Republic of Kenya

The National Treasury and Economic Planning

NATIONAL RETIREMENT BENEFITS POLICY

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LIST OF ABBREVIATIONS AND ACRONYMS

APTAK	Association of Pension Trustees and Administrators of Kenya
ARBS	Association of Retirement Benefits Schemes
AKI	Association of Kenya Insurance
COFEK	Consumers Federation of Kenya
CBK	Central Bank of Kenya
COTU	Central Organization Of Trade Unions
DB	Defined Benefits
DC	Defined Contribution
DOJ	Department of Justice
EAC	East African Community
FKE	Federation of Kenya Employers
FMA	Fund Managers Association
ILO	International Labour Organization
IRA	Insurance Regulatory Authority
KRA	Kenya Revenue Authority
M&E	Monitoring and Evaluation
NSSF	National Social Security Fund
NCPD	National Council of Population and Development
OAG	Office of the Attorney General
PSC	Parliamentary Service Commission
PSSS	Public Service Superannuation Scheme
RBA	Retirement Benefits Authority
SASRA	Sacco Societies Regulatory Authority
TNT	The National Treasury
TUC	Trade Union Congress
VSRS	Voluntary Savings Retirement Scheme

DEFINITION OF TERMS

In this policy, unless the context otherwise requires, terms and expressions shall have the following meaning: -

(a) **"Annuity"** is a form of financial contract mostly sold by life insurance companies that guarantees a fixed or variable payment of income benefit for the life of a person(s) or for a specified period of time.

(b) **"Beneficiary"** means a member of a retirement benefits scheme or a dependant who is entitled to receive a benefit from the scheme following the death of the member.

(c) **"Benefits"** are any payments made to a beneficiary, including lump sums, retirement benefits payments, death, survivors and invalidity benefits.

(d) **"Contributory Retirement Benefits Scheme"** means a retirement benefits scheme which requires contributions to be made by active members of the scheme.

(e) **"DB scheme" (Defined benefit scheme)** is a scheme in which the benefits are defined by a formula in the scheme rules and accrue independently of the contributions payable and investment returns.

(f) **"DC scheme" (Defined contribution scheme)** is a scheme in which the benefits are dependent on the level of contributions payable and investment returns.

(g) **"Indexation"** is the mechanism of adjusting pension benefits to take into account the changes in the cost of living.

(h) **"Informal Sector"** is part of a country's economy that is not taxed and its activities are not included in a country's Gross National Product.

(i) **"Portability"** is the ability of a plan member to transfer the commuted value of his or her deferred vested benefits to another retirement savings arrangement on termination of employment before retirement age.

Other terms shall have the meanings attributed to them under the Retirement Benefits Act 2007 and Regulations.

FOREWORD

The Constitution of Kenya in Article 43(e) guarantees social security as a basic right and requires the state to take measures to ensure the rights of older persons in Article 57. The government is committed to ensure that these rights are realized. In view of this, the government has developed a legal and regulatory framework to enable citizens to accumulate long terms savings to provide income replacement during retirement years.

The sector made major reforms in 1997 when the government enacted the Retirement Benefits Act to create the regulatory agency for the retirement benefits sector and set minimum standards expected of funded retirement benefits schemes. Since the year 2000 when the Retirement Benefits Act was fully commenced, the sector has witnessed tremendous growth in the accumulation of assets, improved governance, and extended growth within the formal sector.

The government has put in place a secure legal and regulatory framework to enable saving for retirement during working period. However, the category of citizens who may not be able to save for retirement are covered by government social security programs such as older persons safeguards *(inua jamii)* and the retirement saving provisions under Financial Inclusion Fund *(Hustler Fund)* among other initiatives to cushion them from old-age poverty.

Despite our earlier efforts, there still exist some challenges including fragmentation in the system; exclusion of the informal sector workers from the current schemes; inadequate retirement benefits; portability of retirement benefits; inadequate medical insurance for the elderly; limited investment opportunities; and inadequate dispute resolution mechanism, among others have hindered decent livelihood for the elderly.

This Policy has been developed to consolidate the gains achieved in the retirement benefits sector and address the challenges slowing the faster growth of the sector. The overall objective of this policy is to provide a framework for the coordination, determination of good governance expected of schemes, development, and growth of the retirement benefits sector to ensure income security in old age for all workers by ensuring affordable, adequate, and sustainable retirement benefits.

The implementation of this Policy will require substantial resources. Therefore, I call upon all stakeholders to work together in partnership to help realize the aspiration of this policy and transform the lives of the elderly.

NJUGUNA NDUNG'U, CBS
CABINET SECRETARY

EXECUTIVE SUMMARY

This National Retirement Benefits Policy provides a framework for the arrangement, provision and management of retirement benefits in Kenya. It discusses the background and objectives of the retirement benefits sector and provides policy guidelines to ensure development, growth, coordination and enhanced coverage of workers in Kenya. It also envisages coverage of Kenyan workers in the diaspora through all-inclusive agreements.

Prior to 1997, the retirement benefits sector was largely unregulated. The only regulations governing the sector were those inscribed under the Income Tax Act and trust laws. The provisions in the tax and trust laws were broad regulations which did not encompass the desired developmental objectives.

In the absence of a clear policy and regulatory framework, the sector was characterized by inadequate protection of the interests of members and dominance of employers in scheme affairs. As a result, management and investment decisions made were in many cases not focused on the best interest of the members. This posed significant risks to members' funds and the development of the retirement benefits sector.

The Retirement Benefits Act 1997 was thus enacted to provide a regulatory framework and streamline the retirement benefits sector. It was also envisaged to restore the confidence of stakeholders in the retirement benefits sector. In addition, the Act was to encourage more retirement savings, which also contribute towards national development and boost the domestic savings. The Act also created the Retirement Benefits Authority to oversee the management and development of the retirement benefits sector in a prudent and coordinated manner.

Since the enactment of the Retirement Benefits Act, the sector has achieved tremendous growth, for example, in terms of savings and the number of retirement benefits schemes. However, the sector is still faced with myriad challenges including lack of a comprehensive national retirement benefits policy and uncoordinated legislative and policy agenda.

The Constitution of Kenya 2010 contains a comprehensive Bill of Rights under Chapter Four, which inter alia, guarantees Kenyans socio-economic rights under Article 43. On the other hand, Article 21(2) obligates the State to take legislative, policy, and other measures including the setting of standards, to achieve the progressive realization of the rights guaranteed under Article 43.

This policy therefore highlights issues that need consideration in the retirement benefits sector in line with the Constitution of Kenya 2010, the different retirement benefits systems and the different levels of development in the sector. It also appreciates the developments in the East African Community (EAC) and the need to facilitate the free movement of labor and capital within the EAC Partner States and other jurisdictions. The Policy addresses these issues in order to achieve the desired development agenda as envisioned in the Government development agenda.

