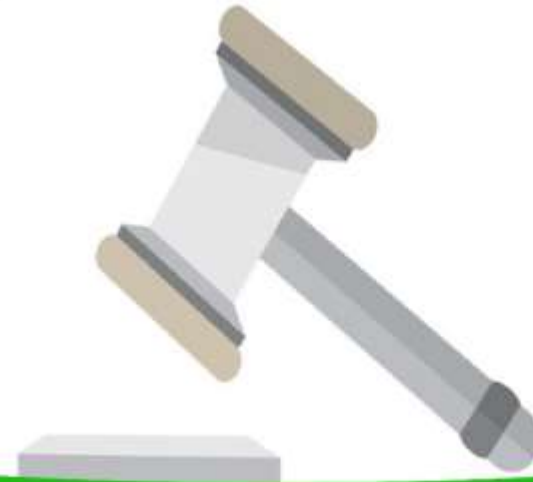


LEGAL ADVICE



PENSION GOVERNANCE AUDITS & COMPLIANCE REVIEWS

- ❖ The Guidelines came into Law on 11th October 2018;
- ❖ Responsibility for implementation- Trustees
- ❖ For the purpose of proportionality, the guideline will use a “Disclose, Apply or Explain” approach to ensure compliance with these guidelines.
- ❖ The overall goal of governance is “doing the right things and doing things right”

DUTY OF CARE



01

Oversee Fund Management

Trustees monitor investment performance, review asset allocation strategies, and ensure professional fund managers deliver value for members.

02

Act in Members Best Interest

Trustees have a fiduciary duty to put member welfare above all other considerations, making decisions that benefit you and your fellow members.

03

Ensure Legal Compliance

Trustees maintain adherence to pension regulations, tax laws, and governance codes, protecting the scheme from regulatory sanctions.

Are you familiar with the legislative documents governing schemes? Take time to familiarise yourself with the RBA Act and Regulations, guidelines, TDR, National Pension Policy, Treasury circulars.

Why Fiduciary Oversight matters- checklist



Member Protection

Members must be treated fairly at all times throughout their relationship with the scheme, from enrolment through to benefit payment



Customer-Centric Culture

Reinforces a customer-centric culture in retirement schemes, ensuring member interests remain paramount in all decisions



Transparency & Trust

Improves transparency, trust and governance through clear communication and accountable processes



Regulatory Compliance

Strengthens compliance with the Retirement Benefits Act and Authority requirements, reducing regulatory risk

When trustees embrace good governance principles, they create schemes that not only meet regulatory requirements but also deliver genuine value and peace of mind to members planning their financial futures.

Protection of Member Funds

Retirement savings are ring-fenced and managed with strict oversight, ensuring pension funds remain secure throughout members working life and beyond.

Complete Transparency

Members have the right to understand how decisions are made, where funds are invested, and how their benefits are calculated at every stage.

Prevention of Misuse

Robust controls and independent oversight prevent fraud, mismanagement, or any unauthorised use of scheme assets.

Member-First Decisions

Every governance decision prioritises member outcomes, ensuring their retirement goals remain at the heart of all actions.



Investment Transparency

members have the absolute right to understand how their contributions are invested, which asset classes are used, and what returns your funds are generating.



Accurate Benefit Statements

Receive regular, detailed statements showing accumulated benefits, projected retirement income, and any additional entitlements earned.



Annual General Meetings

Attend AGMs where trustees present scheme performance, answer member questions, and discuss future strategies affecting members in retirement.



Clear Answers

Ask questions about any aspect of scheme operations and receive straightforward, jargon-free responses from trustees and administrators.

