participate in the NSSF friends with benefits because I needed to increase the number of employees and boost industrialization in our region," Mataara says.

Saving with the NSSF has been an opportunity for Mataara because he has been able to follow his passion that is coincidentally in line with his profession. Everyone especially the youth should start saving with the little they have.

Testimony

Sarah's sweet retirement!

Without change there is no innovation, creativity, or incentive for improvement. Dr. Sarah Lubanga Mubiru an Agricultural scientist has changed the sweet business in Uganda by making sweets out of honey.

Before retirement, Mubiru worked with different Organizations such as National Agriculture Research Organization, Association for Strengthening Agricultural Research in East and Central Africa, Netherlands Development Organization and Food and Agricultural Organization of the United Nations.

In 2016, a 50-year-old Mubiru receded from her work to start her own business because, in her reckoning, there were many things she would have done but couldn't because of the work pressure.

During her years in employment, Mubiru saved with NSSF. Upon retirement, she decided to withdraw her NSSF benefits and it took her only one week to access money.

An amount of UGX 150 million was deposited on her account as her NSSF benefits. As one who had an innovative mind with a sweet tooth, Mubiru prioritized a sweet manufacturing factory which she named Aroma Honey Toffee where she makes sweets out honey. The investment was worth UGX 50-60M.

As an Agricultural Scientist with vast experience in the field of research, Mubiru also started a consultancy firm known as Sow and Grow Foundation with research fellows across the world which makes them able to bid for any business worldwide. Mubiru also purchased a plot in Kasangati that can be rented out to bring in some extra income on a monthly basis.

During her years in employment, Mubiru saved with NSSF. Upon retirement, she decided to withdraw her NSSF benefits and it took her only one week to access money.

"I have used my NSSF benefits to invest in many businesses but Aroma Honey Toffee is still an outstanding innovation because I have not seen any sweet that is locally made in Uganda and this gives me the morale to improve the quality of my product to meet the world standards," she said.

Aroma Honey Toffee has already been recognized by the Bio-innovate Africa and the institute has recommended the sweet to be sold across East Africa. This prompted Mubiru to get more partners in the region.

Aroma Honey Toffee has now got its regional partners such as Salongo Rehabilitation Group and Union of Bee Keepers of Ishuwari in Kenya and Rwanda respectively.

Aroma Honey Toffee employs about three part-times skilled employees whose daily job is to make sweets, package them and distribute on orders because apparently Aroma Honey toffee is not yet in supermarkets due to delays in certification.

Mubiru's main challenge is lack of adequate and relevant information in the industry of manufacturing and business development for example she has been asking herself how best one can organize the confectionery product like Aroma Honey Toffee.

Despite this challenge, Mubiru has read many books with relevant information, attended workshops and went back in a classroom to study business development and she acknowledges that learning is a continuous process.

A 53 -year- old Mubiru looks at a future where Aroma Honey Toffee is going to develop into a big regional sweet industry in the East and central Africa employing over 1000 employees because of its current potential.

The agricultural scientist decided to apply for voluntary saving with the NSSF even after she had withdrawn her NSSF retirement benefits and that should serve as an inspiration to all people both employed or unemployed. Mubiru does not agree with the current debate that savers should get their benefits at the age of 45 years.

Schemes Regulated by the Uganda Retirement Benefits Regulatory Authority (URBRA)

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