URBRA

UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY

Protecting your retirement benefits

Newsletter

Quarter-3, FY 2022/23

Growth in the Sector

- **Sector assets; UGX19.9 trillion from UGX17.8 trillion in FY 2020/21**
- **Sector investment portfolio; UGX19.5 trillion in FY2021/22 from UGX17.9 trillion in FY2020/21**
- **Member contributions; UGX1.8 trillion in FY2021/22 from UGX1.7 trillion in FY2020/21**
- **Benefits paid out; UGX 1.4 Trillion from UGX 894 billion paid out in FY2020/21**

Retirement Benefits Sector accounts for 12.2% of Uganda's Gross Domestic Product (GDP)

2022 Annual Sector Performance Report

Saving and income generation still a far off dream for youth in Luwero and Bunyoro

Empower URBRA to improve sector performance - Hon. Lugoloobi

OPINION: Retirement from a Biblical perspective

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Chief Executive Officer's Foreword

Dear Reader,

It's always a pleasure to share with you updates and insights about the key activities and developments in the retirement benefits sector.

The end of the first quarter of the calendar year is a good time to stop and reflect on our new year resolutions. At this time, you realise the year is flying past, but you still have three quarters to go. Hence, you can still set yourself some targets if you hadn't already.

You can also adapt your resolutions and targets to suit the realities that the year has so far presented. You can now assert the year's projections with more confidence.

Whatever your resolutions and targets for 2023, at URBRA we say – it's never too late or to early to start planning and saving for retirement. So, if it wasn't in your new year resolutions and targets, now is a good time to incorporate it in your annual plan.

Find out more about the URBRA amended regulations and highlights of the retirement benefits sector performance in 2022.

In this issue of our quarterly newsletter, we share the key considerations to take into account when planning for retirement.

We especially lay emphasis on the aspects of retirement planning that are normally left unaddressed; the non-financial aspects of retirement planning. How do you work towards enjoying good health and wellness in retirement?

How do you plan for family, fun, firm and faith in retirement? What do the holy books say about retirement planning? You will find some interesting insights in this issue.

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

Martin Anthony Nsubuga

Chief Executive Officer
Uganda Retirement Benefits Regulatory Authority

Retirement Planning changes at different stages of life

Planning for retirement? There are a few things you need to understand about products available on the market, as **Brian Bongomin, Manager Business Development & Operations at Enwealth Financial Services Limited** explains.

Retirement planning is divided into two main phases – **accumulation and de-accumulation**. In the **accumulation phase**, people are younger, highly productive and are expected to save. The market offers products that allow you to build your savings. The Ugandan market has over 60 retirement benefits schemes, regulated by the Uganda Retirement Benefits Regulatory Authority.

When one leaves active employment and retires, they enter the **deaccumulation phase.** The kind of products here depends on how people saved. If they are in a pension fund, they will get monthly payments for a lifetime. If they are in provident fund, they will get a lumpsum or monthly payments.

There is evidence that most people lack the ability and the discipline to manage these lumpsum payouts. People don't now how to deal with such large sums of money at ago. They make mistakes. The market offers products that can help retirees manage their savings better.

One of the options available is the **income draw down.** Here you put your portfolio in a fund where you are paid periodically while still getting interest. You are directly involved in monitoring your portfolio. Should you fall out, the residue is given to you or your beneficiaries.

The second alternative is an **annuity**. You take your lumpsum to an insurance company and pay you for life. Unlike the **income draw down**, you cannot opt out of annuity because you have already committed your money.

Medical cover is the other alternative available. Health bills can take you by surprise. Moreover, in old age, there are more illnesses which may require huge sums of money per day. If you don't have insurance, those bills are a direct hit to your savings and your income. If you don't have cash, most likely you will borrow, but how many senior people can actually borrow? It is better to absorb the shock by securing health or medical cover. Health cover is available on the market, use it!

Some of these products come at no direct cost to the member because the fund manager manages the portfolio and the related risks. The cost is paid in form of interest they earn from the investment proceeds. However, for medical cover there is a direct hit to the member.

Whatever you opt for, it is important to at least have periodic payment because cashflow is very important in retirement. Retirement benefits in our market have a lifespan of two to three years, regardless of the amount. But when you explore and exercise the available products, you can be sure of prudent management and your savings will spread beyond the three years.

Retirement Benefits Sector accounts for 12.2% of Uganda's Gross Domestic Product (GDP)

2022 Annual Sector Performance Report

By Lydia Mirembe

At the start of 2022, the Ugandan economy fully reopened after two years of lockdown owing to the Covid19 pandemic. Citizens were optimistic that business would pick up and the economy would shake off the negative effects of the pandemic. However, conditions didn't improve that much. Commodity prices continued to rise, fuel prices didn't go down as expected … a prolonged dry season and the Russia-Ukraine war didn't help matters.

Despite the difficult conditions, the Retirement Benefits Sector experienced relative growth and contributed significantly to the national economy. The 2022 Annual Sector Performance Report recently issued by URBRA shows that sector assets grew from UGX17.8 trillion in FY 2020/21 to UGX19.9 trillion, accounting for 12.2% of Uganda's Gross Domestic Product (GDP).

The sector posted an average of 11.4% return on investment leading to a declaration of an average of 11% interest to members.

The sector investment portfolio grew by 9%, from UGX17.9 trillion in FY2020/21 to UGX19.5 trillion in FY2021/22.