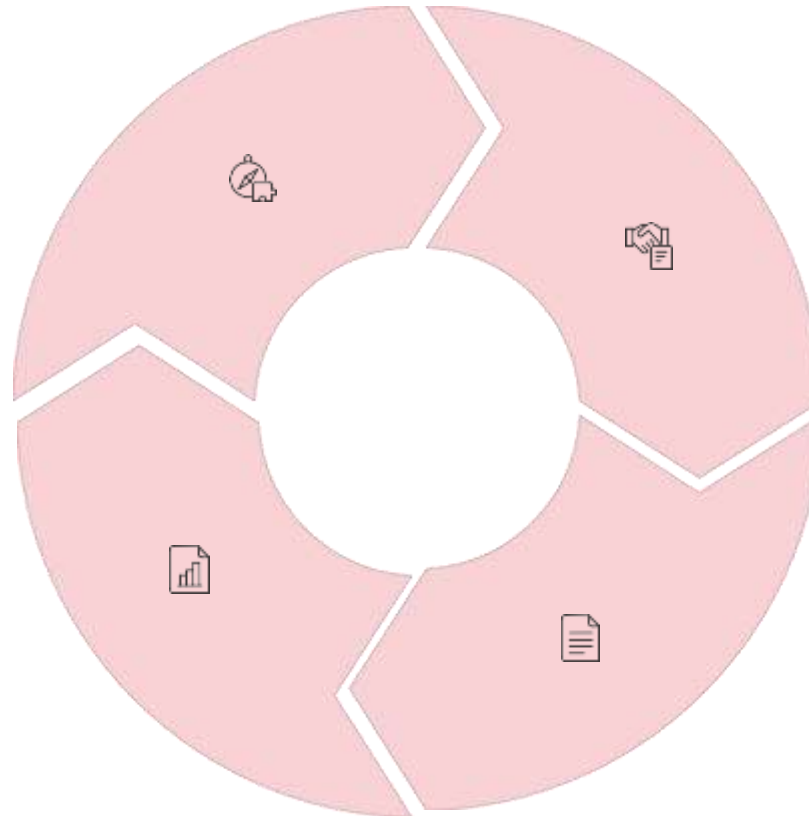
Members voice influences scheme decisions. Active member engagement helps trustees make better-informed choices that truly reflect the needs and preferences of the membership.

GG Implementation Oversight

Oversee comprehensive GG implementation within the scheme, ensuring policies, procedures, and culture align with fairness principles across all member touchpoints.

Annual Reporting

Report annually to the Retirement Benefits Authority on TCF compliance, demonstrating continuous improvement and member outcomes.



Provider Alignment

Appoint and monitor service providers aligned to scheme principles, conducting due diligence on administrators, fund managers, and advisers.

SLA Monitoring

Actively monitor service-level agreements, tracking performance metrics and holding providers accountable for service quality.

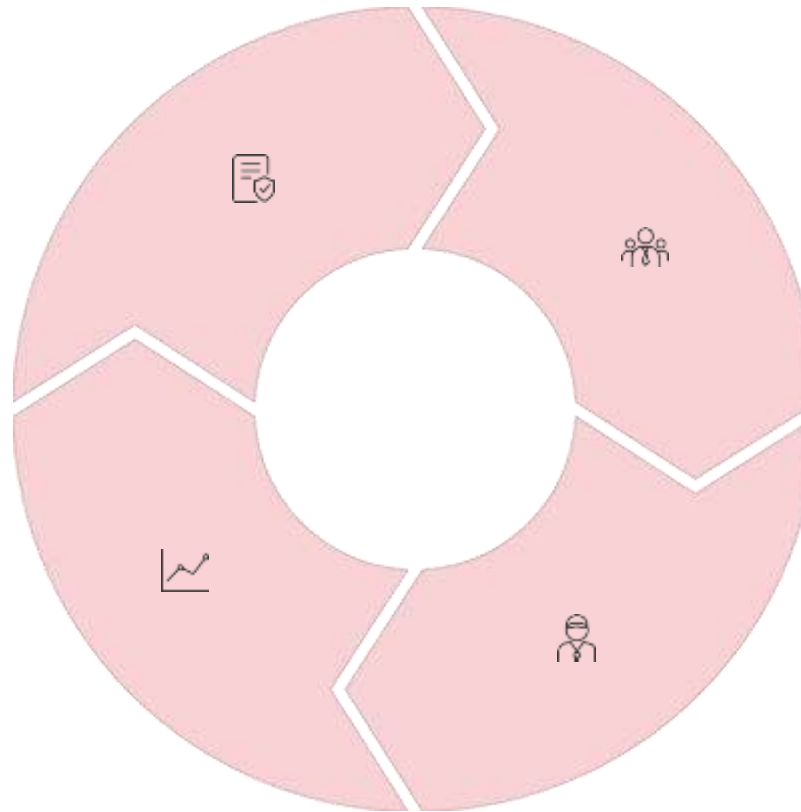
Key Trustee Action: 360-degree Board evaluation and ensuring regular board-level discussion and strategic focus on member outcomes.