The key policy areas discussed under this Policy therefore include the following;

i) Coordination and harmonization of the existing legal and regulatory framework to integrate various legal provisions governing the retirement benefits sector;
ii) Enhancement of the retirement benefits coverage;
iii) Provision of mechanisms of good governance and sustainability of the retirement benefits to promote growth and diversification of retirement benefits funds investment;
iv) Promotion and facilitation of portability of retirement benefits between schemes and across-borders;
v) Promotion and facilitation of innovation in the retirement benefits sector.
vi) Promotion of affordable and adequate retirement benefits for workers;
vii) Regulation of retirement benefits payout phase;
viii) Promotion of Post-Retirement Medical Benefits and Old Age Care; and
ix) Establishment of a housing sub-fund for members when saving for retirement.

An implementation strategy for the policy will be put in place together with a Monitoring and Evaluation (M&E) framework. The M&E will be done periodically and will produce reports that will inform the level of attainment of the set targets and milestones and provide a basis for taking corrective actions. A comprehensive communication strategy will be put in place to report on performance and impact of the implementation of the policy. The policy shall be reviewed after every five years.

1.0 Introduction

1.1 Background

The retirement benefits arrangements in Kenya date back to the colonial days. In 1946, the government enacted the Pensions Act (cap 189), which established the unfunded civil service pension scheme to provide pensions to retired civil servants. In the private sector, few voluntary private pension schemes were set up by private multinational companies to guarantee old age income for their retired workers. The pensions system covered mostly white employees while the natives relied on informal systems of social security where the extended families took care of the old and children.

In 1965, the mandatory National Social Security Fund (NSSF) was established by an Act of Parliament as a Provident Fund that required all employees to participate in the formal retirement benefits arrangement. In addition, there exits several other pieces of legislation that govern the pension arrangements in Kenya including Asian Widows' and Orphans' Pensions Act (Cap. 193); Asian Officers' Family Pensions Act (Cap. 194); Pensions (Increase) Act (Cap. 190); Provident Fund Act (Cap. 191) and Parliamentary Pensions Act (Cap. 196).

The voluntary private retirement benefits schemes remained unregulated and operated without a harmonized legislative framework. The applicable Income Tax Act and trust law did not adequately recognize and protect the rights of members in a retirement benefits scheme. Owing to the lack of a regulatory framework for the pension system, the sector continued to experience a myriad of problems including: poor governance; underfunding; growing implicit pension debt in the civil service pension scheme; inappropriate investments of scheme assets; non-payment or delayed payment of benefits and a system which was fragmented.

To address the foregoing problems, the government commenced reforms in the sector in 1997 with the enactment of the Retirement Benefits Act. The Act provides a regulatory framework that streamlined the retirement benefits sector and restored confidence in stakeholders and employees and enabled them save more for retirement. This has contributed towards national economic development by enhancing domestic savings. The Act also established the Retirement Benefits Authority (RBA) to oversee the management and development of the retirement benefits sector. In 2012, the government established a contributory scheme for the public service by enacting the Public Service Superannuation Scheme Act which established the Public Service Superannuation Scheme (PSSS) that commenced its operations in January 2021.

In 2013, the government enacted the National Social Security Act (No.45 of 2013) which repealed the National Social Security Act (cap 258). The Act provides for an enhancement of contributions and the introduction of pension benefits instead of the previous lump sum payments. It also introduces a tiered system of contributions.

1.2 Objectives of the Policy

This policy aims to provide a framework to guide the harmonization, coordination, good governance and growth of the retirement benefits sector. More specifically the policy seeks to:

i) Increase the coverage of retirement benefits for both formal and informal sector workers;
ii) Provide for coordination and harmonization in the existing legal and regulatory framework;
iii) Provide mechanisms of good governance and sustainability of the retirement benefits system;
iv) Promote and facilitate portability of retirement benefits between schemes and across-borders;
v) Promote and facilitate innovation in the retirement benefits sector;
vi) Promote affordable, adequate and sustainable retirement benefits including affordable housing for both formal and informal sector workers; and
vii) Manage Payout Phase of retirement benefits
viii) Provide for Post-Retirement Medical Benefits and Old Age Care
ix) Establish Post-retirement Housing Fund

1.3 Rationale

Article 43 of the Constitution of Kenya 2010 requires the State to provide appropriate social security to persons who are unable to support themselves and their dependants. Also, Article 57 obligates the state to protect the elderly in particular by ensuring that they live in dignity, respect and protected from abuse.

In addition, the government's long term socio-economic development strategy, BETA, requires that the country provides a high quality of life to its citizens. However, majority of Kenyans remain uncovered with the retirement benefits coverage at about 25 percent. In this regard, there is need for a comprehensive policy to address the various issues and challenges faced in the retirement benefits sector to achieve these aspirations.

1.4 Scope of the Policy

The policy provides guidance to players in the retirement benefits sector including but not limited to retirement benefits schemes, boards of trustees, sponsors of retirement benefits schemes, members and potential members of retirement benefits schemes, service providers, relevant government agencies and stakeholders.

2.0 Situational and Gap Analysis

2.1 Structure of Retirement Benefits Sector in Kenya

The retirement benefits system predominantly covers the working population in the public and the private sector to the exclusion of the unemployed population who are majorly in the informal sector. The system has three pillars namely:

i) The zero pillar comprises of the state funded pension for elderly citizens to provide a basic income against set criteria.

ii) The first pillar comprises the mandatory contributions under the NSSF Act, 2013.

iii) The second pillar comprises of civil service pension schemes, occupational, individual and umbrella retirement benefits schemes which are largely voluntary in nature.

2.1.1 Scheme Design

Retirement benefits schemes are made up of Defined Benefits, Defined Contributions and Hybrid Schemes which have the components of both designs. The majority of the schemes are Defined Contribution Schemes. The schemes are established under trusts where trustees are legal persons and own the assets of the scheme for the beneficial interest of members. The scheme sponsors have the liberty to convert schemes from one design to another.

2.1.2 Funding

All retirement benefits schemes registered under the Retirement Benefits Act are required to be fully funded except the Public Service Scheme under the pensions Act. Some public sector pension schemes are non-contributory or are partially contributory and benefits are paid out of the Consolidated Fund.

2.1.3 Benefits Payout

Benefits payout is structured as provident or pension. Provident funds pay out benefits in one lump sum while pension schemes pay part of the benefits as a lump sum and the remaining portion on a periodical basis. The gradual growth of provident funds as opposed to pension schemes is indicative of an inherent problem in the system which needs to be addressed. The appetite for provident funds demonstrates a lack of appreciation of longevity risks in retirement. Further, the growth of provident funds may be indicative that the pricing of annuities is discouraging to retirees and the income drawdowns are not understood.