Further improvement was observed in terms of contributions which grew from UGX1.7 trillion in FY2020/21 to UGX1.8 trillion in FY2021/22. The increment in contributions was attributed to registration of new members, increase in contribution rates and payment of outstanding remittances. Contributions from employers accounted for 66.2% while that from employees accounted for 33.4%

In terms of sector income, there was a 6% reduction from UGX2.1 trillion in FY2020/21 to UGX 2 trillion in FY 2021/22. This was mainly due to a fall in the value of share prices of listed equity that affected the value of investments and earnings.

Despite the impressive performance, the sector still struggles with key challenges which, in the long run, impact the outcome enjoyed by savers. The number of savers remains low, despite the improvement from 2.8 million accounts in FY2020/21 to 3.02 million in FY2021/22. There is need to extend coverage to include a broader section of the national workforce. The key issue here is that the labor market is largely informal, meaning that many of them are excluded from mandatory contribution to retirement benefits schemes.

The challenge of scheme operation costs and transparency persists. Costs relating to operations and service providers have a significant impact on the adequacy of savings. Many schemes are set up without considering cost-efficiency, especially in relation to their membership and fund value. Additionally, there is no clear basis for service provider fees. Inefficiency also arises from inadequate disclosure. In the Sector Performance Report, URBRA observes that reports submitted by schemes often lack notes or a breakdown of items disclosed in the components of financial statements. There is need to enforce compliance with the Authority's disclosure requirements.

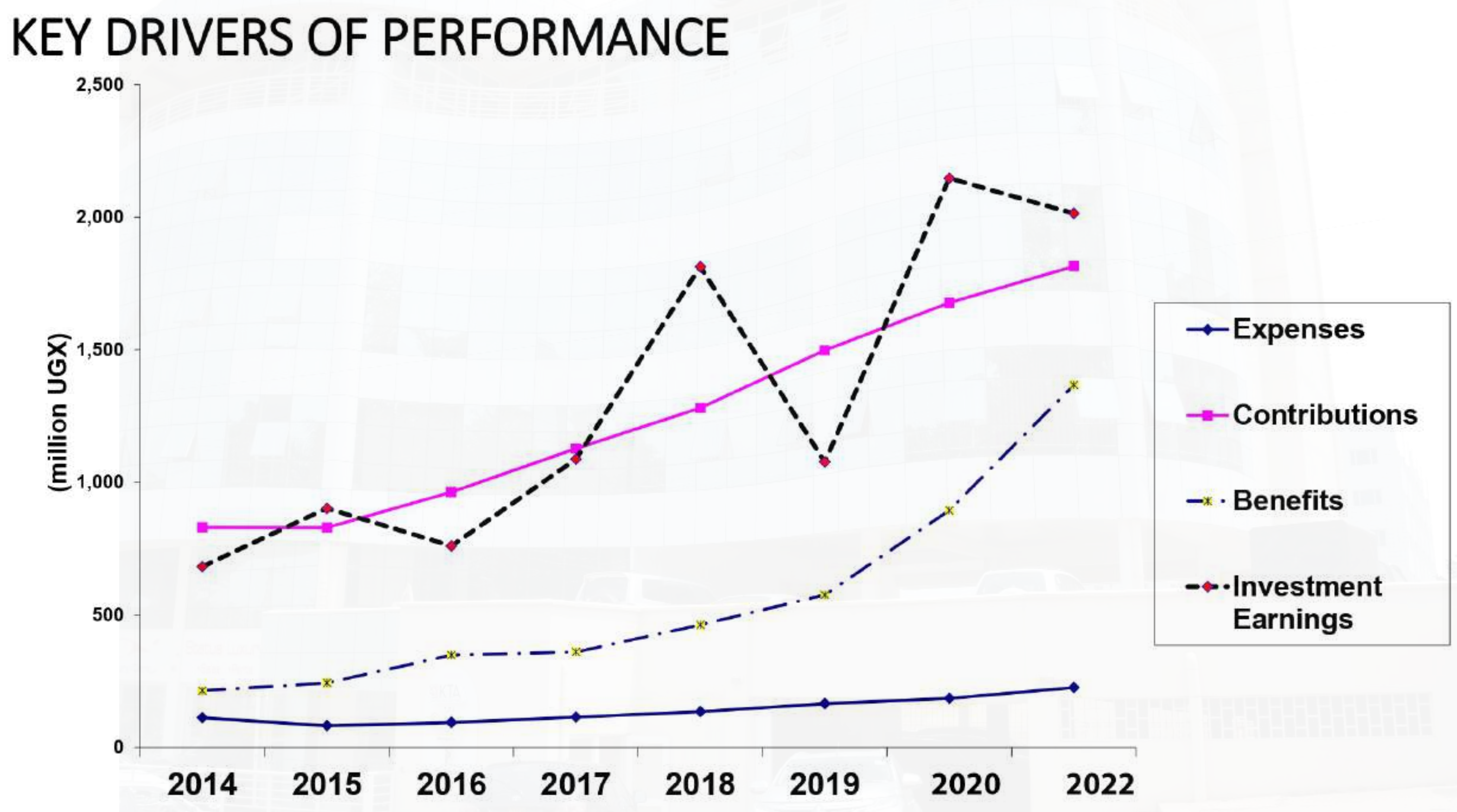
Other challenges observed include late and non-remittance of contributions; delays in payment of benefits to members; non-compliance with service level agreements; poor record keeping; failure to conduct performance evaluation of trustees and service providers; and failure to develop operational policies. All these can potentially impact the outcome enjoyed by scheme members.

Through its supervisory interventions, the Authority issued directives to schemes and service providers that failed to comply with the established laws and regulations. This resulted into the recovery of outstanding contributions to the tune of UGX3.6 billion; recovery of misappropriated funds worth UGX 80 million; and payment of outstanding benefits worth UGX257 million.