Policy Integration

Embed fairness principles into all policies, procedures, and conduct standards. This should inform every decision affecting member interests.

Continuous Improvement

Track and report culture improvements through member satisfaction surveys, complaint analysis, and service quality metrics.



Leadership Accountability

Ensure board and senior management (internal admin) oversight of GG initiatives, with responsibility for member outcomes clearly assigned.

Training

Train all staff (secretariat) comprehensively on fair customer treatment principles, ensuring everyone understands their role in delivering member value.

Governance Risk

- Trusteeship, Service providers & professionals
- Corporate Governance
- Risk Management & Controls

Market Conduct Risk

- Disclosures and communication
- Complaints management
- Benefits Statements

Board Evaluation Basis

- Develop a Board Charter-Strict rules of conduct based on good governance principles
- Have in Place a Board evaluation Policy – Policy provides for evaluation of individual board member.
- Clear Duties and Responsibilities of individual trustee

Service Providers

- Have fixed term contracts
- Review Service providers agreements (Custodian, fund managers & administrator)
- Performance Based Review/Evaluations

Reporting and Disclosures

- Document and maintain appraisal records
- In Provide for sanction mechanisms for trustees who do not meet the set criteria

What Good Governance Looks Like



Clear Communication

Regular updates delivered in plain language, accessible information channels, and proactive engagement with members about scheme developments.



Independent Decision-Making

Trustees free from conflicts of interest, making objective choices based on professional advice and member welfare rather than external pressures.



Qualified Trustees

Board members with relevant expertise, ongoing training, and clear accountability structures ensuring competent scheme oversight.



Strong Controls

Comprehensive checks and balances, regular audits, and robust systems preventing fraud, error, or misappropriation of scheme assets.

Result: Pension Funds remains safe. These governance pillars work together to create an environment where retirement savings are protected, well-managed, and positioned to deliver the benefits members are counting on.



Introspection about human behavior, ethics, and societal norms
shopping carts present a litmus test for a person's capability of self-control and governance

❖ **LOW PENSION COVERAGE**

73.5 % of Kenyans within working age population do not have any form of Pension access

