URBRA

UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY

Protecting your retirement benefits

# Newsletter

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## URBRA and ITC launch Trustee Training and Certification Programme


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# Chief Executive Officer's Foreword

## We got lemons in form of Covid19 and we made lemonade

The Covid19 pandemic took the world by storm and continues to wreak havoc. Recent statistics from the Ministry of Health indicate a cumulative figure of 90,391 infections countrywide. The economy has taken a pounding. Businesses have closed; people have lost jobs and livelihoods; …the full extent of the damage is yet to be known.

Yet we persist and keep hope alive. What matters is how we respond to challenges. The retirement benefits sector has been exemplary in this regard – it has remained fairly stable, and continues to perform relatively well in terms of investment and governance.

When the outbreak dawned on us, we were taken aback wondering how people could balance between today's pressing needs and saving for old age. If people don't have food for today, how can you expect them to worry about retirement which is 35 years away? Indeed, many wanted to raid their retirement saving accounts and use some of the money to address needs like food and medical care.

We challenged them to persist and resist the temptation to touch their retirement savings because no one knew if or when the pandemic would go. But we were optimistic that the pandemic would end and everyone would still look forward to a happy retirement. But looking at it practically, how long would people survive on a portion of their savings?

What if their retirement savings were too meagre to save them from the Covid19 quagmire? Did they really want to take the risk of early partial withdrawal and miss out the benefits of compounded interest? We continue to advocate for long-term retirement saving, and encourage citizens to have different saving pots for other crises like Covid19.

Impressively the sector has successfully weathered the Covid19 storm despite adverse effects like a decline in contributions; delayed remittance of contributions; and reduced income owing to suspended distribution of dividends by financial institutions. Some schemes folded and some licenced trustees left. Other schemes responded strategically by reallocating their investment assets with a bias to government securities, to hedge against the overall negative performance of equities.

We have found ways of making lemonade out of the lemons handed down by the pandemic. Most notably, we have taken up the opportunity availed by technology to continue our operations uninterrupted. The authority has since October 2020 initiated onsite virtual supervision; webinars quickly replaced physical seminars and workshops. Thankfully, players in the sector have warmed up to the changes and the sector is marching forward.

As the pandemic rages on, all sector players remain focused on the future. URBRA will continue to strengthen its oversight role and ensure that whatever the tide, the sector sails through. We shall continue with our public education campaigns; keep tabs on the sector legal framework to make sure it suits the times and challenges; and enhance our risk-based supervision capabilities to identify and prevent risks in real time.

Most importantly we want to keep you abreast of key developments in the retirement benefits sector, hence the introduction of a quarterly newsletter - of which this is the first issue. Please enjoy the updates and if you have any news to share, this is an outlet to consider.

**Martin Anthony Nsubuga**
**CEO, Uganda Retirement Benefits Regulatory Authority**


# IOPS commends URBRA's legal, governance performance

The International Organisation of Pension Supervisors (IOPS) gave a 70% rating to URBRA's current Legal framework and governance structure, and urged other regulators to pick lessons from Uganda. The rating was done under the IOPS review of supervisory systems, which follows ten principles viz.

1. National laws should assign clear and explicit objectives to pension supervisory authorities.
2. Independence - Pension supervisory authorities should have operational independence
3. Adequate Resources - Pension supervisory authorities require adequate financial, human and other resources
4. Adequate Powers – Pension supervisory authorities should be endowed with the necessary investigatory and enforcement powers to fulfil their functions and achieve their objectives
5. Risk Based Supervision -Pension supervisory authorities should adopt a risk-based approach
6. Proportionality and Consistency - Pension supervisory authorities should ensure that investigatory and enforcement requirements are proportional to the risks being mitigated and that their actions are consistent
7. Consultation and Cooperation - Pension supervisory authorities should consult with the bodies they are overseeing and cooperate with other supervisory authorities domestically and internationally
8. Confidentiality - Pension supervisory authorities should treat confidential information appropriately
9. Transparency - Pension supervisory authorities should conduct their operations in a transparent manner
10. The supervisory authority should adhere to its own good governance practices – including governance codes, internal risk-management systems and performance measurement - and should be accountable

According to Ms. Rita Nansasi, URBRA's Director Legal Services, the Authority participated in the process because out of necessity and good practice. we are encouraged to join IOPS in order to measure ourselves at a higher level. It helps us to check our practices," the Director said.

The outstanding performance was a result of URBRA's deliberate efforts to implement all the provisions in the legal framework. "We don't just keep the policies and regulations on the shelves. We implement and ensure that all entities comply. For example, since we introduced new regulations on management and operation of schemes we issue instant fines for non-compliance.

We may have short comings but we try," Director Nansasi explained. URBRA particularly prides in consulting all stakeholders when developing regulations which enhances ownership and facilitates smooth supervisory work.

The Authority was also rated highly on governance, because the Board does not interfere with management work, and the authority is administratively independent.

