



# **RETIREMENT BENEFITS REGULATORY FRAMEWORK AND SOCIAL SECURITY REFORMS SHAPING THE INDUSTRY**

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**20<sup>th</sup> April 2026**

# RB Structure

## Act of Parliament

## Established under trust

NSSF

Civil  
Service/  
Public Service  
Superannuation Scheme

Occupational Schemes

Umbrella Schemes

Individual Pension Plans  
(IPP)

**Mandator** for all employees  
in the formal Sector  
**Voluntar** – Self-employed

**Employees in civil  
service**, Teachers &  
Discipline force (NPS,  
Prisons & NYS)

Employer-based schemes  
Voluntary

Voluntar  
Participating employers

Open to all individuals on a  
voluntary basis

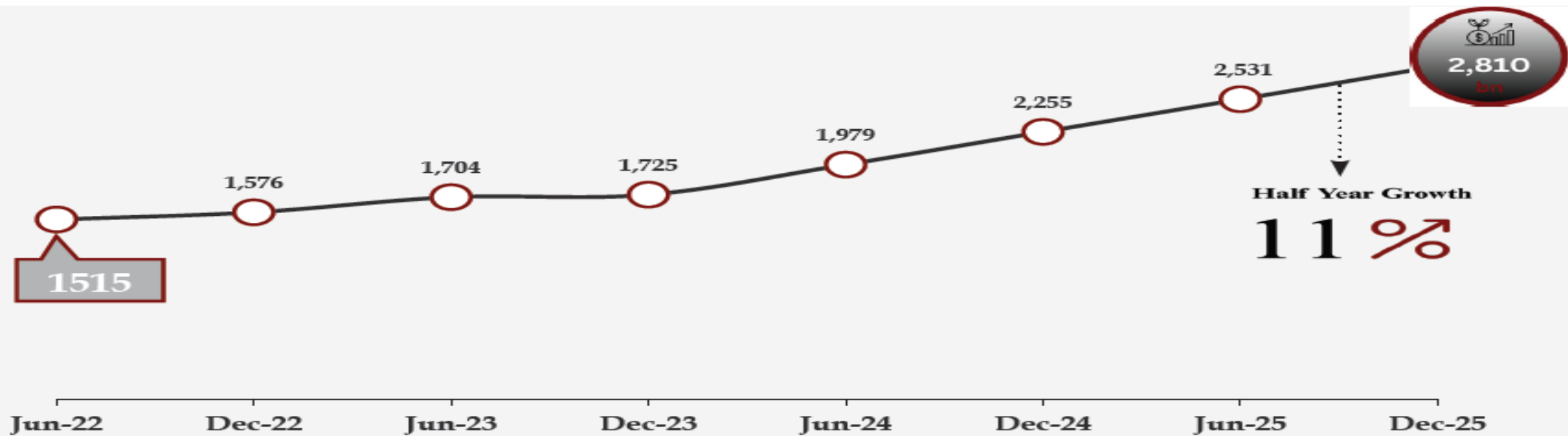
**y**  
Net Assets - Approx. Kshs  
476.8B.

PSSS - Net Assets as of June  
2024 – Kshs 142B.

Net Assets – Kshs 1,293B.

Net Assets – Kshs 197B.

Net Assets – Kshs 149B.



*Figure 1: Total Pension Assets Growth (Kshs.Bn)*

Item	Amount in Ksh. Billion
Fund value June 2025	2,530.71 B
Additional Contributions over the Period	157.06 B
Investment Income and Valuation Gain	122.87 B
<b>Total</b>	<b>2,810.64 B</b>

# RETIREMENT BENEFITS ACT- 1997

## RBA'S STATUTORY MANDATE

**REGULATE & SUPERVISE**

Schemes & Service Providers

**DEVELOP & PROMOTE**

Retirement benefits industry

**IMPLEMENT**

Government Policy

**PROTECT**

Interests of Members / Sponsors

**ADVISE**

CS, NT on National Policy

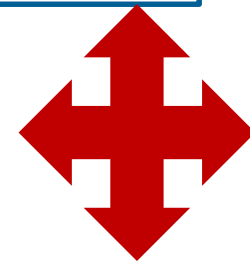
**APPROVE**

Trustee Remuneration





**NEW ISSUES IN LAW**  
**NSSF ACT**



- ❑ Date of Assent- **24<sup>th</sup> December 2013**
- ❑ Commencement, **10<sup>th</sup> January 2014**
- ❑ Deferred to **31<sup>st</sup> May 2014**
  
- ❑ The matter was determined by the ELRC Court on **19<sup>th</sup> September 2022**
- ❑ Court of Appeal decision delivered **on 3<sup>rd</sup> February 2023** implementation of NSSF Act to proceed.
- ❑ County Pensioners Association has filed **an appeal in the Supreme Court.**
- ❑ Matter referred to court of appeal for fresh determination.