❖ **UNREMITTED CONTRIBUTION**

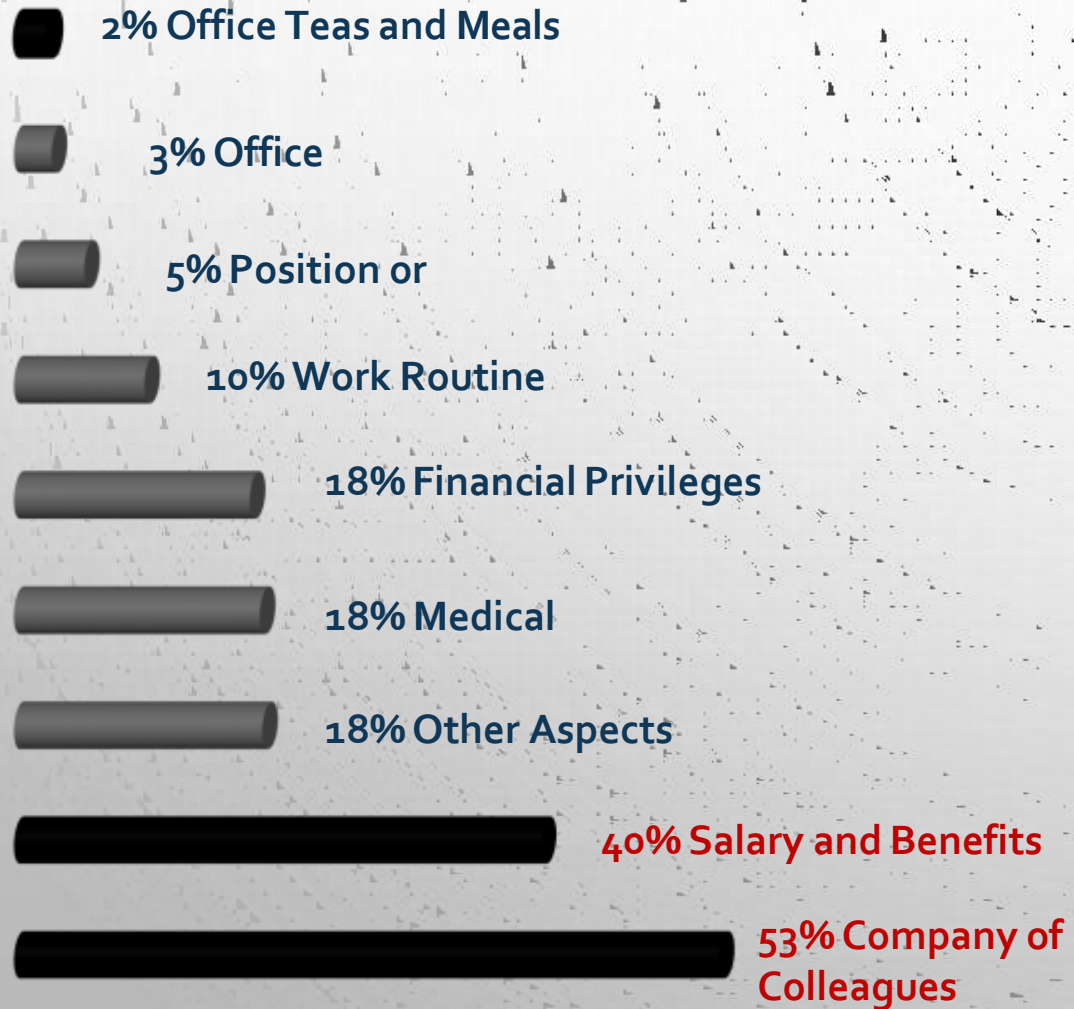
Total unremitted contributions as of March 2025 -72.2B with Public sector schemes accounting for 98% of this amount.