URBRA plans to sustain the achievements attained by building staff capacity to ensure that they have the aptitude to continue implementing according to the principles and indicators; learning from regulatory best practices and other regulators; improving the regulations that have short comings; and asking government to avail adequate resources to enable the Authority to fully implement its mandate.

In the assessment, URBRA was peer reviewed by other regulators among them Retirement Benefits Authority of Kenya. It was established that URBRA had fully implemented four of the principles (1,7, 8, 9); broadly implemented five principles (2,3,4,10); only principle 5 was partially implemented.

| Principle | Assessment of implementation | | | | |
|---|---|---|---|---|---|
| | Fully | Broadly | Partly | Not | N/A |
| 1: Objectives | ✓ | | | | |
| 2: Independence | | ✓ | | | |
| 3: Adequate Resources | | ✓ | | | |
| 4: Adequate Powers | | ✓ | | | |
| 5: Risk Orientation | | | ✓ | | |
| 6: Proportionality and Consistency | | ✓ | | | |
| 7: Consultation and Cooperation | ✓ | | | | |
| 8: Confidentiality | ✓ | | | | |
| 9: Transparency | ✓ | | | | |
| 10: Governance | | ✓ | | | |

# Revised financial reporting guidelines improve scheme returns

The Authority in 2020 issued new financial reporting guidelines to provide clarity, particularly on disclosure requirements. This followed the realization that there were variations in declarations owing to the difference in standards followed by each scheme.

The revised guidelines further require schemes to provide total accountability, breaking down how all money was spent.

For example, some schemes had reserve funds, while others had none. Also, there was the issue of declaring unrealised gains and unrealised losses depending on the nature of the scheme. The other issue concerned interest declaration, whereby some schemes had interim interest declaration policies while others didn't have, which disadvantaged exiting members. So, the regulator issued a guideline providing clarity on all such variations and to gain uniformity.

The new guidelines require schemes to keep unrealised gains, unrealised losses and unvested benefits in the reserve. Schemes can only declare when they are sure of realized value. The revised guidelines further require schemes to provide total accountability, breaking down how all money was spent. Trustees will also be required to develop a reserve policy to address the utilization of unvested benefits.

Since implementation of the new guidelines started in October 2020, the Authority has registered improvement in the quality and depth of scheme financial disclosures. This has also improved supervision, facilitating execution the Authority's mandate to protect member benefits.

# URBRA develops regulations enabling members to use their savings for housing loans and mortgages

The greatest advantage is that people will be able to get housing, a shelter over their heads and better interest rates from the banks.

Members of retirement benefits schemes can look forward to apportioning up to 50% of their savings for a mortgage or a loan to purchase a residential house. This follows URBRA's development of enabling regulations which now await the Minister's signature so that they become law upon publication in the Gazette.

For a long time, savers have expressed the need to use their savings as collateral to access loans so that they invest in productive projects when they are still young and strong enough. Faced with the Covid19 pandemic, people even demanded to be given access to part of their savings to enable them meet daily needs like food and medical care.

The provision for a mortgage or housing loan is different from the recent demand for mid-term access because the former is provided for in the URBRA Act, 2011. According to Section 68, 2 (a), a prescribed proportion of a member's benefits may be assigned and used to secure a mortgage or a loan for purchasing a residential house. With the demand for mid-term access during the covid19 pandemic, people wanted to get money and spend the way they wanted.

> **"Section 68, 2 (a), a prescribed proportion of a member's benefits may be assigned and used to secure a mortgage or a loan for purchasing a residential house.**

Some people are concerned that the new regulations will affect the funds' assets, but Ms Rita Nansasi, URBRA's Director Legal Services gave assurance that using savings as collateral would not diminish the value of the fund in any way.

"Members will actually not touch the money. Rather they will get a letter of comfort, a form of guarantee from the fund to get that mortgage, so that bank will look at them as better borrowers. Actually, someone should already have a means to pay and go to the fund as a last resort. You have to first exhaust all the options for payment," she clarified.

The greatest advantage is that people will be able to get housing, a shelter over their heads and better interest rates from the banks. However, those who have meagre savings with the funds will not benefit much because the regulations allow for only 50% of one's savings.

The Authority will now also develop regulations to enable members apportion a part of their savings to medical expenses, as provided for in the URBRA Act. Section 68, 2 (b) provides that a prescribed portion of a member's benefits may be assigned to pay for a member's medical treatment, upon recommendation of the Uganda medical Board.

# URBRA and ITC launch Trustee Certification Programme

On 16th April 2021, Uganda Retirement Benefits Regulatory Authority and Insurance Training College launched the Trustee Training and Certification Programme at the Kampala Serena Hotel, officiated by Mr. Moses Kaggwa - Ag. Director/Economic Affairs, MOFPED representing the Minister of Finance, Planning and Economic Development.

**On 19th April 2021, the inaugural Trustee Training and Certification Programme (TTCP) commenced at the Insurance Training College, kampala.**

The inaugural participants of the Trustee Training and Certification Programme undergoing a session at the Insurance Training College, kampala.