2.1.4 Taxation of Benefits

The current taxation model of retirement benefits is governed under the Income Tax Act under various sections. For instance, contributions of up to Kshs. 20,000 are tax deductible, while on retirement, the first Kshs. 600,000 is tax exempt, during retirement retirees aged above 65 years receive monthly pension tax free. These among other provisions of the Income Tax Act makes the model complex for users.

2.2 Comparison with other Selected Jurisdictions

Retirement Benefits systems are designed in many countries around the world to address two main functions, namely, to alleviate poverty in old age and smoothen consumption over an individual's lifecycle. In order to effectively design a retirement benefits system to achieve the desired objectives, countries have come up with different retirement benefits systems informed by a number of local conditions which vary from country to country.

The World Bank recommended a multi-pillared pension system to the needs of the main target populations and provide security against the multiple risks facing pension systems. The various pillars proposed are not intended to be adopted by each country but provide a wide spread of options to countries to identify and adopt suitable pillars depending on local conditions, capacities and core objectives of the system.

While there are lessons which Kenya may learn from other jurisdictions, an appropriate design of a retirement benefits system will take into account an assessment of local conditions and capacities in order for the adopted system to settle well within the obtaining factors in the country.

This comparative analysis focuses on how Kenya compares with some selected countries with regard to some thematic areas addressed in this policy. This analysis informs possible strategies to fill in the identified gaps. The following countries are considered in analysis: Chile, Nigeria, India and South Africa which have to large extent adapted the world bank multi-pillared pension system recommendations and have similar economic and social structure.

2.2.1 Chile

The Chilean pension system is widely known for its mandatory contributory component which covers all formal workers except the military and police who have their own scheme[1]. In 2008 the government introduced a non-contributory component administered by the state. The pension system comprises non-contributory, mandatory contribution, and voluntary contribution mechanisms. However, to a large extent, it is premised on the ability of an individual to save for retirement.

The Chilean pension system has three pillars namely;

i) Pillar 1 being Public Pension which is an old age poverty prevention pillar. The scheme replaced the former welfare pension program and the minimum old age pension guarantee which was tax financed. the pillar has a non-contributory pension called basic solidarity pension and a compliment with a contributory pension called the solidarity pension payment.

ii) Pillar 2 is a Personal Pensions which is mandatory and covers all employees. The members of the old pay as you go system who voluntarily switched to the new system are covered under this scheme.

iii) Pillar 3 is a private pension which is voluntary and covers employees and self–employed workers. It is a fully funded individual account scheme and the

[1] IOPS Country Profile: Chile.

balance can be transferred to the mandatory individual account upon retirement to augment benefits in old age.

The current Chilean system was established in 1981 by effectively privatizing the old age pension. Employees that entered the labour market after the system was introduced were required to join a Defined Contribution (DC) pension plan funded by employee contributions. Pillar I is largely depended on government budget.

Pillars 2 and 3 are fully funded Defined Contribution schemes with individual accounts managed by private firms.

Benefits payable under Pillar I comprise the basic solidarity pension as a legal right for those unable to make contributions and solidarity-based top-up benefit for those with little capacity to make contributions. Pillars 2 and 3 are paid as programmed withdrawals in form of annuities.

In Chile mandatory contributions and returns are tax-exempted. Benefits are taxed as income.

2.2.2 Nigeria

The Nigerian pension system has features of the Chilean pension system except that it does not have the solidarity pillar for those unable to save for retirement. The system has managed to consolidate both public and private schemes into one mandatory defined contribution scheme.

The Nigerian pension system has three pillars namely;

i) Pillar 1 is the Public Service Pension pillar which consist of the closed public pension schemes which are now reforming to comply with the Pension Reform Act 2014 which required all public and private sector employees to make contributions to the Mandatory Contribution Pension Scheme.

ii) Pillar 2 is the Mandatory Private Pensions which is a fully funded individual accounts scheme privately managed by private pension companies. It is mandatory for both public and private sector employers employing at least 3 persons.

iii) Pillar 3 is the Voluntary Private pensions for self-employed, informal sector workers and those employers with less than 3 employees are not obligated to participate. The voluntary private pension scheme managed by private firms provide a framework where those not covered under pillar II can save for retirement.

The Pension Reform Act, 2014 envisaged a pension system that is largely defined contribution. The mandatory contribution pension is a fully funded individual accounts scheme privately managed by private pension companies. Public services employees and private sector employees pay a minimum of 8% of their gross monthly earnings. Employers also pay a minimum contribution of 10% and may pay the full 18% themselves.

Upon retirement the members have a choice to receive their retirement benefits programmed monthly or quarterly withdrawals, based on life expectancy; annuity for life purchased from a life insurance company (with monthly or quarterly payments); a lump sum, provided that the amount left after that lump sum withdrawal is sufficient to permit an annuity or programmed withdrawals of at least 50 per cent of the employee's annual pre- retirement salary.

The Nigerian Pension Reform Act, 2014 exempts contributions, investment income and benefits from income tax. Early withdrawals (withdrawn from voluntary additional contributions) are taxed.

2.2.3 South Africa Pension System

The South African pension system is composed of non-contributory, means-tested public benefit programme, various pension and provident fund arrangement and voluntary savings. The old-age grant provided by the government under pillar one is the main source of income for 75% of the elderly population in retirement. This inversely implies that about three-quarters of the population reach retirement age without a funded pension benefit. These pillars include;

i) Pillar 1: public pension which is means-tested old age pensions, non-contributory and fully financed by the government.

ii) Pillar 2: occupational private pensions comprise of DC pension plans, mostly established by enterprises in the private formal sector. It also comprises DB pension plans mostly established by the public sector including the large funded Public Service pension scheme.

iii) Pillar 3: Other Private pensions comprises of Retirement annuities, mainly offered by insurance companies; Preservation funds; Unclaimed benefit funds, and Beneficiary funds

The South African pension design comprises of Defined Contributions pension plans that is fully funded and Defined Benefits pension plans that is non-contributory and is funded by a pay-as-you-go tax system.

All employer-paid contributions to pension, provident and retirement annuity funds are regarded as a deductible employment expense for the employer and a taxable fringe benefit in the hands of the employee. These taxable employer-paid contributions will however be deemed to have been made by the employee for personal income tax deduction purposes, who shall in turn be eligible for a tax deduction for such contributions to approved funds, in addition to any contributions made by themselves to any of the three fund types. Benefits and annuities payable from a pension fund are taxable to the extent that contributions have been allowed as a deduction for tax purposes.