Going forward, at a sector level, all actors need to focus on the issue of coverage, preservation and adequacy in order to meet the main goal of retirement saving, which is to provide adequate income in old age. It is also important to re-think benefits design and lifetime income. There is need to develop proposals to offer pensions (income benefits) rather than lumpsum payouts currently offered.

Additionally, there is a need to limit the scale and scope of access to exceptional circumstances and introduce requirements for portability or transfer of retirement benefits between schemes.

In contribution to the continued growth of the sector, URBRA intends to strengthen and extend its supervisory reach; roll out a risk-bases supervision system; promote high standards of trusteeship and governance; invest in research and sector development to improve member outcomes; and accelerate public awareness and education to encourage more Ugandans to embrace retirement planning and saving.



Empower URBRA to improve sector performance - Hon. Lugoloobi

By Billy B.Gang

The Minister of State for Finance and Planning, Hon. Amos Lugoloobi has pledged to enhance the capabilities of the Uganda Retirement Benefits Regulatory Authority (URBRA) to enable it reach more Ugandans with its services that are geared towards preparing Ugandans for their retirement through saving. He was speaking at a familiarization meeting with the URBRA Board of Directors and Management.

Hon. Lugoloobi stressed the importance of supporting URBRA in its mandate, because the Authority regulates a big sector which contributes significantly to Uganda's economy. URBRA is responsible for regulating the establishment, management & operations of retirement benefits schemes for the public & private sector in Uganda.

The Minister further urged URBRA to focus on creating awareness and promoting the culture of saving for retirement. According to the Uganda National Labour Force Survey 2021 issued by the Uganda Bureau of Statistics (UBOS) the estimated working population of Uganda is 20.5 million, of which 10 million are in engaged in activities for pay or for profit.
However, URBRA's Annual Sector Performance Report, 2022 indicated that only 3,015,807 were subscribed to a retirement benefits arrangement, of which 2,213,257 are members of the mandatory National Social Security Fund (NSSF). This shows a need for more sensitization and mobilization of Ugandans to save for retirement.

Minister Lugoloobi also urged URBRA to ensure the stability of the sector and safety of savers' funds, emphasizing that Ugandans need reassurance, in the midst of the unfolding NSSF crisis. He emphasized the need to build capacity in URBRA to better deal with the challenges affecting the retirement benefits sector, which include low coverage stemming from public mistrust of the sector players due to past scandals, in addition to the lack of financial literacy among most members of the public.

To achieve financial literacy, Hon Lugoloobi pointed to the need for support to strengthen the regulator in every aspect including human resource and finances, so as to undertake the roles and functions of a regulator without constraint.

"We need to see how to make URBRA more powerful, more relevant, more public. Ideally, URBRA should be self-reliant and should not milk the taxpayer. It is ironical for the players to be stronger than the regulator. The regulator should be strong and authoritative. We need to discuss this issue," he stressed.

The Minister re-echoed government's commitment to ensure compliance to the NSSF Act (as amended) vowing tougher punitive measures against errant employers that do not remit the worker's savings to their schemes, "there are those entities that are not remitting as they should, they are breaking the law and breaches have to be punished."

Martin Anthony Nsubuga, the URBRA CEO noted that there are ongoing efforts to enforce compliance with the law which have led to a significant reduction in non-remittance of funds by employers from over 30 billion to less than 15 billion.

God fearing people should be financially secure and stable - IRCU

By Billy B.Gang

The Inter-Religious Council of Uganda (IRCU) has expressed solidarity with the Uganda Retirement Benefits Regulatory Authority (URBRA) in the mission of promoting long term retirement saving as a way to eradicate old age poverty. This was during an engagement between the two institutions at Fairway Hotel, 16th March.

Addressing participants, Ms. Caroline Bunga Idembe, IRCU head of Legal, Advocacy and Partnerships noted the importance of saving for periods of scarcity. Quoting Proverbs 21:20, Ms Idembe noted that there is a tendency for Ugandans to consume everything they earn, never saving some for a time of scarcity. "It is timely to have these discussions as they are rooted in the Holy Books. The Bible tells us that the wise store up their oil and food, but the fools gulp up theirs," she said.

According to the retirement benefits sector performance report of 2022, Uganda has an estimated working population of 23,545,400 but only 3,015,807 are covered under the existing retirement saving arrangements.

Mr. Martin Nsubuga, the URBRA CEO, observed that most of those who are not actively saving for retirement are those working in informal settings. "The question is, what will happen when they reach retirement age and their level of productivity falls?" Mr. Nsubuga wondered.

This lack of a saving culture in Uganda is what makes URBRA continuously engage in public education progammes and to work with various leaders, including the religious.

"Through their convening power, religious leaders bring together people from different backgrounds, and that's what we want to tap into. We therefore thought it appropriate to engage the Inter-Religious Council of Uganda so that we chart ways of working together to send the message of retirement saving to the faithful," Mr Nsubuga said.

The URBRA Board Chairman, Hon. Julius Bigirwa Junjura, acknowledged the importance of religious leaders in calling people together for a common goal like saving for retirement. "There are many leaders around the country but religious leaders are different. They are special because of the influence they hold in society," he said.

Hon. Bigirwa said that the engagement was the start of a journey for URBRA and IRCU to jointly address old-age poverty by promoting retirement planning. "Once we engage the IRCU, we shall go to the last Ugandan because they have access to people who have faith in them. When we have the religious leaders joining the crusade then we are on the right track. Our seed will fall on fertile soil," he said.

He requested URBRA management to pursue further engagement especially on the idea of forming a scheme as some religious leaders had suggested. "The seed we are sowing today should grow into something," he urged.