# Outcome-based pension planning: the urgent need to address preservation and adequacy of Retirement Benefits

While Ugandans continue to appreciate retirement planning and saving, many do not think critically about their retirement goals. Many have not crystallized their retirement dreams. Thus, it is likely that some people will retire, get their retirement benefits, squander the funds and end up in the deplorable situation of old-age poverty.

A post-retirement study conducted by National Social Security Fund (NSSF) found that all people who received their retirement benefits used up the funds within three years, the majority (53%) in the first year. Given that life expectancy after retirement is estimated to be 17 years or more, how does one live without a regular income; without the youthful energy to engage in income generating activities; and without any retirement benefits plan to fall back to?

With that reality in mind, URBRA embarked on a mission to promote outcome-based pension planning. The aim is to teach Ugandans that it is not enough to save; rather they should be reflecting on their retirement goals and dreams, trying to hammer out how exactly they intend to spend their retirement years.

Such reflection particularly addresses the matter of adequacy of retirement benefits. While one may have clear retirement goals and dreams, they may not have enough savings to adequately finance those dreams. The NSSF post-retirement survey found that the average payout to retired members is UGX23.6 million, which is barely sufficient to cover an average of 17 years in retirement.

These issues came to the fore in a webinar organised by URBRA, to discuss outcome-based retirement planning. The discussion raised several issues ranging from adequacy and sufficiency, preservation of savings and the need for continuous member education.

On adequacy, Mr. Stevens Mwanje observed that the 15% of gross income, compulsorily saved with NSSF is not the panacea to all old-age vagaries as many assume. To sustain a comfortable life, a retiree should have at least 60% of what they earned prior to retirement. With prudent investment, the interest earned should guarantee 30% of a retiree's pre-retirement income. So how does one cover the shortfall?

According to Mr Mwanje, people should be saving 30%-40% of their pre-retirement earnings, but that


**The NSSF post-retirement survey found that the average payout to retired members is UGX23.6 million, which is barely sufficient to cover an average of 17 years in retirement.**

is not possible with the current arrangements. For most defined contribution schemes like NSSF and other occupational schemes, only 15% is saved. This means that people should be looking beyond their NSSF savings. People should be encouraged to save more, voluntarily.

Still on adequacy, Musa Sebuufu observed that it is important to keep members informed about the state of their savings and supported to make wise decisions.

"The major objective of all schemes is to provide members with a good retirement. But this can't be if we don't talk about adequacy and sufficiency. Communicate to members during the accumulation phase and let them know if what they are saving is adequate for the ideal replacement ratio," Sebuufu advised.

Scheme trustees should also have candid discussions about investment choices and the need to preserve savings when people change jobs. "Correct advice should be given to members before they retire. Savers should also be told about the advantages of keeping their savings with voluntary schemes even when they change jobs. There should be ways of transferring that money to a new scheme," Sebuufu advised.

Sharing experiences from India, Gautam Bardhwaj noted that adequacy is mainly affected by early withdrawals. People are faced with day-do-day pressures and resort to their retirement savings – for example when faced with Covid19, illness and incapacitation. This happens where there is no insurance cover for such emergencies.

Other withdrawals are due to administrative inadequacies, which make it easy for people to access their savings prematurely, or whenever they change jobs. Others even cheat and declare themselves unemployed for the permissible period, then withdraw their savings. "But they do all of this because they lack knowledge. If they appreciated retirement better, they would be more interested in preserving their savings to ensure a better life in retirement," Bardhwaj noted.

In the face of such discussions, the regulator is challenged to think critically, what can be done to improve the situation? According to Daisy Lynda Nabakooza, URBRA's Director Supervision and Market Conduct, it is time for the regulator to think about policies, strategies and interventions that will ensure the best outcome for members.

"Should we revise our policies, should we revise the contribution rate? The demand for midterm access under the Covid19 pandemic has taught us that people have critical short-term needs, so how do we balance between retirement saving and those needs?" Nabakooza wonders.

She further suggests that on the investment side, as a market and as a regulator is it time to think about broader investment classes that even provides options of choice. For example, members who are risk-averse can be given appropriate investment choices like of 50-year bonds. "Is it time to start structuring the market and lobbying investment sector players like Capital Markets Authority and Bank Of Uganda to ensure that the member gets the best out of their saving?"

To ensure the best outcome from retirement planning and saving, several factors should be addressed. Employers should be encouraged to do more for their employees. There is need to urgently address the preservation and adequacy of savings. Financial literacy is just one of the approaches. Incubation of business ideas for purposes of learning and practicing should also be considered. Above all, retirement benefits should not be seen as the paramount solution to social security. Social security is very broad.

# The earlier you start saving, the happier your Retirement will be


For many youths, retirement is a farfetched idea, concerning people in advanced age. Many youths don't save for retirement, giving excuses and citing expenses like housing, education, loans among others. Some youth even think that saving is for the rich and well-to-do.