	OLD NSSF PROVIDENT FUND	NSSF, 2013
<b>Membership</b>	<ul style="list-style-type: none"> <li>▪ Mandatory</li> </ul>	<ul style="list-style-type: none"> <li>▪ Mandatory Tier 1 &amp; provision for opt-out at Tier II</li> <li>▪ Voluntary for self-employed</li> </ul>
<b>Design</b>	<ul style="list-style-type: none"> <li>▪ Provident Fund</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pension Fund</li> <li>▪ Self employed – Provident Fund</li> </ul>
<b>Registration</b>	<ul style="list-style-type: none"> <li>▪ Previously employer with 5 or more employees</li> <li>▪ Minister could exempt certain persons e.g. civil servants exempted</li> </ul>	<ul style="list-style-type: none"> <li>▪ Every employer who employs 1 employee or more</li> <li>▪ Beneficiaries of pension paid out of the consolidated fund are exempted from Tier 2 contributions</li> </ul>

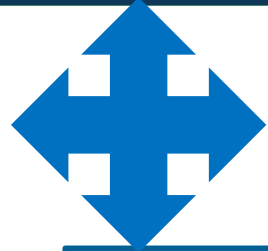
## Illustration on Contributions Rates

Year	Lower Earnings Limit	Upper Earnings Limit Kshs. 36,000	UEL	Maximum Contributions (ER + EE)
1	6,000	50% of National Average Earnings	18,000	2,160
2	7,000	1 times National Average Earnings	36,000	4,320
3	8,000	2 times National Average Earnings	72,000	8,640
4	9,000	3 times National Average Earnings	108,000	12,960
Year 5 onwards	Lower Earnings Limit as gazetted by CS	4 times National Average Earnings	144,000	17,280

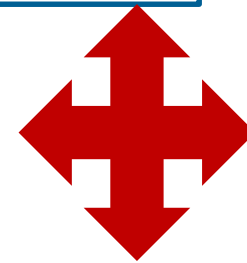
# ASSUMPTIONS

	Monthly Contribution	Length of time for contribution (yrs)	Interest rate (%)	Total contributions	Future Value
current NSSF	400.00	30	6	144,400.00	381,776.69
revised NSSF *	2,160.00	30	6	779,760.00	2,061,594.00
additional 2014 to date	1,760.00	8	6	170,720.00	211,839.69

*\* contribution rates shall keep changing*



**NEW ISSUES IN LAW**  
**DATA PROTECTION ACT**



## LEGAL FRAMEWORK – ORIGIN

- **Constitution** – Article 31 (c) & (d) and 35 (2) – **right to privacy** – need to operationalize that article (Right to correction or deletion of untrue/misleading information)
- **Data Protection Act** – accented into law on 8<sup>th</sup> November, 2019 and commenced on 25<sup>th</sup> November, 2019 – to regulate the processing of personal data

# PURPOSES OF DATA PROTECTION ACT

- ❖ **To protect the privacy of an individual**
- ❖ **Establishment of the office of the data protection commissioner**
- ❖ **To make provision and regulations for processing of personal data**
- ❖ **To provide for the right of the data subjects**
- ❖ **Obligations of data controllers and processors**
- ❖ **The act seeks to govern how personal data is used by private and public entities**
- ❖ **Precautions that the handlers of personal data must have in place**

# Key concepts

- **"personal data" means any information relating to an identified or identifiable natural person; eg name, address, telephone, email, ID number, location data, bank account details etc**
- **"sensitive personal data" means data revealing the natural person's race, health status, ethnic social origin, conscience, belief, genetic data, biometric data, property details, marital status, family details including names of the person's children, parents, spouse or spouses, sex or the sexual orientation of the data subject;**

# DATA CONTROLLERS & DATA PROCESSORS

- **"data controller" means a natural or legal person, public authority, agency or other body which, alone or jointly with others, determines the purpose and means of processing of personal data; eg the Authority- HCDA, TRUSTEES**
- **"data processor" means a natural or legal person, public authority, agency or other body which processes personal data on behalf of the data controller; External service providers eg medical scheme provider, insurance policy providers, mortgage providers, administrators in the scheme**
- **DC and DP will be required to be registered by the office of Data protection commissioner – renew their registration every 3 years**
- **DC are required to have contracts with the DP (confidentiality)**