Hajji Hassan Nakabaale training youth of Nakasongola on how to reduce unnecessary expenditure and save for retirement

Saving and income generation **still a far off dream for youth in Luwero and Bunyoro**

By Madrine Nabukeera

The Ministry of Public Service in conjunction with Uganda Retirement Benefits Regulatory Authority (URBRA) have embarked on a countrywide campaign to rally the youth to embrace income generating activities and start saving for long-term purposes.

Over the past three months, this initiative has been rolled out in Greater Luwero (Nakasongola, Nakaseke, Luwero) and Bunyoro (Hoima, Masindi, Buliisa). Among the informal sector workers who attended the engagements were farmers, welders, saloon attendants, carpenters, transporters among others.

During the engagements, facilitators share knowledge about business start-up, reduction on unnecessary expenditure and saving for long-term purposes.

In Nakasongola and Nakaseke Districts, the youth repeatedly pointed out that engaging in income generating activities is their utmost wish, but generating seed capital has proven a challenge to many.

Hajji Hassan Nakabaale, the Chief Manager of Corporate and Public Affairs at URBRA, demonstrated how income can be generated through reducing unnecessary expenditures, saving and investing. However, he advised the youth to form cooperatives and incorporate collective saving, as this will benefit them more than saving individually.

He further gave a case study of one of the biggest associations of artisanal miners in Mubende, who were able to mechanize their trade by saving daily and started mining stones on a large scale. "These women I am telling you about were earning at least 10,000shs daily, but when asked what they use it for, it was discovered that after buying food, balance was spent on alcohol.

They were advised to form a group and saved 2,000shs daily," Hajji Nakabaale narrated. He added that, "a year later, the women were able to buy two trucks to transport their stones and expand their business.

They were also able to make extra money from hiring out the trucks. This couldn't have been possible if they had done it individually."

The Minister of Public Service, Hon. Wilson Muruli Mukasa, challenged the youth to desist from politicizing government programs aimed at empowering them. He urged them to take advantage of the initiatives like PDM to improve their livelihoods. "These programs are for everyone regardless of political beliefs," he said.

Not to differ from their counterparts in Greater Luwero, the youth in Bunyoro also decried the lack of capital. Could this be the major hinderance to starting up income generating activities among youth in most parts of the country?

Speaking at an engagement held in Biiso Sub-County Bulisa District, Mr. Julius Bigirwa Junjura the Chairman URBRA Board of Directors highlighted the realties of old age poverty, calling upon everyone to begin preparations for their old age.

"Time is coming when your ability to go to the garden every morning and cultivate will reduce, but you will need more than your current basic needs, what will you do? The solution is to start saving now. URBRA is here for that purpose," Mr. Junjura emphasized.

As much as income generation especially among the youth is a big concern, URBRA is optimistic that if youth begin saving as soon as they start earning, their retirement would be catered for. Those in the informal sector especially need to start early since they don't have a structured saving plan. They need to start small but be consistent, and let their savings grow over time.

Chairman URBRA B.O.D Mr. Bigirwa Julius Junjura addressing attendees of the engagement in Bulisa District.

Hon. Muruli Mukasa, the Minister of Public Service addressing attendees of the engagement in Bulisa District.

URBRA Amends regulations to improve efficiency of trustees and service providers

URBRA Chief Manager Legal Services, Ms. Rita Nansasi,

By Lydia Mirembe

In response to the changing dynamics in the sector operational environment, the Uganda Retirement Benefits Regulatory Authority (URBRA) in February 2023 issued amended regulations to address key issues like, financial disclosure and valuation of assets among others.

During a workshop to disseminate the amended regulations, URBRA CEO, Mr. Martin Anthony Nsubuga observed that the retirement benefits sector had developed significantly over the past ten years, rendering some of the previous regulations inadequate or even obsolete.

"The foundation of the supervision of this sector is premised on how the service providers and trustees do their work. So, we really respond to the dynamics in the market and listen to the issues that you put to us and improve accordingly," Mr. Nsubuga said.

He further noted that the regulations were a result of an extensive consultative process, which involved key sector players, which sets a strong base for easy implementation.

A total of eight regulations were amended, introducing new areas of compliance for trustees and service providers including:

- Distinguish between voluntary and mandatory contributions in the scheme reports.
- Submit half-year financial reporting for both June schemes and December schemes (unaudited).
- Introduction of the definition of financial analyst.
- Fund managers who develop the Investment Policy should not implement it.
- Investments should be made in the name of the scheme.
- Guidance on investments in collective investments schemes.
- Disclosure requirements by Fund Managers to Trustees prior to self-investment.
- Definition of self-investment.
- Prescribed methodologies for investment reporting.
- Strengthening corporate governance for umbrella scheme. Regulation 4(4).
- Prescribed the minimum number of trustees of an umbrella retirement benefits scheme as five (5).
- Composition of the board in umbrella schemes.
- Display of license issued to the scheme and service providers.
- Duty of trustees of schemes and services providers to inform the public that they are licensed by URBRA.
- Tenure of Trustees should not exceed 5 years renewable to a maximum of two terms.
- Duty to inform the Authority of any changes in the Fund Manager.
- Schemes are now required to have additional policies in place such as interest declaration policy, policy on benefits payment and any others prescribed by the Authority.
- Conducting of an annual general meeting is now required to be done within 6 months from the end of the year of the scheme.
- Trustees and service providers are required to avoid dissemination of misleading information to the public in advertisements.
- Remedial measures for non-compliance such as caution, cash penalties, imprisonment.