2.2.4 India

Pension policy in India has traditionally been based on financing through employer and employee participation. As a result, coverage has been restricted to the organized sector, and the vast majority of the workforce in the unorganized sector has no access to formal channels of old-age financial support[2]. The system is also fragmented with a myriad of legislation providing for various pension schemes including: 1) Civil Service Schemes 2) Employee's

[2] IMF elibrary; India's Pension Reform Initiative: https://www.elibrary.imf.org/view/books/

Provident Fund Organization Schemes (EPFO) 3) Occupational Pension Schemes 4) Public Provident Fund 5) National Old Age Pension Scheme 6) National Pension Scheme 7) Micro-pensions and Other Alternatives. The pension pillars in India could be summarized as follows;

i) Pillar 1 consists of National Old Age Pension Scheme which was launched in 1995 for persons below poverty line (BPL) who were aged 60 and above.
ii) Pillar 2 comprises Mandatory Schemes which are Employees' Provident Fund (DC Scheme) and Employees' Pension Scheme (DB Scheme). It covers all employers with over 20 workers. The schemes are administered by the Employees' Provident Fund Organization.
iii) Pillar 3 is the National Pension System (NPS) and micro pensions which is a defined contribution scheme and operates to all citizens on a voluntary basis.

The Indian pension system consists of both Defined Benefits and Defined Contributions schemes. Part of the DC schemes under the private sector employee's mandatory pillar converted to DB schemes to enable mandatory annuity to members.

The national old age pension scheme is funded by the central government and the state government while the schemes under pillars 2 and 3 are fully funded through employee's contributions.

Most retired employees buy lifetime annuity or pension plan with the lump-sum amount from state-owned banks or insurance companies which provides them with a monthly pension amount that's close to 50% of their last salary for a lifetime. The Employee's Provident Fund (EPF) provides a lump sum payment at retirement, along with a pension that is calculated as a percentage of the employee's final salary. Central Government Employees' Pension Scheme (CGEPS) provides a pension that is calculated as a percentage of the employee's final salary, plus a gratuity.

The tax system for the Indian system features EEE (exempt, exempt, exempt) regime where it is tax free during contribution, growth and withdrawal phase for pillar 2 and an EET (Exempt, Exempt, Taxed) regime where maturity benefits are taxed[3] for pillar 3.

2.3 Lessons drawn from other Jurisdictions

There are a number of lessons Kenya may learn from these other jurisdictions. Three critical ones have been identified below.

i) **Social assistance**: The social assistance program to alleviate old-age poverty is common in all the jurisdictions cited.
ii) **Fragmentation:** Chile and Nigeria have managed to consolidate all employees whether in public or private sectors into one national defined contribution scheme. This policy option may stem fragmentation of schemes in Kenya. The systems also inhibit proliferation of many small schemes which are costly to operate.

[3] OECD Pension at a Glance 2021; Country Profile - India

iii) **Informal sector inclusion:** Nigeria has developed micro-pension regulations under the Pension Reform Act 2014 to regulate the participation of informal sector workers in the system. The regulations among others provide for long term retirement savings and short-term savings which are funded by a split of contributions. India has leveraged on technology to enroll and administer micro-pensions and initially the government provided matching of contributions as an incentive.

iv) **Migration to Defined Contribution schemes:** Kenya and the cited countries have over the years noted a migration from the traditional defined benefits schemes to defined contribution schemes. The conversion of DB schemes to DC schemes comes along with stricter regulation and supervision to enhance scheme governance and guarantee protection of the interests of members largely because the investment risk is transferred to members under the DC schemes.

v) **Taxation of benefits:** taxation models for pensions differs across the jurisdictions cited where some have an EET for voluntary schemes and EEE for the mandatory schemes.

2.4 Gaps and Challenges Identified

The retirement benefits sector is largely well structured and governed. However, continual reforms need to be undertaken to address the following existing gaps.

2.4.1 Inadequate Legal and Regulatory Framework Coordination

The legal framework governing retirement benefits is currently fragmented and not well coordinated. Public sector pension schemes are established under different legislation and some of the schemes are not subject to the regulation and supervision of RBA. For instance, occupational and individual schemes are governed under the Retirement Benefits Act and established under irrevocable trusts. The mandatory scheme, NSSF, is established by an Act of Parliament and governed by both the Retirement Benefits Act and NSSF Act, 2013. The civil service pension schemes are governed by the Pensions Act and other Acts managed by the Pensions Department at the National Treasury.

This creates lack of uniform standards applicable to all retirement benefits schemes to enable sustainable funding, benefits adequacy, and governance in schemes. There is therefore a need for an overall policy and legal framework to address the identified fragmentation in the retirement benefits sector.

2.4.2 Low Retirement Benefits Coverage

Retirement benefits coverage is low largely because of the labour market structure where most workers are employed in the informal sector and a few of them are enrolled in a retirement benefits arrangement. The system was designed to cover formal sector workers with regular incomes to meet regular predetermined contributions unlike their informal sector counterparts.

Although the NSSF scheme is mandatory, most of the employers in the informal sector and self- employed workers have neither registered nor contribute to the scheme due to low compliance level to the NSSF Act.

The low retirement benefits coverage can also be attributed to low financial literacy and other socio-economic conditions, informal employment contracts and poor saving culture for retirement.

The current regulatory framework does not effectively support establishment of informal sector schemes. Therefore, there is need for a legislative framework which promotes innovation and development of flexible and responsive retirement benefits products and enforcement of the NSSF Act.

2.4.3 Inadequate Benefits

The average income replacement rate is below the minimum recommended rate by ILO of 40 percent. The low replacement rate is attributed to among other things; low priority given to savings for retirement benefits; early access to benefits before retirement; low return on investment; lack of flexible investments options for members; short contribution periods arising from late entrance into the labour market and job retention; volatility on investments; as well as the scheme design parameters including pensionable emoluments and contribution rates.

Also, given the improved health care and quality of life, the life expectancy has been on the rise. This may pose a challenge in the retirement benefits of workers due to longevity risks leading to old-age poverty.

In this regard, there is need to enhance and safeguard retirement benefits adequacy to mitigate longevity risks associated with old-age poverty.

2.4.4 Weak framework of Portability of Benefits

Members of retirement benefits schemes should be able to have their benefits transferred from one scheme to another upon changing jobs or exiting from employment. While this process should be seamless, this has not been the case in some schemes particularly where schemes are of different designs and/or different legislation.

At the same time, cross border labour mobility is becoming common globally. Kenyans in the diaspora, including the EAC region, may contribute to the various retirement benefits arrangements in their host countries. On conclusion of their contracts, portability of retirement benefits savings becomes a challenge due to lack of relevant agreements, such as those on double taxation.

Regional and international labor mobility raises questions about retirement benefits for workers who migrate to other countries in the region or internationally. Cross border portability of benefits is hindered by a number of factors including; different designs of pension systems, varied taxation regimes, investment environment which are dissimilar, lack of reciprocal agreements and lack of totalization of contribution periods.

2.4.5 Complex taxation framework for the retirement benefits sector

Tax incentives play a key role in enhancing and promoting retirement benefits savings. The incentives at the payout phase are insufficient especially for the senior citizens above the age of 65. Further, incentives for micro-pensions under the Income Tax Act are unclear.