In its continuing efforts to inspire the youth to cultivate a saving culture, Uganda Retirement Benefits Regulatory Authority (URBRA), on 2nd June 2021, organized a webinar for students in tertiary education institutions. Over 100 students participated in the webinar and had an opportunity to delve deep into the key issues around retirement saving. Key speakers at the webinar shared the conviction that the youth must start saving as soon as they start earning.

This means that they will save over a longer period of time, thus accumulate a bigger amount in retirement savings and compounded interest.

Ms. Rita Nansasi, URBRA's Director Legal Services opened the webinar on behalf of the Chief Executive Officer. She challenged the youth to reflect upon the stages of life, paying particular attention to old-age.

"Nowadays, because of technological advancement and improvement in lifestyles and healthcare, people are living longer to a ripe old age of over 70, 80 or 90 years.

This is a period when your retirement plan is your only saving grace. The quality of life you live at retirement, depends on how well you planned while you were still youthful and productive."

Speaking about the need for a saving culture, Hajj Jamil Ssebalu, the CEO of Namasuba College of Commerce, observed that saving had always been a practice in Uganda. He referred to the common practice where children are advised to save money given to them by the "tooth fairy" until it multiplies. Ssebalu noted that one doesn't have to be employed to save for retirement.

"Saving does not apply to only those with lots of money. Even before you start earning, you must think of saving. Youth always get funds in form of pocket money, gifts etc. All these are sources of income a portion of which you must save. Other things can drop off your budget but saving must never fall off. It must always be a part of the budget," he advised.

What next after saving? Any youth would be right to ask. When young people are advised to start saving early, it is important to back up that advice with information on the best way to invest, otherwise, they end up squandering the savings. It is important for the youth to know about the investment prospects and opportunities at their disposal, and how to tap into those opportunities.

Brian Bongomin, Enwealth Manager of Business Development and Operations, noted that youth should know the difference between saving and savings – saving is an activity while savings are the assets accumulated over a period of saving. "The difference is often misunderstood. Many people save (put aside) but they have no savings (cumulated assets). Put aside a little saving every day in order to build your savings," Bongomin advised.

In the ensuing discussion, the participants demonstrated a desire to know much more about the products and opportunities in the retirement benefits sector and how to take up such opportunities.

They wanted to know what proportion of one's income is appropriate or advisable to save and how long one should save. In terms of investment, participants wanted to know more about treasury bills and bonds; and whether there were initiatives that could teach young people about active and passive investment and the risks involve in each.

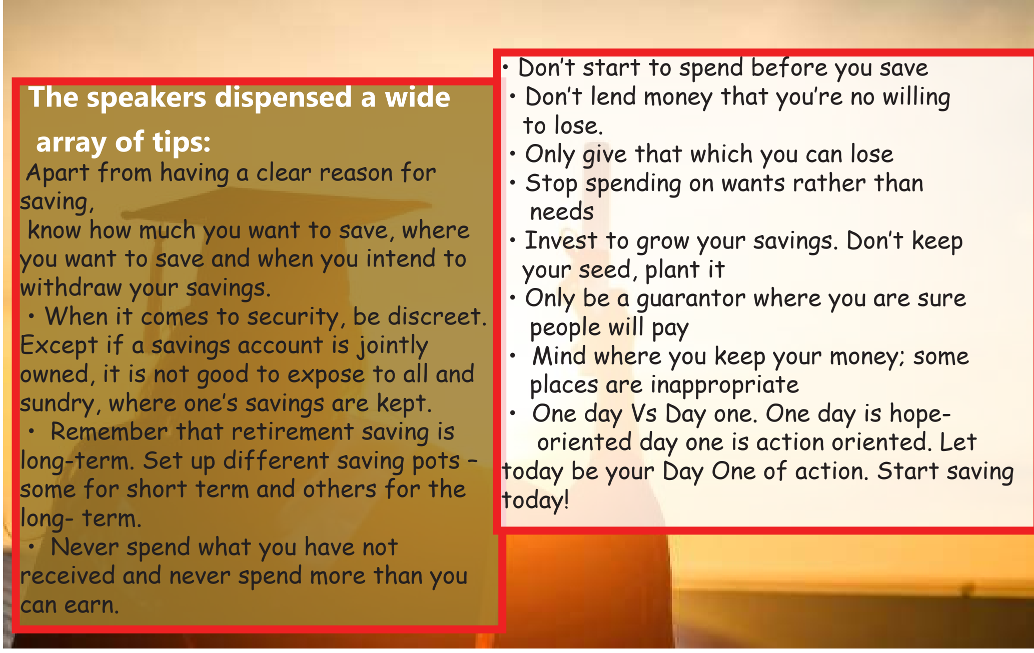
The students also expressed keen interest in the establishment of retirement benefits schemes and the advantages of subscribing to such schemes.