# DATA PROTECTION PRINCIPLES

- **Ensure data is processed lawfully, fairly and transparently**
- **Ensure collection is specified and legitimate purpose (information be processed for the purpose it was collected)**
- **minimise collection of data to only what is necessary – sex, tribe (the less the information collected, the lower the risk)**
- **Collected only where valid explanation is given in relation to sensitive data**
- **Ensure data accuracy and accountability**
- **Establish and maintain security safeguards to protect personal data – storage (how long do you intend to keep the information)**
- **Not transferred out of Kenya unless there is proof of adequate data protection safeguards or consent from the data subject**

# LAWFUL BASIS OF PROCESSING PERSONAL DATA

- **Consent**
- **Performance of a contract**
- **Compliance with a legal obligation to which a controller is subject**
- **Protect the vital interest of the data subject or another natural person – in a matter of life and death (saving a life)**
- **Performance of a task carried out in the public interest – covid**
- **Performance of any task carried out by a public authority**
- **Legitimate interests pursued by DC and DP – business premises**
- **Historical, statistical, journalistic, literature or scientific research**

# EXEMPTIONS FROM THE PROVISIONS OF THE ACT

- **Exemption is necessary for national security and public order**
- **Disclosure is required under a written law (AML laws)**
- **The prevention or detection of crime**
- **Apprehension or prosecution of an offender**
- **The assessment or collection of tax or duty**

# DATA PROTECTION OFFICER - ROLE

- **Advice the DC and DP and their employees on data processing requirements under this Act**
- **Ensure compliance of the Act on behalf of the DC and DP**
- **Facilitate capacity building of staff involved in data processing**
- **Provide advice on data protection impact assessment**
- **Liaison with the Data commissioner**
- **Where personal data has been accessed or acquired by the by an unauthorized person and there is a real risk of harm to the data subject; a Data Controller shall be required to;**
- **Report within 72 hours to the Data commissioner of becoming aware of any breach of personal data**
- **Notify members within a reasonable period**

## COMPLIANCE REQUIREMENT FROM SCHEMES

- Register with the ODPC
- Registration both as Data Controller and Data Processor is highly recommended
- Appoint data protection officers (optional) Sec 24.
- *A data controller or data processor shall publish the contact details of the data protection officer on the website and communicate them to the Data Commissioner who shall ensure that the same information is available on the official website.*

# COMPLIANCE REQUIREMENT FROM SCHEMES

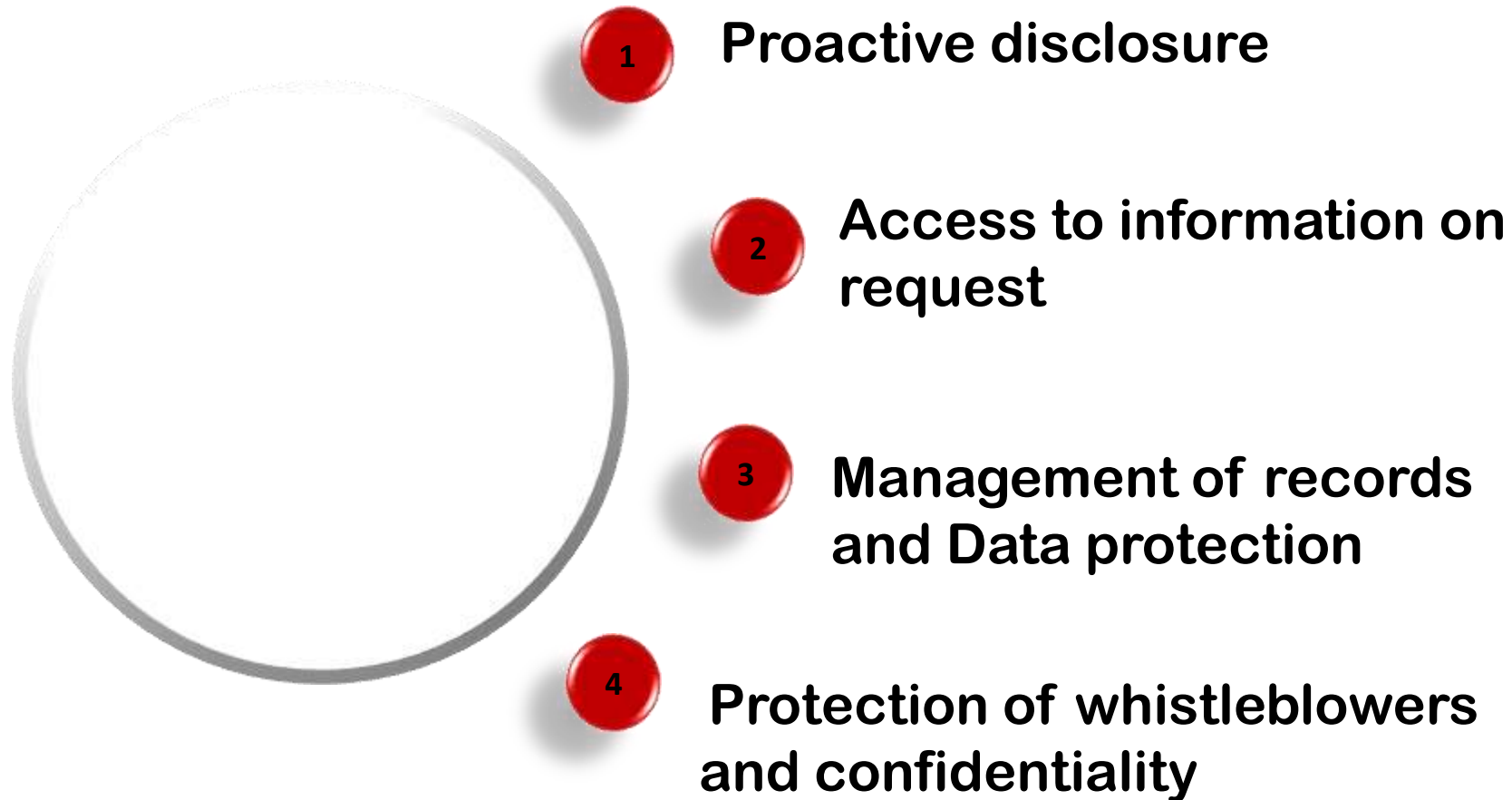
**Schemes and employers to come up with data protection policies;**