The current tax model of Exempt Contributions, Exempt Investment Income and Tax Benefits (EET) and the manner it is provided for in the Income Tax Act is complex for users. Its complication in administration discourages schemes and stakeholders. The review of the maximum tax-deductible contributions has remained unchanged for a considerable period of time.

2.4.6 Complex Pay-Out Phase for retirement benefits

Retirement benefits schemes have two phases; the accumulation phase which include funding through contribution and investments of scheme assets and the payout phase which involves the payment of benefits accumulated in the scheme by a member.

The benefits payable out of the scheme can be accessed through: lump sum payments, primary annuities, secondary annuities, income drawdown and minor beneficiary funds. Most members do not understand some of the existing benefits payment options which may be complex. Additionally, funds established and operating in the market to hold and pay benefits on behalf of minors or persons who are severely incapacitated are unregulated.

There is need to describe in the regulatory framework the existing and permitted pay-out products, the eligibility criteria and the process.

2.4.7 Low Level of Digitalization of services

Leveraging ICT and Financial technologies (Fintech) can solve problems within retirement benefits sector for members, sponsors and service providers. Introduction of Fintech solutions is critical in the development of the retirement benefits sector. Manual operation in scheme registration, member enrolment, update of member records and communication to members, among other services can be digitalized to enable wider participation of members at lower costs. Leveraging of ICT and innovative Fintech solutions have not been adequately adopted in the market to spur industry growth.

2.4.8 Inadequate Post-Retirement Medical Benefits and Old Age Care

According to the Bottom-Up Economic Transformation Agenda 2022-2027, about 4 per cent of older people are over 65 years. This population continues to face inadequate income, insecurity, inadequate health services, lack of employment and a deteriorating environment. it equally important to note that the traditional channels of old age support have broken down, hence aggravating this situation.

It is emerging that workers need a basket of products that are supportive of each other and require financial resources. For instance, they need credit to meet immediate short term financial needs, insurance and medical cover, death cover, education, housing, and pension when they can no longer work due to old age. Therefore, there is a clear need for bundled product that provides for insurance cover, short-term saving for immediate financial needs, housing savings plan and saving for retirement. This makes saving for retirement attractive and responsive to the needs of workers. Product bundling may create a challenge in regulating the product, but it is a challenge that can addressed by the various relevant regulatory bodies.

2.4.9 Need for a Post-Retirement Housing Fund

The right to decent housing is a constitutional obligation in Kenya. Article 43(1) (b) of the Constitution of Kenya under the economic and social rights states that "every person has the right to accessible and adequate housing and to reasonable standards of sanitation". The Kenya Vision 2030 also articulates for adequate and decent housing for all Kenyans. The housing sector is also seen as potential driver in absorption of labour in the quest to meet the housing shortage. Similarly, the National Housing Policy for Kenya aims at achieving a state where all Kenyan households live in decent and affordable housing. Housing therefore has remained a key priority in Kenya's development agenda since independence[4].

However, to date, housing is still an outstanding agenda. Kenya, is still struggling with providing decent and adequate housing to its population, more so, the poor, and the low income. In terms of home ownership, the Kenya Integrated Household Budget Survey report, 2018, indicates that nationally, 59.5% of the households live in their own dwellings while 35.4% of the households pay rent or lease the houses[5], 4.8% pays no rent but has consent of the owners, and 0.2% are squatting. The report also indicates that the level of home ownership in urban areas is still low. Only 26.1 percent of the households who live in urban areas reside in their own dwellings. The various Pensioners' Surveys conducted by retirement benefits Authority over the years have revealed that housing features amongst the top three expenditure items for retirees.

[4] The first comprehensive Housing Policy for Kenya was developed in 1966/67 as Sessional Paper No. 5.
[5] The Kenya Integrated Household Budget Survey report is based on the 2015/16 Kenya Integrated Household Budget Survey.

3.0 Policy and Strategic Interventions

This policy addresses issues, overall policy interventions and various policy implementation strategies. The overarching objective of this Policy is to ensure that every worker and their dependants live in dignity on retirement and exploit their human capabilities to further their own social and economic development. The policy proposals recognize different levels of needs, different funding sources and reflects the roles of the various stakeholders.

3.1 Coordinate and harmonize the existing legal and regulatory framework

3.1.1 Policy Issue

The legal framework governing retirement benefits is currently fragmented and not well coordinated. Retirement benefits schemes are established under different legislation and some of the schemes are not subject to the regulation and supervision of the Retirement Benefits Authority.

3.1.2 Policy Intervention

To review and harmonize the various legal provisions governing the retirement benefits sector.

3.1.3 Policy Strategies

The Government will undertake the following –

i) Review, consolidate and harmonize the legal framework under which retirement benefits schemes operate.

ii) Formulate standards and procedures to establish and govern retirement benefits schemes.

iii) Develop measures to protect members' and sponsors' interest in the retirement benefits sector.

iv) Develop appropriate dispute resolution mechanisms for a fair and expeditious resolution of disputes in the retirement benefits sector.

v) Introduce statutory measures that will treat members' accrued benefits and unremitted contributions as a secured debt in case of insolvency of the sponsor

3.2 Enhance Retirement Benefits Coverage

3.2.1 Policy Issue

The retirement benefits system currently covers about 26% of the labour force. The low coverage is as a result of the labour market structure, low compliance level to the NSSF Act and low financial literacy among others.

3.2.2 Policy Intervention

To undertake appropriate legislative, administrative and innovative reforms to enhance coverage of the retirement benefits sector.

3.2.3 Policy Strategies

The Government will undertake the following-

i) Develop a regulatory framework that supports the establishment and governance of informal sector schemes.

ii) Establish an appropriate administrative system to support a National Retirement Benefits Scheme for the informal sector.
iii) Provide appropriate incentives to encourage employers in the informal sector to establish and sustain retirement benefit schemes.
iv) Develop measures, provide incentives, and infrastructure to extend coverage to Kenyans in the Diaspora.
v) Review and enhance public financial literacy program on retirement benefits.
vi) Regularly review the taxation framework of retirement benefits schemes to provide incentives for growth of the sector, simplify the tax procedures applicable to retirement benefits schemes and ensure equity in the application of the incentives.
vii) Review the legal framework to introduce sub-accounts in retirement benefits schemes besides retirement savings to address short term financial needs of scheme members.
viii) Provide measures to ensure short-term contract employees enroll into retirement benefits arrangements.
ix) Enforce compliance with the NSSF Act.

3.3 Provide mechanisms of good governance and sustainability of the retirement benefits system

3.3.1 Policy Issues

i) The capital markets remain shallow, and the current investment of scheme assets is concentrated on a few asset classes.
ii) The retirement benefits sector lacks clear governance principles that cut across private and public schemes, thus leaving room for governance deficits which expose schemes to underperformance and reduced confidence in the sector.