Noting that most of the participants would soon be out of tertiary institution and start a career, Susan Muhumuza, URBRA's Manager HR and Admin, urged them to feature retirement in their career planning. "As you plan for a career, plan for retirement. Think about the hours you've invested in education; what you would like to be when you graduate and whether your current training will lead to your career aspirations." She encouraged them to consider the retirement benefits sector, which is rich, vibrant and potentially a career goldmine for the youth.

In their parting shots, speakers reiterated the message that the youth must start to save early enough to ensure a happy future, especially in retirement.

"Our biggest problem in Africa is failure to save; we have turned into beggars. If we all save and looked at our budget properly, we shall not have a problem," Hajji Ssebalu advised.

Bongomin urged the students to take responsibility for their future, saying: "Retirement does not catch you by surprise. The quality of your latter days depends on how you manage your time now. If God does not call you home, you will end up in retirement. Let today b e day one of saving. Sometimes slow and steady is better than fast and volatile. Your retirement is in your hands. It's your responsibility."



**The speakers dispensed a wide array of tips:**

Apart from having a clear reason for saving,
know how much you want to save, where you want to save and when you intend to withdraw your savings.
- When it comes to security, be discreet. Except if a savings account is jointly owned, it is not good to expose to all and sundry, where one's savings are kept.
- Remember that retirement saving is long-term. Set up different saving pots - some for short term and others for the long- term.
- Never spend what you have not received and never spend more than you can earn.
- Don't start to spend before you save
- Don't lend money that you're no willing to lose.
- Only give that which you can lose
- Stop spending on wants rather than needs
- Invest to grow your savings. Don't keep your seed, plant it
- Only be a guarantor where you are sure people will pay
- Mind where you keep your money; some places are inappropriate
- One day Vs Day one. One day is hope-oriented day one is action oriented. Let today be your Day One of action. Start saving today!

# URBRA supports schemes to recover over 10 billion in unremitted contributions

In execution of URBRA's mandate to protect interest of members, the Authority supported the recovery of unremitted contributions amounting to UGX 10,019,876,679.

This was achieved through sustained engagement with all parties, especially the trustees and the sponsors of the concerned schemes.

"We want to develop the sector and to protect the interest of members so we support entities and trustees to resolve these outstanding issues. We support them to develop a payment plan and the trustees to ensure that the sponsors follow through with the agreed plan," says Daisy Lynda Nabakooza, Director Supervision and Market Conduct, URBRA.

Nabakooza says that members should all be vigilant and take interest in matters concerning their remittances. Members should point out any lapses using the mechanisms provided by their schemes. URBRA also has a whistle blowing policy which they can use to report. "The buck starts with the member to point out the gaps to the sponsor, the trustees, the regulator," she says.

**The Authority supported the recovery of** unremitted contributions amounting to UGX **10,019,876,679.**

Trustees should also have consistent reconciliations to ensure timely detection of lapses in remittances and make information accessible to their members. "Make all steps possible to avail information to the members to be able to identify gaps well in advance," Nabakooza advises.

The recovery of unremitted contributions improves safety of member funds as they are professionally managed in the schemes, with regulatory oversight; leads to growth in sector assets under management, and in investment income to members; and improves public confidence in the sector.

# Virtual onsite inspection, the new normal

Due to the measures instituted by the Government, to combat the spread of Covid-19, including limiting physical interactions, the Directorate developed and implemented a virtual onsite inspection manual in August 2020. A total of 13 onsite scheme inspections and 10 administrator pre-licensing inspections were successfully conducted using the virtual onsite inspection manual. Daisy Lynda Nabakooza, Director Supervision and Market Conduct, highlights the pros and cons of the virtual onsite inspection.

"You need to be in touch with the market. Covid19 should not be an excuse. You have to know what is happening. Onsite inspection enables the supervisor to interrogate the practicalities on the ground. virtual onsite inspection is the new normal. Many regulators around the world have adopted it to ensure that interaction with licenced entities continues.

The downside is that the information will be abridged, as many entities still keep information in hardcopy and it takes time to scan documents. The supervisor also misses the real context and the non-verbal cues. As you know, onsite inspections are beyond just reading documents and looking at systems.

You have the advantage of non-verbal cues which will give you greater insights and add context to the information you gather. For example, if you are talking to individuals you can sense that they are contradicting themselves; you sense gaps which could never be captured in documents uploaded to the virtual platforms. Additionally, the supervisor may not gain access to some of the supervisees systems, due to security restrictions. They try to avoid hackers.

We also observed that virtual inspection takes a longer time. An inspection that ordinarily takes one-week may take two or three weeks. Virtual inspection also hindered our joint inspection with other regulators such as Capital Markets Authority and Bank of Uganda. We are trying to reorganize and coordinate ourselves, harmonise a schedule and rejuvenate joint inspection, to ease the burden for supervised entities.

Going by the response from the 23 we piloted with, supervised entities will warm up to virtual onsite inspection. They may have had trouble scheduling meetings or uploading documents, but they were generally responsive and receptive.