❖ **CONCENTRATION RISK**

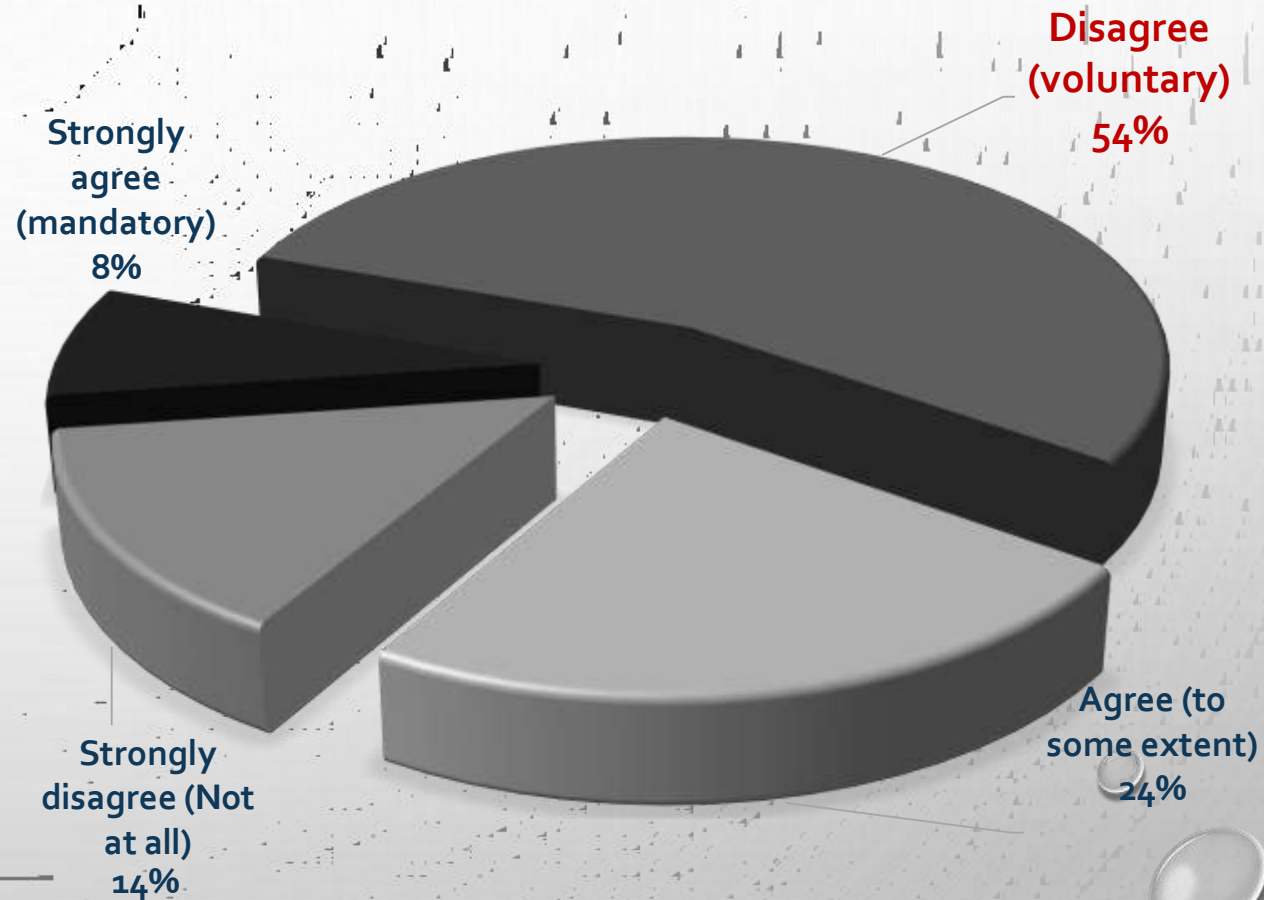
92% of pension assets concentrated in 4 asset classes



Most Missed Work Aspect



Children Financial Assistance



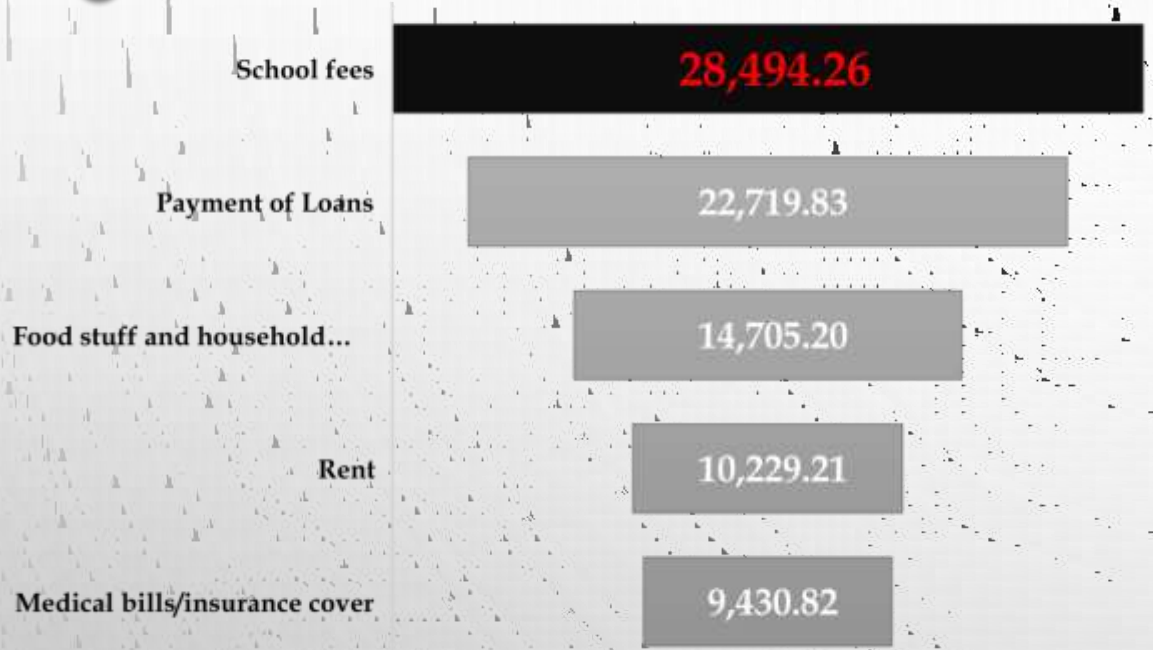
54% of respondents think that children's financial assistance should be voluntary