3.3.2 Policy Intervention

i) Promote deeper and more liquid domestic markets.
ii) To review the current legal and regulatory framework to enhance diversity in scheme investments
iii) To review the current legal and regulatory framework of the retirement benefits schemes to enhance transparency, effectiveness and efficiency in the management of schemes.

3.3.3 Policy Strategies

The Government will undertake the following –

i. Promote growth and diversification of retirement benefits funds investment.
ii. Promote the development of long term investment classes in the domestic market.
iii. Put in place measures to enable scheme members make investment choices in their respective retirement benefits schemes.
iv. Promote information sharing amongst financial sector regulators.
v. Promote governance principles in the retirement benefits schemes and improve enforceability of the principles.

3.4 Promote and facilitate portability of retirement benefits between schemes and across-borders.

3.4.1 Policy Issues

Portability of retirement benefits is limited across schemes and across borders due to differing scheme designs and regulatory framework. Members of retirement benefits schemes should be able to transfer their benefits from one scheme to another upon change of employment or upon immigration. While this process should be seamless, this has not been the case currently. Transfer of scheme administration and management data is sometimes delayed. Therefore, there is need to address portability across schemes and borders.

3.4.2 Policy Interventions

To provide:

i) Mechanisms and a regulatory framework which will facilitate portability of benefits between schemes in the country.
ii) A framework that provides for international and bilateral agreements to promote portability of retirement benefits savings across borders.

3.4.3 Policy Strategies

The Government will undertake the following-

i) Develop a legal and regulatory framework to enhance portability of retirement benefits across schemes
ii) Review and amend the Retirement Benefits Act to provide for immediate vesting of accrued benefits and contributions of members of retirement benefits schemes.
iii) Develop a framework that provides for international and bilateral agreements for portability of retirement benefits.
iv) Enter into international and bilateral agreements to enable portability of retirement benefits savings across borders.
v) Ensure broader consultations when negotiating bilateral and multilateral agreements in order to avoid double taxation.

3.5 Promote and facilitate innovation in the retirement benefits sector.

3.5.1 Policy Issue

Leveraging on ICT have not been adequately adopted in the market to spur growth of the sector.

3.5.2 Policy Intervention

To review the legal and regulatory framework to incorporate emerging technologies to improve the design and delivery of retirement benefits services.

3.5.3 Policy Strategies

The Government will undertake the following –

i) Develop an ICT framework to facilitate adoption of emerging technologies in the retirement benefits sector.

ii) Promote and facilitate the use of integrated ICT platform for the informal sector schemes.

iii) Promote digitalization of retirement benefits services.

3.6 Promote affordability and adequacy of retirement benefits for workers

3.6.1 Policy Issue

Leakages in pension benefits contribute to benefits inadequacy in retirement and compromises the core objective of the retirement benefits sector. The average income replacement rate is below the minimum recommended rate of 40 percent by ILO which is has contributed to old-age poverty. There is need to enhance and safeguard retirement benefits.

3.6.2 Policy Intervention

To introduce measures to improve income replacement rate of members in the retirement benefits sector.

3.6.3 Policy Strategies

The Government will undertake the following –

i) Promote retirement benefits targeting measures in the sector.

ii) Provide incentives to encourage members to opt for regular pension.

iii) Promote preservation of retirement benefits by discouraging early access.

iv) Introduce measures to encourage members to make additional voluntary contributions.

v) Introduce standards on scheme administration costs.

vi) Develop appropriate guidelines on indexation of retirement benefits.

vii) Review the legal framework to introduce sub-accounts in retirement benefits schemes besides retirement savings to address short term financial needs of scheme members.

viii) Provide measures to ensure short-term contract employees enroll into retirement benefits arrangements.

3.7 Management of Payout Phase

3.7.1 Policy Issue

Retirement benefits payout channels are becoming increasingly complex with members facing a wide choice of products on limited information and understanding. The regulatory framework regarding the management of payout phase requires clarity and simplicity. Further, funds established and operating in the market to hold and pay benefits on behalf of minors are unregulated.

3.7.2 Policy Intervention

To review and simplify the current products at the payout phase of retirement benefits schemes and regulate all pay out phase products.

3.7.3 Policy Strategies

The Government will undertake the following-

i) Promote innovation on payout products and anchor them in the regulatory framework.

ii) Develop a regulatory framework for the protection of persons without legal capacity to transact such as minors.

iii) Promote easy access to financial information on payout products.

3.8 Promote Post-Retirement Medical Benefits and Old Age Care

3.8.1 Policy Issue

The population above 65 years continues to grow while the mechanism for provision of old age care for the elderly is inadequate and has been worsened by the breakdown of the family support system.

3.8.2 Policy Intervention

Develop a framework for old age care.

3.8.3 Policy Strategies

The Government will undertake the following: –

i) Review the Retirement Benefits Act to expand the definition of retirement benefits scheme to include old age care.
ii) Provide for an appropriate regulatory framework to enable members of schemes to save for the cost of old age care.
iii) Ensure compliance with set standards for old age caregivers and structures of the homes for the elderly.
iv) To enhance the framework regulating savings for post-retirement medical benefits in retirement benefits schemes.
v) Promote measure to encourage employers and members to contribute towards Post-Retirement Medical Funds.

3.9 Establish a Housing Sub-Fund

3.9.1 Policy Issue

According to the sector plan for population, urbanization and housing, adequate decent and affordable housing has been identified as a challenge and most Kenyans cannot access decent and affordable housing.

3.9.2 Policy Intervention

Develop a suitable framework with incentives to enable members of retirement benefits scheme to acquire affordable housing.

3.9.3 Policy Strategies

The Government will undertake the following: –

i) Review the Retirement Benefits Act to expand the definition of retirement benefits scheme to include post-retirement housing.
ii) Provide for an appropriate regulatory framework to enable members of schemes to save towards acquisition of a post-retirement housing.

4.0 Legal, Institutional and Financial Implications of the Policy

The policy identifies a number of issues relating to various thematic areas and the policy strategic statements intended to address the gaps identified. The policy strategies will be implemented in the manner prescribed in the implementation matrix of this policy. The implementation of this policy has legal, institutional and financial implications.

The bulk of the implications of the policy relate to legislative changes of the Retirement Benefits Act and other laws relating to retirement benefit sector. The policy does not have major institutional implications except some consultation required between government departments and stakeholders to enhance the development of the retirement benefits sector. The implementation of this policy will require substantial resources that shall be shared amongst all stakeholders.