It looks like virtual is the future of inspection because the world will not go back where it came from. We shall maintain some aspects of the physical onsite inspections, but we are surely adapting to the new normal. We continue to make improvements to the process to allow for more interactions and also reduce the time taken to conduct the inspections. Overall, we continue to learn and adapt, knowing that onsite inspection is twofold – it enables the regulator fulfill the supervisory mandate and also gives confidence to scheme members knowing that they have been inspected and approved by the regulator."

# Information is a key ingredient for retirement planning

**"Trustees should provide members with information on performance, fund value, contribution and benefits as well as relevant laws"**

Janet Iremeera , URBRA Senior Research Officer

**"We found it prudent to continue sharing information, which for the most part is available on our website and in our reports"**

Mark Straicus Lotukei, URBRA Senior Supervision Officer

**"Always read the annual sector performance reports issued by URBRA, where you'll find information about your scheme's performance"**

Cosmas Ssenyonga, URBRA senior supervision officer

Anybody wishing to retire to a comfortable and enjoyable old age must think and plan for quite a number of things: where they will live, how they will access healthcare, the company they will keep, and most importantly, whether the funds saved for retirement can last the its duration. However, all such planning cannot be realized if people don't have the right information.

Addressing the need for retirement information and financial literacy, the Uganda Retirement Benefits Regulatory Authority (URBRA) organized a virtual training for Trustees to share pertinent information about the retirement benefits sector. The webinar mainly targeted Trustees under the umbrella schemes.

"The Authority seeks to enhance public knowledge of the sector," said Rita Faith Nansasi, URBRA's Director Legal Services, while opening the webinar on behalf of the Chief Executive Officer. She observed that assets under umbrella schemes alone had grown from 38 billion in 2015 to 133 billion in 2019 with the number of participating employers growing from less than 100 in 2015 to more than 170 in 2020. This calls for proper regulation and governance of schemes, as well as an informed, knowledgeable public.

Janet Iremeera a Senior Research Officer with URBRA emphasized the need for trustees to play their part and provide participating employers with information on performance, fund value, contribution and benefits as well as relevant laws and regulations.

"URBRA continues to hold sensitizations and carry out seminars for sector stakeholders on issues of importance like pending laws. In addition to seminars for scheme members that are a few years short of retirement." She added that URBRA also conducts awareness programmes upon request by schemes depending on the needs and circumstances of these schemes.

Mark Straicus Lotukei a Senior Supervision Officer at URBRA noted that from most of the meetings and discussions, members of the schemes only focused on their employers remitting contributions and did not know much about any regulations, member rights or even how they would receive their benefits or any other information.

"It is evident from most of the questions and discussions that majority of scheme members do not know any regulations, what the law says about them contributing, which information they need, that's why we found it prudent to continue sharing information, which for the most part is available on our website and in our reports except for a few new regulations".

Cosmas Ssenyonga, a senior supervision officer at URBRA implored participants to constantly read the annual sector performance reports issued by URBRA, where they can find information about scheme performance. This would also inform their decisions on which scheme to save with to ensure value for money.

Noting the lack of information about the often-lingering question surrounding taxation of retirement benefits in Uganda, Ssenyonga informed participants that retirement benefits are exempt of tax at pay out and only taxed at investment, alleviating fears of taxation among participants when receiving retirement benefits.
Retirement remains one of the most important stages of life. It is therefore important to have the right information to ensure proper planning and make the right decisions about the life one would like to enjoy in retirement.
Fortunately, such information is in the public domain and can easily be accessed on the URBRA website and social media platforms respectively, www.urbra.go.ug, and @urbraUg on social media.

# Retirement planning tips for lawyers: It's a lifelong process, start today!

Many professionals dream of a happy and fun retirement – a vacation on some exotic tropical island; a round of golf with friends; or relaxing with grandkids. Indeed, retirement should be just that – happy, healthy, and wealthy.

However, many professionals are neither planning, nor saving for their ideal retirement. Professionals in private practice are especially caught on the wrong footing when it comes to retirement planning. Lawyers, auditors, architects, even financial advisors.

URBRA and Uganda Law Society (ULS), recently organized a workshop for lawyers, to sensitise them about the need to plan for their retirement. One of the key speakers was Solomon Wilson Kirunda, Assistant Director, Litigation and Advisory Services, Parliament of Uganda. He gave the lawyers some tips on how to prepare for planning.

Kirunda advised that retirement planning is a life-long process, but the earlier it starts the more meaningful it gets. "You can start at any time, but it works best if you factor retirement into your financial planning from the beginning. Identify sources of income, size up expenses, implement a savings program, then manage assets and risk," he advised. Kirunda highlighted the key aspects to consider while planning for retirement, which are essentially social, financial, physical, spiritual, and cultural.

Social aspects: This refers to social capital and family capital. It is often said; your network is your net worth.

**"Retirement planning is a life-long process, but the earlier it starts the more meaningful it gets"**

Solomon Wilson Kirunda, Assistant Director, Litigation and Advisory Services, Parliament of Uganda.