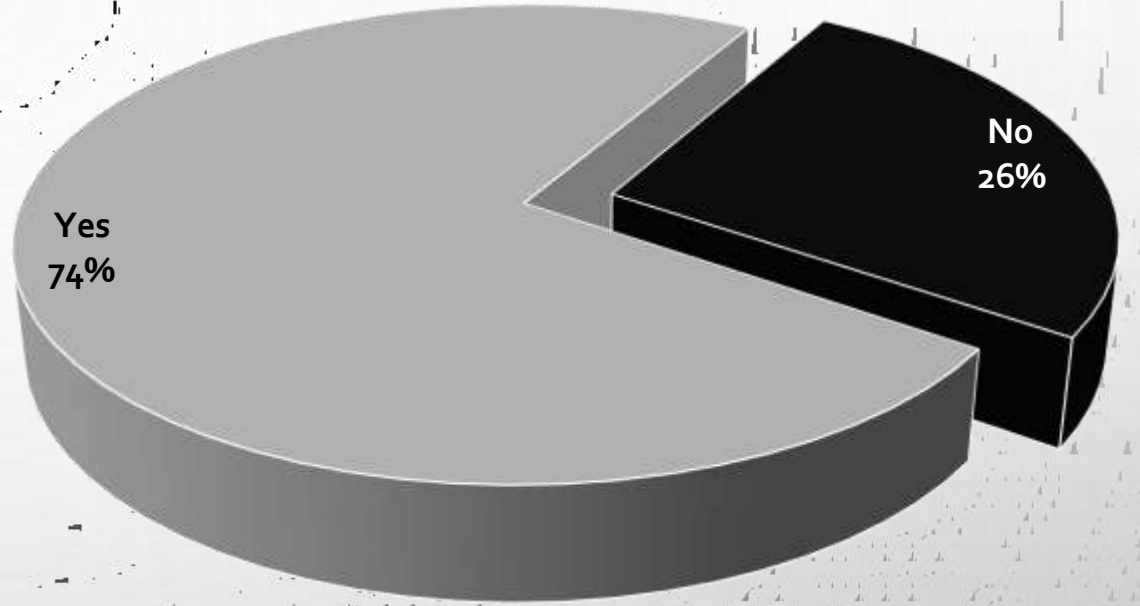
EXPENDITURE/ OTHER INCOME & SAVINGS SUFFICIENCY



