URBRA

UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY

Protecting your retirement benefits

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Prioritises sector regulation, supervision, scheme governance and administration to protect your retirement benefits.

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ABOUT US

Uganda Retirement Benefits Regulatory Authority is an autonomous body established by virtue of section 2 of the Uganda Retirement Benefits Regulatory Authority Act 2011

OUR MANDATE

Supervise and regulate the establishment, management and operation of Retirement Benefits schemes and protect the interests of members and beneficiaries of retirement benefits schemes in Uganda

OUR VISION

A vibrant, secure and sustainable retirement benefits sector

OUR MISSION

To Regulate, Supervise and promote the development of a stable and effective retirement benefits Sector

CORE VALUES

- Proficiency
- Integrity
- Innovation
- Transparency
- Accountability

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Uganda Retirement Benefits Regulatory Authority (URBRA)

URBRA is an autonomous body established by virtue of Section 2 of the Uganda Retirement Benefits Regulatory Authority Act 2011. It is responsible for regulating the establishment, management and operation of retirement benefits schemes in Uganda in both the private and public sectors. URBRA is an oversight body and NOT a Retirement Benefits Scheme.

The Objectives of Establishing URBRA include:

- Protect the interest of scheme members and beneficiaries by promoting transparency and accountability;
- Ensure the stability and integrity of the financial sector through the stability and security of pension funds;
- Ensure sustainability of the retirement benefits sector
- Set the foundation for the gradual liberalization of the sector.

URBRA's Services

- License retirement benefits schemes, trustees, administrators, fund managers, custodians; approve actuaries or auditors.
- Supervise retirement benefits schemes and service providers
- Conduct research and provide information about the sector
- Handle complaints relating to retirement benefits
- Conduct public education to improve awareness and understanding of the importance of retirement planning and saving.
- Make sector policies and regulations and implement government policy relating to the retirement benefits sector

Saving for retirement is like planting a seed today that will grow into a tree of financial security tomorrow

– Anonymous

The Importance of Retirement Planning and Saving

Traditionally, societies took care of their elderly in a communal setting. Communities acted as brothers' keepers. The community ensured that the elderly had enough to eat, decent shelter and medical care. As societies developed and expanded, extended families were replaced by nuclear families. Increasingly, individuals are taking charge of their own life, health and wellbeing, without having to rely on others. This cuts across ages, and is getting more evident even among retirees.

Retirement is an inevitable part of life. One may be forced to retire from active employment due to old age, or any other circumstances. Having a retirement plan is therefore a basic necessity and not a luxury.

Retirement planning is 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.

Benefits of Retirement Planning

- It helps to assess one's readiness to retire at a desired age to a desired life style. It provides an opportunity for one to identify actions to improve readiness to retire, acquire financial knowledge and encourage saving practices.
- Retirement planning enables you to focus on the big-picture, with the end in mind, knowing that retirement is on the horizon. It enables you to make better career and financial decisions.
- With a retirement plan in place, in the event that you are forced to retire early, you will be better prepared. Forced early retirement won't be so scary.
- Better health: With a planned retirement, you will lower your stress levels, and enjoy better health.
- Financial independence: You won't worry about being a burden for anyone, not even your children. Retirement should be smooth for you and your close ones.

- One bonus point: You can really be a cool grandparent. Retiring and getting older doesn't mean you can't stay cool. With good financial planning your grandkids will see how cool you are.

How to Plan for Retirement

Start with the end in mind. What are your retirement goals? As you develop the plan,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 your needs? Which networks will you maintain and which new ones will you secure? How will you maintain your spiritual wellbeing?

Operationalize your Retirement Plan

- Your plan is a guiding tool on how to prepare yourself to have an easier and enjoyable life in retirement. Identify strategies, actions and resources you need to achieve your retirement goals.

- Consider investing in products and services that bring both short-term and long-term cash, such as land, rentals, agroforestry, agriculture, money markets, fixed deposits and government bonds.

- For your mental and emotional wellbeing, plan to engage in hobbies you are passionate about and to develop new interests to keep you engaged.