5.0 Coordination, Implementation, Monitoring and Evaluation

5.1 Coordination and Implementation

The National Treasury and Economic Planning is charged with the responsibility of coordinating the implementation of this policy. The Retirement Benefits Authority will implement this policy in consultation and collaboration with all relevant stakeholders. The implementation of proposals in this policy will require both short-term and long-term reforms. The reforms will include be legislative, regulatory and administrative. The roles and responsibilities of all relevant stakeholders as pertains to the implementation of the policy are detailed in the implementation matrix.

5.2 Monitoring and Evaluation

A Monitoring and Evaluation (M&E) framework shall be put in place to monitor the progress in the implementation of the policy. The responsibility for monitoring and evaluation of the Policy implementation shall be vested with the RBA.

The M&E will be done periodically and will produce reports that will inform the level of attainment of the set targets and milestones and provide a basis for taking corrective actions. A comprehensive communication strategy will be put in place to report on performance and impact of the implementation of the policy.

6.0 Policy Review

This policy will be reviewed after every five (5) years in response to the needs and demands in in the retirement benefits sector.

ANNEX 1: IMPLEMENTATION MATRIX

Objective	Policy Issue	Strategies	Performance Indicator	Implementing Institution	Timeframe	Budget
1. To Coordinate and harmonize the existing legal and regulatory framework	Fragmentation of the sector and the regulatory framework	Review, consolidate and harmonize the legal framework under which retirement benefits schemes operate.	Reviewed and Harmonized Laws	TNT, RBA, Parliament, OAG&DOJ, CoG	December 2023	50,000,000
		Formulate standards and procedures to establish and govern retirement benefits schemes.	Standards and procedures to establish and govern retirement benefits schemes Amended Retirement Benefits Act, Pensions Act, Defence Forces Act and Parliamentary Pensions Act.	RBA, TNT, Parliamentary Service Commission (PSC), Defence Council, OAG & DOJ, CoG	December 2023	10,000,000
		Develop measures to protect members' and sponsors' interest in the retirement benefits sector.	Consumer protection standards code Amended Retirement Benefits Act and all legislation establishing public sector schemes	RBA, TNT, Parliament, OAG & DOJ, CoG	December 2023	10,000,000
		Develop appropriate dispute resolution mechanisms for a fair and expeditious resolution of	Framework for dispute resolution RBA Appeals Tribunal Rules	TNT, RBA, Judicial Service Commission, NSSF, Schemes, Chief Justice, ARBS,	June 2024	15,000,000

		disputes in the retirement benefits sector.	amended Amended Retirement Benefits Act Regulations to include ADR Appointments by the Judicial Service Commission. Independent Budget, operational staff.	APTAK, Retirement Benefits Tribunal, FKE, Workers Unions Schemes, COFEK, OAG&DOJ, Parliament, CoG,		
		Introduce statutory measures that will treat members' accrued benefits and unremitted contributions as a secured debt in case of insolvency of the sponsor	Amended insolvency laws and developed Measures	TNT, RBA, OAG&DOJ, Parliament, CoG, NSSF, ARBS, Schemes, APTAK	June 2024	10,000,000
2. To Enhance Retirement Benefits Coverage	Low Retirement Benefits Coverage	Develop a regulatory framework that supports the establishment and governance of informal sector schemes.	Number of products developed to encourage informal sector workers inclusion in retirement benefits sector	RBA, NSSF, FKE, COTU, ARBS, TUC, Kenya National Federation of Jua Kali Association, NCPD, Min of ICT	December 2023	50,000,000
		Establish an appropriate administrative system to support a National Retirement Benefits Scheme for the informal sector.	An integrated ICT platform	TNT, RBA,	June 30, 2023	50,000,000
		Provide appropriate incentives to encourage employers in the informal sector to establish and sustain retirement benefit schemes.	Awareness campaign program for employers	RBA, NSSF, TNT, FKE, COTU, ARBS, TUC, Kenya National Federation of Jua Kali Association, NCPD, Min of ICT	December 2023	10,000,000

		Develop measures, provide incentives, and infrastructure to extend coverage to Kenyans in the Diaspora.	Diaspora awareness programme	Kenya-Diaspora Alliance, Min of Foreign Affairs, TNT, Min of EAC and Regional Development, RBA	June 2024	15,000,000
		Review and enhance public financial literacy program on retirement benefits.	Enhanced education curriculum to include financial education in basic education Implemented Financial literacy programs to targeted groups	KICD, RBA, Schemes, Industry Associations, COFEK, FKE.	December 2025	15,000,000
		Regularly review the taxation framework of retirement benefits schemes to provide incentives for growth of the sector, simplify the tax procedures applicable to retirement benefits schemes and ensure equity in the application of the incentives.	Amendment of tax laws to incentivize scheme establishment Implementation of other invectives to provide sector growth establishment Amendment of the Retirement Benefits Act and Regulations.	TNT, RBA, FKE, KRA, Min of Labour, PSC.	April 2024	100,000,000
		Review the legal framework to introduce sub-accounts in retirement benefits schemes besides retirement savings to address short term financial needs of scheme members.				

		Provide measures to ensure short-term contract employees enroll into retirement benefits arrangements.				
		Enforce compliance with the NSSF Act.	1. Enhanced education curriculum to include financial education in basic education 2. Implemented Financial literacy programs to targeted groups	KICD, RBA, Schemes, Industry Associations, COFEK, FKE.	December 2025	15,000,000
3. To Provide mechanisms of good governance and sustainability of the retirement benefits system	1. Investment of scheme assets is concentrated on a few asset classes 2. Lack of clear governance principles that cut across private and public schemes	Promote growth and diversification of retirement benefits funds investment.	Amendments to the Investment Guidelines	TNT, RBA, CMA, Parliament, OAG&DOJ, ARBS, FMA, CoG, Schemes, APTAK	December 2023	5,000,000
		Promote the development of long-term investment classes in the domestic market.	Carried out research on new investment opportunities On Investments	TNT, RBA, CMA, FMA, NSSF, FKE, APTAK AKI	December 2023	15,000,000
		Put in place measures to enable scheme members make investment choices in their respective retirement benefits schemes.	Amendment of RBA Investment Guidelines, Developed relevant guidelines and manuals on investment choices.	TNT, RBA, FMA, Schemes, APTAK, ARBS, KRA, CMA	December 2023	2,000,000

		Promote information sharing amongst financial sector regulators.	Developed information sharing Agreements	FRC, CAK, CBK, CMA, IRA, SASRA	December 2024	3,000,000
		Promote governance principles in the retirement benefits schemes and improve enforceability of the principles.	Developed information sharing Agreements	FRC, CAK, CBK, CMA, IRA, SASRA	December 2024	3,000,000
4. To Promote and facilitate portability of retirement benefits between schemes and across-borders.	Portability of Benefits across schemes and borders	Develop a legal and regulatory framework to enhance portability of retirement benefits across schemes	Amended Regulations	TNT, RBA, OAG&DOJ, Parliament, CoG, NSSF, ARBS, Schemes, APTAK	December 2023	10,000,000
		Review and amend the Retirement Benefits Act to provide for immediate vesting of accrued benefits and contributions of members of retirement benefits schemes.	Amended Retirement Benefits Act Regulations	TNT, RBA, OAG&DOJ, Parliament, CoG, NSSF, ARBS, Schemes, APTAK	December 2024	5,000,000
		Develop a framework that provides for international and bilateral agreements for portability of retirement benefits.				
		Enter into international and bilateral agreements to enable portability of retirement benefits savings across borders.				
		Ensure broader consultations when negotiating bilateral and multilateral agreements in order to avoid double taxation.				