Presenting the amended regulations, the URBRA Chief Manager Legal Services, Ms. Rita Nansasi, cautioned stakeholders against non-compliance saying that remedial measures, administrative sanctions had been introduced, cutting across all the regulations.

Seeking clarification about the amendments, stakeholders raised questions about a wide range of issues such as: whether URBRA had considered a tribunal or an arbitrator in case of non-compliance; the regulator's effort to check service providers to ensure they are professional and give value for money; how long the schemes should hold on to a deferred member's accumulated benefits. They also sought to understand how URBRA had arrived at the 30% limit in the regulation concerning self-investment an whether collective investment schemes were considered an asset class.

Ms. Nansasi reassured all stakeholders that the amendments had been carefully considered and taken through a thorough consultative process, with the purpose improving the efficiency of trustees and service provers and of strengthening the oversight role of the Regulator, and ensuring the protection of savers' retirement benefits.

URBRA AMENDED REGULATIONS 2023

1) URBRA (Financial Reporting and Disclosure) (Amendment) Regulations 2023, SI.No. 9 of 2023
2) URBRA (Investment of Schemes Funds) (Amendment) Regulations 2023, SI. No.10 of 2023;
3) URBRA (Licensing of Custodians) (Amendment) Regulations 2023, SI. No. 11of 2023
4) URBRA (Licensing of Fund Managers) (Amendment) Regulations 2023, SI.No12 of 2023;
5) URBRA (Licensing of Retirement Benefits Schemes) (Amendment) Regulations 2023, SI.No. 13 of 2023;
6) URBRA (Licensing of Trustees) (Amendment) Regulations 2023, SI.No.14 of 2023;
7) URBRA (Management and Operation of Retirement Benefits Schemes) (Amendment) Regulations 2023, SI.No. 15 of 2023
8) URBRA (Licensing of Administrators) (Amendment) Regulations 2023, SI.No.16 of 2023;

Digital technologies enable women to take charge of their retirement prospects

By Lydia Mirembe

International Women's Day is a good time to apply a gender lens to all aspects of life – not only to draw attention to the traditional challenges and gaps, but also to mark achievements and to spotlight the opportunities yet to be exploited.

This year's theme – innovation and technology for gender equality – is an opportunity to reflect on the unexploited potential of ICTs, that could make women realise their dreams and aspire for higher goals.

Access and use of Information and Communication Technologies (ICT), has improved in Uganda, setting the stage for better connectivity, more access to information, greater economic empowerment and a whole host of other advantages. According to UBOS' National Labour Force Survey of 2022, of Uganda's estimated 43 million people, at least 69.4% have used ICT – in form of radio, mobile phone or computer.

The report further indicates that out of the estimated 21, 930,000 women in Uganda, 61.7% access internet daily, and 44% percent use their own mobile phones. Women are using these information and communication technologies for a wide range of purposes such as social networking, academic work, business meetings, infrastructure, shopping, job search and entertainment among others. This demonstrates that for many, the opportunities presented by ICTs are right in their palm.

Particularly reflecting on the retirement benefits and pensions sector, many licenced schemes and service providers have taken great strides in technological innovations, making it possible for all members to save and track their funds without geographical, physical or time encumbrances. For example, savers are able to post savings to their schemes using mobile money platforms and internet banking.

Retirement Benefits Schemes send monthly updates and statements to their members via email, text message and on specific computer and mobile applications. Even URBRA, the Sector Regulator, has upgraded to a technology-enabled Risk Based Supervision System, to strengthen the supervisory role and limit risks that would otherwise compromise the safety of savers' funds.

Most importantly, the proliferation of ICT platforms promises to enhance inclusiveness in the Retirement Benefits Sector. Traditionally, women have been disadvantaged in many aspects, limiting their ability to capitalize on available opportunities. The Uganda Bureau of Statistics, in 2017 released a report titled "Women and Men in Uganda: Facts and Figures."

The report indicated that men engaged more in paid employment, while women spent up to 30 hours a week on unpaid domestic work like colleting firewood, fetching water, taking care of children, the sick and the elderly. Even among those in formal employment, women tend to concentrate in less-paying service work and elementary occupations rather than highly-paid professional work and key positions such as CEOs and senior officials. All such conditions affect women's retirement planning and retirement benefits.

However, innovations in digital and ICTs now offer women a chance to participate more meaningfully in economic activities that improve their retirement outlook. With better digital literacy, women now have a chance to be more aware of developments and opportunities around them. They are more informed about requirements to start their own businesses; more productive; and able to attain more financial independence.

Digital innovations have opened up flexible ways of working. As the Covid19 period demonstrated, it is possible for more women to get involved in tele-working, as more businesses are now moving their operations online. With mobile and internet banking, women have greater control over their money and savings. On the whole, digital innovations give women the opportunity to participate equally in economic life and that is crucial to national development.

Women can take full advantage of these opportunities, not only to improve their current economic wellbeing, but also to enhance their retirement dreams and aspirations. It is therefore important to work towards providing the necessary digital infrastructure, make women more aware of the digital options available, and provide them with the required digital skills… Not only will they contribute more meaningfully to the national economy, they will also take charge of their economic destiny and improve their retirement prospects.

As the Sector Regulator, URBRA remains committed to supporting innovations that enhance retirement saving and improve the protection of retirement benefits.