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

- Do not spend extravagantly. 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; start with the little you have. Saving is a culture that you have to cultivate.

Remember to review your retirement plan regularly to keep track of your savings and investments.

"The first rule of personal finances is to spend less than you earn. The second rule is to save for retirement, and the third rule is to invest in your future"

-Sophia Bera

What is a Retirement Benefits Scheme?

It is a legally binding agreement or arrangement, under which members are entitled to benefits in the form of annuity or a lumpsum payable upon retirement, death, termination of service or upon the occurrence of an event specified in the written law, agreement or arrangement.

Retirement Benefits Schemes are established by law (e.g NSSF, Public Service Pension Scheme) or by the signing of a trust deed and rules by the sponsor and trustees. A retirement benefits scheme is established as an irrevocable trust under the URBRA Act 2011. The rules of the retirement benefits scheme must adequately protect the rights and interests of the members and beneficiaries. A Retirement Benefits scheme is operationalized upon the acquisition of a licence from URBRA.

Categories of Retirement Benefits Schemes:

Defined Benefit scheme: This is an arrangement where the benefits to the member or beneficiary are defined in advance, using a formula usually based on the employee's final salary and/or years of service. The scheme should be sufficiently funded by the employer, to be able to meet the promised benefits as and when they fall due. An example of a defined benefits scheme is the Public Service Pension Scheme.

Defined Contribution Scheme: Each member is allocated an account in which contributions are deposited monthly. Usually, both the employer and the employee make predetermined contributions. Benefits are determined by accumulated contributions and may not be guaranteed. The amount available for a member's retirement depends on the total contributions made to their account and the investment returns earned.

Schemes may also be Differentiated According to the Manner of Payout at Retirement including:

Provident funds: This means a situation where the scheme pays out a lumpsum to a member or their beneficiaries. Provident funds provide for only lumpsum pay out, which a member may use to purchase an annuity if they so wish.

Pension schemes: These provide for regular cash payments during retirement. Depending on the scheme rules, members may be allowed to commute part of their pension into a lumpsum payment and the balance is paid at regular agreed intervals. The advantage of a pension fund is that a member receives a monthly income for the rest of their life. There is no risk of spending their benefits all in one go as it is with the lumpsum payout.

Income draw down: This is a system of getting pension income when one retires, while allowing their funds to continue growing. Instead of using all the money to purchase an annuity, a member leaves the money invested and takes a regular income direct from the scheme.

Categorization by Scheme Sponsorship

Occupational schemes: These are schemes established by employers for their employees. Scheme membership is closed to employees only. Contributions may be made by both the employer and the employee.

Individual personal pension plan: These are established by private sector financial institutions such as insurance companies or fund administrators. The scheme allows individual members to build up assets for retirement through personal contributions.

Umbrella Schemes: These are established by private sector institutions. They allow the collection of contributions of employees of a single employer or group of employers, individuals, and members of an association or professional body. Contribution rates are determined by the Deed of Adherence and maybe made by both employer and employee.

Statutory scheme: These are established by Acts of Parliament. Examples include the NSSF Scheme, Parliamentary Service Scheme and the Armed Forces service scheme.

Membership to a Retirement Benefits Scheme

- Every employer (Amendment Act) of five or more employees is under statutory obligation to register and contribute on behalf of their employees to the mandatory 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.
- Membership to an individual saving scheme is voluntary. Self-employed persons or workers in the informal sector are free to apply for membership if they so wish.
- Employers and potential sponsors of retirement benefits schemes in Uganda are not under any statutory obligation to establish occupational schemes for workers. However, once established, the schemes are required to comply with the URBRA act and regulations.

> The right to enjoy the benefits of a retirement savings scheme is accompanied by the responsibility to regularly review and adjust your contributions, adapting to changing circumstances and maximizing your retirement potential.
>
> *– Anonymous*

Who is a Member of a Retirement Benefits Scheme?

A member is any person who makes contributions, or in respect of whom contributions are made to a retirement benefits scheme. Such a person is entitled to receive benefits from the scheme when the prescribed time comes. This may be at any of these moments: upon retirement; invalidity, disability, immigration or death.