5. Promote and facilitate innovation in the retirement benefits sector	Inadequate adoption ICT in the market to spur growth of the sector	Develop an ICT framework to facilitate adoption of emerging technologies in the retirement benefits sector.	ICT Framework adopted	TNT, RBA, ARBS, APTAK, AKI, Min responsible for ICT, CAK, Schemes, Mobile Service Providers, Professional Bodies	December 2024	15,000,000
		Promote and facilitate the use of integrated ICT platform for the informal sector schemes.	Common ICT Framework adopted.	TNT, RBA, ARBS, APTAK, AKI, Min responsible for ICT, CAK, Schemes, Mobile Service Providers, Professional Bodies	December 2024	10,000,000
		Promote digitalization of retirement benefits services.				
6. To Promote affordability and adequacy of retirement benefits for workers	Inadequacy of Benefits at Retirement and low-income replacement rate	Promote retirement benefits targeting measures in the sector.	Amended Retirement Benefits Act and Regulations	TNT, RBA Parliament, ARBS, APTAK, CoG, AG&DOJ	December 2025	5,000,000
		Provide incentives to encourage members to opt for regular pension.	Amended Retirement Benefits Act and Regulations	TNT, RBA Parliament, ARBS, APTAK, CoG, AG&DOJ	December 2023	50,000,000
		Promote preservation of retirement benefits by discouraging early access.	Amended Retirement Benefits Act and Regulations	TNT, RBA Parliament, ARBS, APTAK, CoG, AG&DOJ	December 2023	50,000,000
		Introduce measures to encourage members to make additional voluntary contributions.	Developed awareness manuals and implemented activities to promote	RBA, ARBS, APRAK, CoG, Schemes, FKE,	December 2023	10,000,000

			the need for additional voluntary contributions.	Federation of Jua Kali Association		
		Introduce standards on scheme administration costs.	Scheme administration costs standards	RBA, ARBS, NSSF, APTAK, FMA, Custodians Forum, Schemes, CoG, FMA, APTAK, Pension Schemes, Schemes Custodians Forum, ARBS	December 2023	5,000,000
		Develop appropriate guidelines on indexation of retirement benefits.	Indexation guidelines	TNT, RBA Parliament, ARBS, APTAK, CoG, AKI, IRA, AG&DOJ	December 2023	5,000,000
		Review the legal framework to introduce sub-accounts in retirement benefits schemes besides retirement savings to address short term financial needs of scheme members.	Amended Retirement Benefits Act and Regulations	TNT, RBA, OAG&DOJ, Parliament, CoG, NSSF, ARBS, Schemes, APTAK	June 2024	10,000,000
		Provide measures to ensure short-term contract employees enroll into retirement benefits arrangements.	Reviewed legal framework that caters for short-term contracts	TNT, RBA, Min of Labor, FKE, Min responsible for Youth Affairs, TSC, PSC	June 2024	10,000,000
7. Management of Pay-out Phase	Complex retirement benefits payout channels with limited information and understanding of members on the wide	Promote innovation on payout products and anchor them in the regulatory framework.	1. Increased pay-out phase products 2. Amended Retirement Benefits Act and Regulations to	TNT, RBA, NSSF, ARBS, APTAK, Parliament, AG&DOJ, Schemes, IRA, AKI	December 2024	15,000,000

	choice of payout products		regulate all pay-out phase products			
		Develop a regulatory framework for the protection of persons without legal capacity to transact such as minors.	Amended Retirement Benefits Act and Regulations to regulate minors' trust funds Reviewed regulations on minor trust funds	TNT, RBA, NSSF, Parliament, AG&DOJ, CoG, ARBS, APTAK, Schemes, IRA, AKI	March 2024	10,000,000
		Promote easy access to financial information on payout products.	Established Information desks and centres	TNT, RBA, CAK, CoG, Schemes, CMA, IRA, ICTA	December 2023	10,000,000
8. To Promote Post-Retirement Medical Benefits and Old Age Care	Inadequate mechanism for provision of old age care for the elderly and breakdown of the family support system.	Review the Retirement Benefits Act to expand the definition of retirement benefits scheme to include old age care.	Amended Retirement Benefits Act and Regulations	TNT, RBA, Parliament, OAG & DOJ Min of Health, NSSF, AKI, IRA, RBA, NHIF, ARBS, APTAK	December 2023	10,000,000
		Provide for an appropriate regulatory framework to enable members of schemes to save for the cost of old age care.	Awareness infrastructure created	RBA, ARBS, APTAK, Min of Health, NSSF, AKI, IRA, NHIF	December 2023	5,000,000
		Ensure compliance with set standards for old age caregivers and structures of the homes for the elderly.	Amended Retirement Benefits Act and Regulations reviewed	TNT, RBA, Parliament, OAG & DOJ Min of Health, NSSF, AKI, IRA, RBA, NHIF, ARBS, APTAK	December 2023	10,000,000
		To enhance the framework regulating savings for post-retirement medical benefits in retirement benefits schemes.	Amended Retirement Benefits Act and Regulations	TNT, RBA, Parliament, OAG & DOJ Min of Health, NSSF, AKI, IRA,	December 2023	10,000,000

				RBA, NHIF, ARBS, APTAK		
		Promote measure to encourage employers and members to contribute towards Post-Retirement Medical Funds.	Awareness programme on post-retirement medical funds	TNT, RBA, Parliament, OAG & DOJ Min of Health, NSSF, AKI, IRA, RBA, NHIF, ARBS, APTAK	December 2023	10,000,000
9. To Establish a Housing sub-Fund	Inadequate access decent and affordable housing to most Kenyans	Review the Retirement Benefits Act to expand the definition of retirement benefits scheme to include post-retirement housing.	Amend the Retirement Benefits Act	NT, RBA, ARBS, APTAK	1st July 2024	10,000,000
		Provide for an appropriate regulatory framework to enable members of schemes to save towards acquisition of a post-retirement housing.	Develop Regulations to operationalize Post-Retirement Housing sub-fund in a scheme.	NT, RBA, ARBS, APTAK	30th September 2024	5,000,000
			Develop education materials and conduct awareness to members of the need to save for post-retirement housing.	RBA, Industry players,	31st December 2024	5,000,000

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