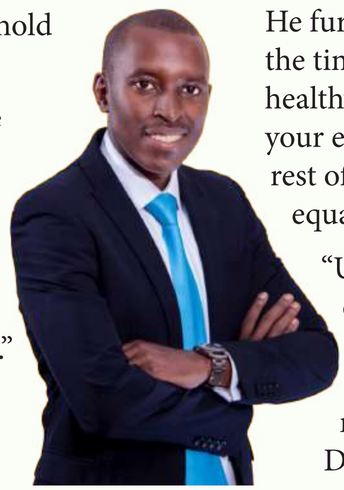
Being unhealthy *will cost you financially in retirement*

By Billy B.Gang

"People sacrifice their health for wealth but in their old age, they will sell that wealth to regain their health." That was Dr. Paul Kasenene's message as he addressed a webinar discussing health in retirement. The webinar was organized by URBRA, as part of its series focusing on non-financial aspects of retirement.

Dr. Kasenene, famous for his unequivocal messages about the dangers of unhealthy diets, told participants that good health in retirement depends on the choices people make in their younger years. He noted that the results of one's eating habits and lifestyle choices can only become manifest twenty years later.

Just as people diligently save for retirement over the years, the same principle applies for achieving health in retirement. "It is important to treat health with the same reverence with which we hold money.



Work on your health with the same discipline that enables you to accumulate massive savings and wealth," Dr Kasenene advised. "Good health is not something we can buy. However, it can be an extremely valuable savings account."

To attain and maintain good health in retirement, Dr Kasenene urged participants to adopt some key principles including:

- *Remain hydrated. Drink at least two liters a day; that is the amount of water you need per day.*
- *Eat a healthy diet. Keep in mind that you are what you eat. Every single part of our body is directly related to the food that we eat.*
- *To keep immunity strong and boost your health, - 50% of the food you eat should come from vegetables and fruit. Only 10% of our food should come from animal products*
- *Weight management is very important for optimum health and boosting immunity*
- *Practice gratitude and forgiveness*
- *Sleep and rest enough. The body requires a minimum of 7 hours of sleep each night. Aim to get 15 to 30 minutes each day for silence and quiet meditation*

He further acknowledged that it may be hard to find the time and energy to exercise regularly or prepare healthy meals. "However, if you keep in mind that your efforts will pay off in many ways, and for the rest of your life, it makes it easier. "A healthy youth equals a healthy older person," he quipped.

"Unlike in finance, with health you only have one shot at getting it right, one shot over one life. There are no second chances and no spare parts for the body no matter how much money you have saved for retirement," Dr.Kasenene said.

There's more to retirement than just finances

By Billy B.Gang

Discussions about retirement planning often focus on financial matters – saving, investing, accessing retirement benefits. The non-financial aspects, are often ignored, yet indeed they are a key part of retirement.

To bring these non-financial aspects to the fore, URBRA organized a webinar, which was addressed by renowned author and transformational coach, Ms Joan Mugenzi. She noted that retirement carries excitement, fun, and freedom but can also bring disorientation and disenchantment regardless of how much money one has. While finances are important, they are driven by the emotional, mental, and social human needs like belonging, family and purpose. All of these are none financial in nature and make living bearable.

You have to ask yourself some critical questions as you age and draw closer to retirement;

- Who will I be without my pre-retirement profession?
- How will I live without my employer identity?
- What will I do for over ten to twenty years in retirement?
- "Who will I spend my time with and where will I live?
- "What will be my purpose?"

Perhaps the most important non-financial consideration is to invest in relationships. "Find time to build meaningful relationships but these relationships must not be transactional; don't only reach out when you need some cash" Mugenzi said.

"Build relationships with trustworthy people who will come to your rescue when you need them, look out for you and protect you from self-seekers who want to take advantage of you. But this can only be achieved when you're an honest person yourself and have positively touched the lives of those around you," she advised.

Apart from strong relationships, Mugenzi advised participants to plan their estate and document their possessions in an asset inventory. This planning must include and put into account how you want your family and loved ones to deal with your belongings when you're gone.

"Develop an asset inventory to make it easy for people to support you when you are in your weak moments. People might want to support you but they don't know where to start. Don't demean yourself by hiding all your properties and assets. You want to leave order not chaos," she advised.

To summarise her insights on retirement planning, Mugenzi advised participants to develop their planning around the 7-Fs framework which includes: Family, Firm, Friendships, Fitness, Fun, Faith…and Finances. With such a framework, people will realise that retirement planning is much more than just finances.

OPINION: Invest in real estate, retire rich

By Gloria Nakyanzi

I recently met a gentleman who is left with two years to retire. While he had a thriving livestock farm with poultry and piggery projects, he didn't seem content. He was mainly concerned about the management of his farm and the financial responsibility for his large family. I inquired if he had considered real estate as another stream of income and he said that was something in the pipeline.

Investing in real estate pre- and post-retirement is a great way to generate passive income and to grow one's wealth. A typical Ugandan retiree has an average of 15 years after retirement to sustain their lifestyle. At this stage, healthcare needs increase and there is still some financial responsibility to family members or relatives. Investing to earn passive income mostly in real estate, can alleviate such financial burdens in the long run.

The opportunity

Low-cost housing in developing or urban areas is a suitable investment. It is affordable for tenants and has the potential for appreciation in value if the developing area becomes urban. It also has a low initial investment for a buyer, tax benefits mostly in form of allowable deductions of interest from mortgages and low property rates. Middle-income Ugandan developers, prefer low to mid-cost real estate investments because of the slightly minimal capital requirements and have consistent clientele. The rent usually ranges between UGX100,000 to UGX400,000.

The rise in rural to urban migration in search for better job opportunities, lifestyle, security, and healthcare increases the need for affordable places to stay. There is demand for reasonably priced facilities with good sanitation, privacy, access to transport and security in urban areas. Why wouldn't an individual invest in an opportunity like this? It's a great opportunity to retire rich.