There are two categories of members – an **active member** who is making contributions to a scheme and an **inactive** or deferred member who no longer contributes but receives benefits from the scheme e.g a pensioner.

Tools for Member Information, Communication, and Education

The URBRA Act and Regulations require trustees to give scheme members clear and appropriate information. This is one of the tenets of good scheme governance. It is advisable for trustees to maintain comprehensive policies regarding member information, communication, and education.

These policies will prescribe the communication tools and processes used in the scheme including-

- Annual General meetings
- Member Information Handbook
- Certificate of membership
- Annual (or more frequent) benefits statements
- Annual report to members
- Newsletters issued either monthly,
- Quarterly, or annually as determined by trustees
- Periodic "town hall" meetings

A Member Information Handbook:

This is one of the most important communication tool used to guide members about scheme affairs. It is an easy guide on how the scheme is structured and operated. It also summarises the benefits, rights and obligations associated with membership.

In case of any inconsistency between the information contained in the scheme communication tools and the Trust Deed, the Trust Deed and rules shall take precedence.

The Annual General Meeting (AGM):

It is a legal requirement for trustees to hold an AGM to inform members about scheme affairs. Trustees are required by law to give members sufficient notice prior to the AGM. URBRA Regulations require the trustees at the annual general meeting, to provide the members and beneficiaries with.

- Information about changes in the trust deed and rules of the scheme;
- Information about changes in the benefits and contributions structure of the scheme;
- A report about the remuneration and performance of the trustees;
- A report about the performance and costs of every service provider engaged by the scheme;
- A report of the audited accounts of the scheme;
- A report about the investments of the scheme; and

- Any other information requested by the members. It is advisable for trustees to establish an internal policy covering the arrangement, content, and conduct of the scheme's AGM. Such a policy should be consistent with the URBRA Regulations, the scheme trust deed, and rules.

Member Rights

A member is the primary customer of the scheme trustees and service providers. A member has a right to receive the following information from Trustees:

- A summary of the scheme trust deed and rules or the statutory instrument that set up the scheme
- Contribution rates and benefits payable in the scheme
- Annual benefits statement
- Scheme trust deed and rules or the statutory instrument setting up the scheme
- The scheme's audited financial statements
- Scheme Investment reports, Custodian's report, or Administrator's report
- Minutes of AGMs
- Access to benefits as prescribed in the scheme trust deed and rules
- Attend the scheme annual general meeting
- Elect member-nominated trustees
- Right to fair hearing and treatment
- Seeking guidance from the trustees regarding any matter of the scheme that may not be clear to the member

Obligations of Members of a Retirement Benefits Scheme

- Obtaining and clearly understanding scheme documentation including the trust deed and rules or the statute establishing the scheme
- Attending sessions organized for member information, communication or education.
- Nominating beneficiaries
- Providing trustees with the relevant and correct information regarding the member, his or her beneficiaries
- Conducting themselves in a manner that is respectful to the trustees, service providers, and other scheme members
- Complying with other obligations that may be prescribed in the URBRA Act And regulations.

Dispute Resolution Mechanisms

Trustees are required by law, to put in place an internal dispute resolution mechanism. The dispute resolution procedures should be expeditious, transparent, and easy to understand. The URBRA complaints handling guidelines 2020 state that; Any member that has a valid complaint against a retirement benefits scheme or an entity regulated by URBRA should first raise the matter with the scheme trustee.

A member who is not satisfied with the decision of the trustees arising out of the internal dispute resolution mechanisms can register a complaint with URBRA by writing to the Chief Executive Officer of the Authority and attaching supporting documents or evidence relevant to the complaint.

Start saving now, retire with peace of mind

Old age is inevitable, it's on you to make your retirement enjoyable.
Sign up with a Retirement Benefits Scheme licensed by URBRA today
and start saving from as little as USh.1000 daily to live an enjoyable retirement.

To find a licensed scheme for you, Contact us on 0417304500 or www.urbra.go.ug
This is a message from the Uganda Retirement Benefits Regulatory Authority.