Keep a network of good friends. Prioritise good relations with your family. Be there for them. Maintain silliness with the people that you love. Joke and laugh with them to strengthen the bond.

Economic/financial: Retirement planning starts long before you retire—the sooner, the better. For a comfortable retirement, you should be able to earn at least 60% of your current earnings. Save before you spend. Invest in different areas to spread the risk. Balance between cash assets and non-cash assets; combine highly liquid assets and less liquid assets. There is a difference between accumulation of wealth and cash generating assets. For example, investing one billion in land is wealth but does not bring money. Therefore, invest in treasury bills, bonds, fixed deposits, land and buildings or in alternative investments like stocks and equities. What is important is to keep a good cash flow. Cash flows are the most important in retirement.

Physical/ health: Start today. Maintain good eating habits. Do regular full-body medical check-ups. Do physical exercise and maintain a healthy weight. Have enough sleep (at least 8 hours). Listen to your body. Don't ignore early signs of body discomfort. Engage in continuous learning as a physical exercise for the brain. By for example learning a new language, new sport, reading, new course, etc.

Spiritually: Regardless of denomination, maintain good religious practices. Be a good Christian, Muslim or even Buddhist. Give charity. Serve your church or mosque and know the congregation.

Culturally: At the end of the day, most of us go to "our people" when we retire. Have a sense of belonging; do what your people do; get involved with the community.

# A Tribute to Mr. Everest Kayondo

For the Uganda Retirement Benefits Regulatory Authority (URBRA), Covid19 on 23rd June 2021 claimed an ambassador, a resourceful person who put matters of retirement planning and saving high on the agenda. Covid19 robbed the pensions sector of Mr. Everest Kayondo.

The Covid19 pandemic continues to wreak havoc in Uganda, with 83,636 cases reported, and as of 05th July, 1,939 deaths. It is especially hard-hitting when you start putting faces and names to the statistics.

For the Uganda Retirement Benefits Regulatory Authority (URBRA), Covid19 on 23rd June 2021 claimed an ambassador, a resourceful person who put matters of retirement planning and saving high on the agenda. Covid19 robbed the pensions sector of Mr. Everest Kayondo.

Mr. Kayondo was a seasoned businessman with nearly 40 years' experience. He was the Managing Director of Ever Based Tours &Travel Ltd. He had been chairman of Kampala City Traders Association (KACITA) since 2010, and a Trustee of the KACITA Uganda Provident Fund, which was established and operationalized in March 2019.

Getting people to voluntarily save for retirement is a daunting task. It requires intense, unceasing public education. It requires change in mindsets and behaviors. For a saving culture to grow, it requires role models and champions, and it is something of a decadal process. So, when URBRA got an ambassador like Mr. Kayondo, we hoped that he would be with us long enough to see the fruits of his tireless efforts.

An untiring crusader

Just before the second lockdown was imposed on 5th June, URBRA planned to hold sensitization and ideation meetings with representatives of the informal sector. The purpose was to inspire them to appreciate the need for retirement saving. Those representatives would then be deployed as ambassadors to spread the message further, and hopefully inspire their peers to follow suit.

The first meeting was set for 4th June and the other for 11th June. Mr. Kayondo was set to be one of the key speakers. He had specifically been requested to share knowledge, experience and tips on how to plan and save for retirement. Ever willing to share and inspire, Mr. Kayondo had confirmed participation.

Alas, the meetings were not to be! We realized it was becoming more and more risky to hold a gathering of any size, moreover with people from different walks of life. We wrote an email to Mr. Kayondo expressing URBRA's deep regret for cancelling the meeting and promised to confirm a new date as soon as normalcy returned. In his usual graceful, positive and reassuring way, he replied, "this is understandable. I will wait for a new date." The new date never came!

Earlier in May, URBRA had secured airtime on different radio stations. In the spirit of promoting sector development by engaging sector actors, URBRA had requested Mr. Kayondo to be a panelist on the radio talk shows, promoting retirement saving especially among the informal sector workers who have no structured saving plan. Again, the indefatigable Kayondo obliged. He did a series of talk shows and carried the message – save for retirement, avoid old-age poverty!

On May 1st, to commemorate International Labour Day, URBRA sponsored a live talk show on NBS TV. The talk show centred on the need to keep saving for retirement despite the rampaging Covid19. The show was meant to reassure Ugandans that the Covid19 storm would soon run out of rain and normalcy would return; that many would survive the pandemic and live to see their retirement date; that people need not lose hope and they should continue preparing for old age, because it will surely come. Again, Mr. Kayondo was one of the panelists.

On many other occasions Mr. Kayondo took time out of his very busy schedule to participate in activities promoting retirement saving for informal sector workers. He was on numerous radio talk shows; he addressed sensitization seminars; he participated in consultative meetings and training workshops; he continuously encouraged members of the KACITA Provident Fund to save for retirement. His commitment to the cause never wavered!