The Security

Real estate is a tangible asset that can be seen, touched and managed. Unlike stocks or other investments, real estate provides investors with a physical asset, this can be reassuring for investors who prefer to have more control over their investments. While investors take control of their real estate investment, they can make improvements to the property, manage tenants and control costs which impact the value of the investment. Real estate can provide a sense of security during retirement.

Passive income and accumulating generational wealth

Most retirees especially those in a later stage, worry about the next generation. They think the next generation isn't capable of sustaining itself financially. Real estate is a long-term investment and an avenue for passive income and generational wealth. The return on investment (ROI) can vary depending on the type of real estate. There are different types of real estate, residential, commercial, industrial, retail, land and special purpose real estate. Residential is the most popular type of real estate in Uganda. People are always looking for accommodation, either an apartment, bungalow or townhouse. This makes it a reliable type of real estate to invest in.

Diversification

By investing in a variety of assets, you can spread your risk and ensure that you are not overly exposed to any one type of investment risk. Real estate can offer reduced volatility compared to stocks or other investments. Real estate values tend to be less volatile and more stable than other assets, which can help investors minimize their portfolio risk. Real estate investments typically have low correlations with other asset classes such as stocks and bonds. Here is why real estate is less volatile than those other asset classes.

Stocks: While stocks represent ownership in a company, real estate represents ownership in physical property. As a result, real estate investments tend to be less volatile than stocks because they are not subject to the same market forces as stocks. Real estate is a relatively illiquid asset, meaning it cannot be easily bought or sold. This can reduce volatility because it limits the ability of investors to quickly buy or sell properties in response to market fluctuations. Real estate transactions typically involve fewer buyers and sellers than the stock market. This can make it less susceptible to sudden price swings that can occur in the stock market due to large buy or sell orders. Real estate investments tend to be more stable and offer a steady stream of rental income, which can help offset market volatility.

Bonds: While bonds offer a fixed rate of return, real estate investments offer the potential for appreciation over time. Real estate is a tangible asset, meaning it has a physical form and provides a utility or function. This can provide more stability because the value of real estate is tied to its underlying physical characteristics, such as location, quality, and condition. Bonds don't build equity as compared to real estate. Real estate property can be converted into cash faster compared to a long-term bond.

Hedge against inflation

Inflation can erode the value of cash and other investments over time, but real estate can provide a hedge against it. As the cost-of-living increases, the value of rental income and the property itself can increase as well, helping to maintain the value of the investment. Here is how real estate can hedge against inflation.

Rental Income: Real estate can provide a steady stream of rental income, which can help offset the effects of inflation. As inflation increases, so do the rental rates, providing investors with an opportunity to increase their income.

Fixed-Rate Mortgages: Investing in real estate can provide access to fixed-rate mortgages, which can be beneficial during inflationary periods. As inflation increases, so do interest rates, which can make adjustable-rate mortgages more expensive. Fixed-rate mortgages provide a level of certainty in the cost of borrowing, helping to hedge against inflation.

Asset-Backed Investment: Real estate is an asset-backed investment, meaning that it has intrinsic value that can help protect against inflation. Unlike cash and saving accounts that can lose value in times of high inflation, real estate investments have tangible assets that can hold their value during inflationary periods.

Supply and Demand Dynamics: Inflation can impact the supply and demand dynamics of real estate markets. During times of high inflation, the cost of construction materials and labor tends to increase, which can lead to a decrease in the supply of new homes. This in turn leads to increased demand for existing low-cost homes, driving up prices.

Appreciation in value

One of the great advantages of investing in real estate is that the value of land and property always appreciates, unlike other fixed assets such as transport Vehicles, industrial machinery, etc. The value of land or property is not the same as it was 10 years ago. The value will increase due to new developments in the area like upgrades and renovations, and proximity to marketable amenities like schools, health facilities, and shopping areas. Real estate value also appreciates in response to interest rates and the expansion phase of the housing market cycle. This means that an investment in real estate can provide a significant increase in rental income or capital gains, which can be realized upon the sale of the property.

On a final note, after careful research and due diligence, real estate has been a solid long-term investment with the potential of significant returns over time. An individual with a long-term investment mindset can achieve to build long term wealth through real estate.

OPINION: Retirement from a Biblical perspective

By Sylvester Bagenda

Retirement is a topic that is often overlooked or ignored by young people. However, it is a crucial phase in one's life that requires careful planning and consideration. In Uganda, retirement is often associated with financial security and independence, but it also has spiritual implications that should not be overlooked. It is therefore important to explore the concept of retirement from a Biblical perspective and offer some practical advice for young people in Uganda.

Firstly, it is essential to understand that retirement is not a modern invention. The Bible offers several examples of retirement. For instance, in Numbers 8:25, the Levites are instructed to retire from their duties at age fifty.

Furthermore, the Bible offers several principles that can guide young people in Uganda as they plan for retirement. One of the most crucial principles is the concept of stewardship. As Christians, we are called to be good stewards of the resources that God has given us. This includes our finances, time, talents, and relationships. In Proverbs 13:22 (NKJV), we read, "A good man leaves an inheritance to his children's children, but the wealth of the sinner is stored up for the righteous." This verse highlights the importance of financial planning for retirement. Young people should start saving and investing early to have enough money to live on during their retirement years. This requires discipline and wise financial management, such as avoiding debt and living within one's means.

Another important Biblical principle is the concept of contentment. In Philippians 4:11-12 (NLT), the Apostle Paul writes, "Not that I was ever in need, for I have learned how to be content with whatever I have. I know how to live on almost nothing or with everything. I have learned the secret of living in every situation, whether it is with a full stomach or empty, with plenty or little." This principle is crucial for young people in Uganda to understand because it teaches us to be content with what we have rather than constantly striving for more. Contentment is essential in retirement because it helps us appreciate and be glad for what we have.