Average Amount Spent by Retirees



Other Sources of Income in Retirement



Savings Sufficiency

57% - No



Felt that their savings were not Sufficient

41% - Yes

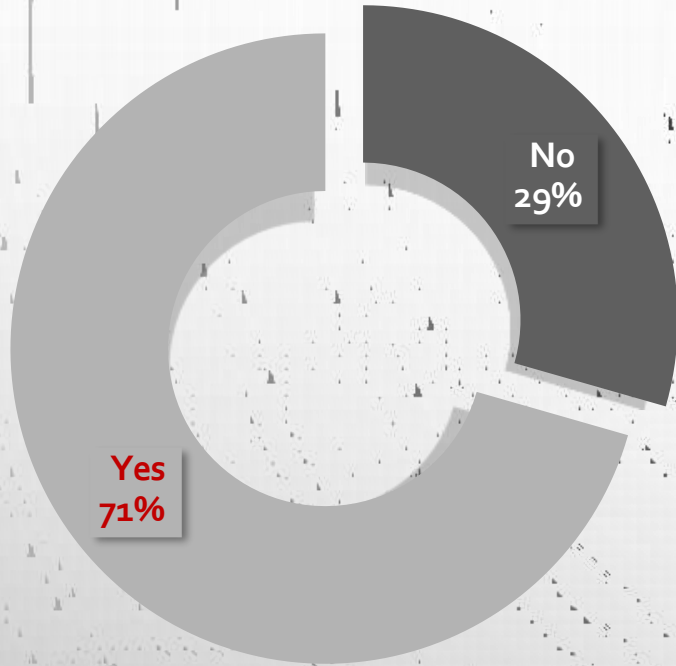


Felt that their retirement Savings were Sufficient



HEALTHCARE ACCESS

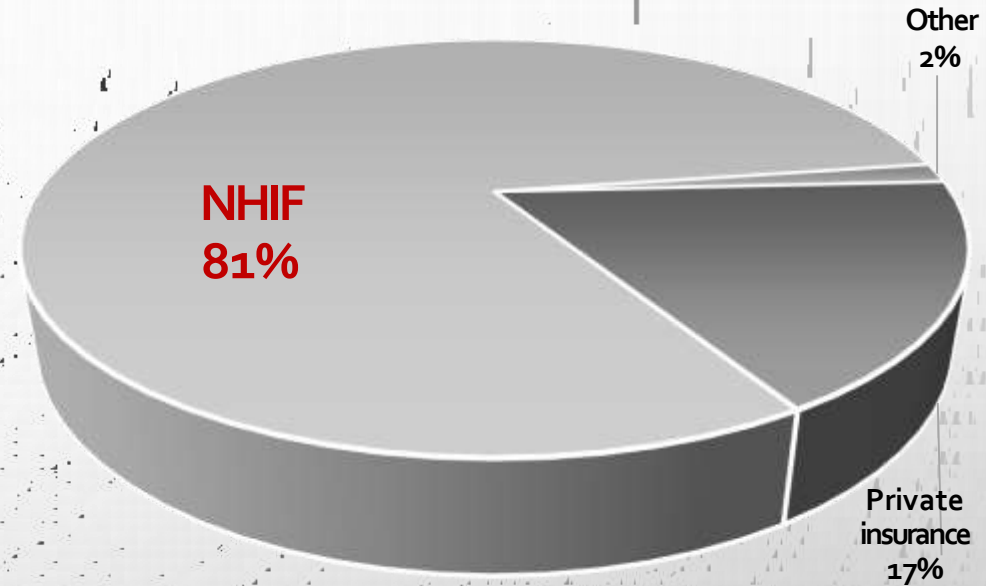
Medical Cover



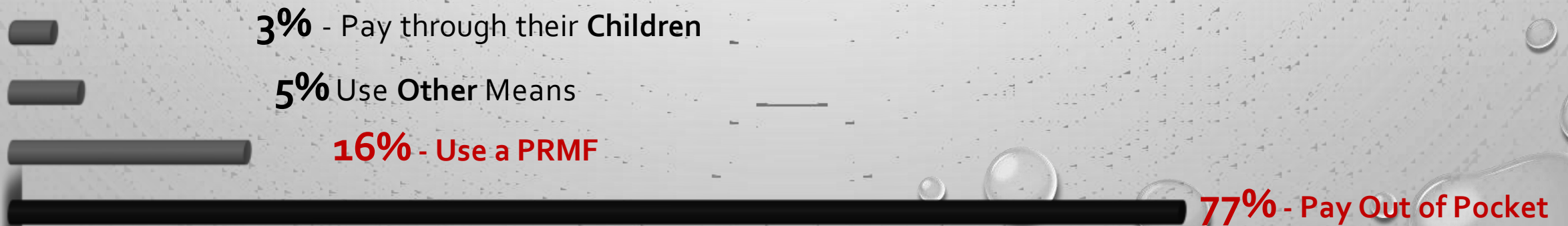
71% of retirees possess a Medical Cover.

81% of those with a cover rely on NHIF

Form of Medical Cover



Payment of Medical Cover





5th Floor, Crescent Business Centre (CBC), Parklands
P.O. Box 48179 -00100, GPO Nairobi, Kenya
Call: +254 719 560 656, +254 740 257 777, +254 11 1052230
Email: institute@finnettrust.com | info@finnettrust.com

www.finnettrust.com