He said it in many ways, but his message was always consistent: develop a saving culture; don't spend before your save; always have a budget; you don't have to be rich to save, start with as little as UGX1000…

### A voice for informal sector workers

He challenged Ugandans, but also challenged URBRA. He ceaselessly reminded us that a majority of the workforce in Uganda are employed in the informal sector, hence they don't have a formal saving structure.

It is therefore our duty to help those Ugandans access the products available for retirement saving. "What are the current interventions, by the regulator and other sector players, to ensure that informal

On many other occasions Mr. Kayondo took time out of his very busy schedule to participate in activities promoting retirement saving for informal sector workers.

sector workers prepare for retirement?" Kayondo constantly asked. The challenge remains!

When Covid19 was confirmed to be a pandemic in early 2020, Mr. Kayondo made a clarion call to city traders to be cautious and suspend planned business trips especially to China. For a person who owned a leading travel bureau, that would have amounted to shooting oneself in the foot, but he knew very well what the world was up against. For example, after the NBS talk show on 1st May, we invited panelists to take a group photo, and requested them to take off their masks for a few seconds. "I hope we are all safe," Mr. Kayondo quipped. He did not take Covid19 lightly! Sadly, this unforgiving disease claimed him.

### A business icon

Aside from retirement saving, Mr. Kayondo was involved in many other causes, highlighting the plight of informal sector workers, especially traders. While he was chairperson of KACITA, his influence was felt at a national scale – for which trader in Uganda doesn't do business in Kampala? They come from as far as The Democratic Republic of Congo, South Sudan, Rwanda…..to do business in Kampala. Therefore, Mr. Kayondo was a national figure in his own right.

Uganda has lost a dedicated servant. KACITA has lost a dedicated member. The retirement benefits sector has lost a dedicated ambassador.

As they say of those who plant trees today, their works will benefit future generations. Mr. Kayondo planted a tree and future generations will enjoy the shade. There's no doubt that his message of retirement saving will resound for a long time to come – and many will heed. We shall take comfort in the good work he did for the retirement benefits sector and the whole country.

***Fare thee well Mr. Everest Kayondo.***

Panelists that participated in a TV talk show to commemorate International Labour Day, 1st May 2021. L-R Rosemary Nantambi, Donny Kitaabire, Lydia Mirembe, Everest Kayondo(R.I.P), Musa Sebuufu and Daisy Lynda Nabakooza (photo courtesy of NBS/ Next Media)

# CORPORATE SOCIAL RESPONSIBILITY

**As part of our Corporate Social Responsibility, URBRA refurbishes the zebra crossing at Ssezibwa road every year, this crossing is largely used by students of Nakaseero primary school.**

**URBRA donated physiotherapy equipment to Mapeera Bakateyamba home of the Elderly in Nalukolongo. This equipment will help in the rehabilitation of the residents in this home.**

# PUBLIC INTEREST INFORMATION

**When one decides to subscribe to a retirement benefits scheme, it is important to know the types of schemes available and how each operates. In Uganda, the three recognized categories of schemes are: Defined Benefits (DB) Scheme, Defined Contribution (DC) scheme, and Hybrid Retirement Benefits Scheme.**

## Defined Contribution (DC) schemes:

Under this category, both employer and employee contribute to the scheme. The employer's financial obligation is fixed and contributions are pre-determined. Benefits are determined by accumulated contributions and returns earned by assets of the scheme calculated annually. There are two types under this category.

### i. Mandatory Provident Fund

Provident fund means a scheme for the payment of lump sums and other similar benefits to employees when they leave employment or to the dependants of employees upon the death of those employees. Provident funds provide for only lumpsum, which a member may use to purchase an annuity – depending on the scheme rules. An example of a mandatory provident fund is National Social Security Fund (NSSF).

### ii. Occupational Provident Fund

These are supplementary retirement benefits schemes established by private companies to supplement their employees' contributions to the mandatory scheme. Government agencies and departments with employees on periodical contracts may also establish occupational provident funds. Occupational provident funds are not an alternative to mandatory scheme contributions – they are only supplementary.

## Defined Benefit (DB) schemes:

Contribution to such a scheme is singularly incurred by the employer. Benefits are associated or related to employees' salary, number of years of employment service, and employment scale at retirement. Benefits are clearly defined in advance and determined by the scheme rules. An example of Defined Contributory Scheme is the Public Service Pension Scheme. The main risk for beneficiaries is the solvency of the employer, in case they are not in position to meet the promised benefits.

## Hybrid Retirement Benefits Schemes:

This arrangement has got features of both Defined Benefit and Defined Contribution schemes. In a hybrid scheme, only the member contributes. The benefits are determined by the accumulated returns on investment made by the scheme. The aforesaid features belong to both DB and DC respectively.

Hybrid schemes are governed under a Scheme Deed Agreement. This plan is established to support the long-term savings for informal sector workers, who are neither employed by government nor by eligible private sector establishments. Examples of Hybrid schemes are Voluntary Individual Retirement Benefits Schemes licensed by URBRA like KACITA Provident Plan and Mazima Retirement Benefits Scheme.