Moreover, the Bible encourages hard work and diligence. In Ecclesiastes 9:10 (NKJV), we read, "Whatever your hand finds to do, do it with your might; for there is no work or device or knowledge or wisdom in the grave where you are going." This verse emphasizes the importance of hard work and diligence in one's career or business. Young people should strive to build successful careers or businesses that will provide them with a steady source of income during their retirement years.

However, retirement is not just about financial planning and career success. It is also about spiritual and emotional preparation. In Ecclesiastes 12:1 (NKJV), we read, "Remember your Creator in the days of your youth, before the difficult days come, and the years draw near when you say, "I have no pleasure in them;" This verse reminds us that our relationship with God should be the foundation of our lives. Young people should cultivate a strong faith and a deep spiritual connection with God that will sustain them throughout their retirement.

Furthermore, retirement is an opportunity to give back to others. In Philippians 2:3-4 (NIV), we read, "Do nothing out of selfish ambition or vain conceit. Rather, in humility, value others above yourselves, not looking to your own interests but each of you to the interests of others." In retirement, one may have some free time, which provides an opportunity to volunteer, mentor, or serve in other ways that benefit others. Young people should start cultivating a heart of service early on and continue this attitude into their retirement years.

In conclusion, retirement in Uganda is a critical phase in one's life that requires careful planning and preparation. Young people should approach retirement with a biblical perspective, which includes financial planning, career success, spiritual and emotional preparation, and a heart of service. By doing so, they can ensure a fulfilling and meaningful retirement that honours God and benefits others.

Source: Business Daily

Over 82% of retirees back to work amid high inflation

By PATRICK ALUSHULA

More than 82 percent of senior citizens are working for basic needs amid financial struggles, raising concerns about the adequacy of pension payouts and coverage of retirement benefits.

The Kenya National Bureau of Statistics (KNBS) quarterly jobs report shows that 776,159 of 869,338 people above the age of 60 were in active employment in December, representing 82.1 percent of the senior citizens in the country.

Many of those working were doing so to meet basic needs. Another 6,881 persons above the age of 60 joined young graduates in actively looking for jobs, says the KNBS survey.

This points to a possible deepening of old-age poverty, which in itself has significant social implications in a country where the traditional patterns of the young caring for the old are fast changing.

Workers above 60 years, Kenya's contractual retirement age, have increased by 7.7 percent or 55, 149 between March and December.

Analysts say the relatively low number of Kenyans saving for pension and the value of payouts at retirement have compelled many retirees or those approaching the legal retirement age of 60 to continue working.

This has been worsened by the fact that retirees are living longer on the back of improved healthcare and most prefer to reside in urban centres, a departure from past trends where the aged would retire to villages and smaller towns where life is less costly.

The Association of Kenya Insurers (AKI) Chief Executive Officer Tom Gichuhi says increased life expectancy on improved healthcare means many people are turning 60 years while still energetic and willing to continue working in line with the trends being witnessed globally.

He, however, adds that while old age working in countries such as Estonia, Sweden, Canada, and Japan is mainly motivated by labour shortage, the Kenyan case is usually due to meagre or no retirement savings.

"Many people are retiring and asking their employers for some extension while others go looking for other jobs since they feel inadequately financially prepared to face retirement. This speaks to the deficiency in savings," said Mr Gichuhi.

"But there are other factors making people hang onto to work including the need to run their own businesses as opposed to a deficiency in savings.

They just want to be actively engaged, out of a habit formed over time." Payout of retirement benefits in a lump sum instead of in monthly installments forces many retirees to go into business or seek employment after spending their windfall.

Pension experts reckon that well-run retirement benefit schemes have the ability to compensate retirees an equivalent of 30 percent of their incomes.

Inflationary pressures are forcing retirees to seek work, in particular part-time jobs, to cover the costs of food and medicine.

Kenya's inflation has since June breached the target range of 2.5-7.5 percent, prompting the Monetary Policy Committee (MPC) to raise benchmark interest rates to curb consumer spending.

Despite increasing the benchmark lending rate three times since September, inflation has remained outside the preferred government range since June last year.

Costly food and fuel due to the worst drought in 40 years and Russia's invasion of Ukraine pushed inflation from 7.1 percent in May to 9.2 percent last month.

The financial insecurity that inflation has caused this year has forced many older adults to make difficult decisions, analysts say, adding that many people are delaying retirement.

A 2019 Research Plus Africa findings said 79 percent of Kenyans want to start a business after retirement while 19 percent do not plan to retire at all since they have inadequate savings.

About 39 percent of respondents said they viewed their children as the retirement package while 61 percent said they were not earning enough income to allow them to save for old age.

Kenya also suffers from low pension coverage with over 70 percent of Kenyans retiring without a pension, save for the less than the sufficient payout from the State-backed National Social Security Fund (NSSF).

The NSSF's monthly contributions stand at Sh400 and the fund on average payouts less than Sh250,000 when a member retires.

Kenyans on average, are living longer and the rank of the elderly poor is rising as the traditional social fabric yields to the forces of rapid urbanisation and changing social trends.

In the past, social security was not a bother to many Kenyans because there was a large extended family to fall back on in the rural areas, but as the social fabric changes and more people opt to retire in urban centres, the trend is increasingly becoming a headache to policymakers.

This is what prompted the State to start sending a monthly stipend of Sh2,000 to those above 70 years to cushion them from old-age poverty.