- **Data protection policy**
- **Data privacy and security policy**
- **Employee privacy policy**
- **Data retention policy**
- **Data breach policy**

# STATUS OF ACCESS TO INFORMATION



# OBLIGATIONS ON PENSION SCHEMES





**NEW ISSUES IN LAW**  
**POST RETM MED. FUND (PRMF)**

## POST RETIREMENT MEDICAL FUND (PRMF) -I

1. Members may utilize a **maximum of 10% of benefits**;

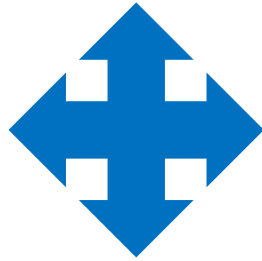
**Or,**

2. **Set up** in the scheme for medical benefits on retm.

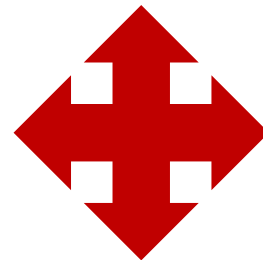
- Members make **additional contributions** for PRMF
- **Employer may** match/contribute

## POST RETIREMENT MEDICAL FUND (PRMF) - II

- ❖ Medical funds are exempt from RB levy
- ❖ Tax exemption per current RB rates;
- ❖ Access on retirement:
  - ✓ NHIF
  - ✓ Insurance Company e.g. UAP/Old Mutual, Britam
  - ✓ Med Provider e.g. AAR, Resolution
  - ✓ Scheme PRMF
- ❖ New – Standalone PRMF (*like IPP*)



**NEW ISSUE- INCOME DRAWDOWN  
REGULATIONS**



# THE JOURNEY.....

2008

- Amendment of Regulation 25(6) to allow members access their retirement benefits through an income drawdown as an alternative to an annuity

2010

- 1<sup>st</sup> guideline on operations of an IDD fund

2012

- Revision of the guideline

2023

- Gazetted Income Drawdown Regulations

# KEY PROVISIONS.....

## Minimum drawdown period

- 10 years from commencement of the drawdown

## Transfer

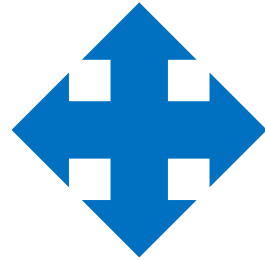
- Member may transfer benefits to another IDD after 5 years of membership

## Maximum withdrawal

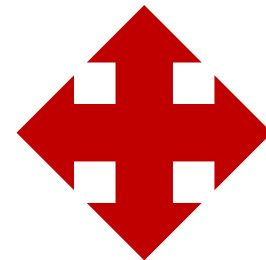
- 12% of members outstanding balance determined at the beginning of the financial year

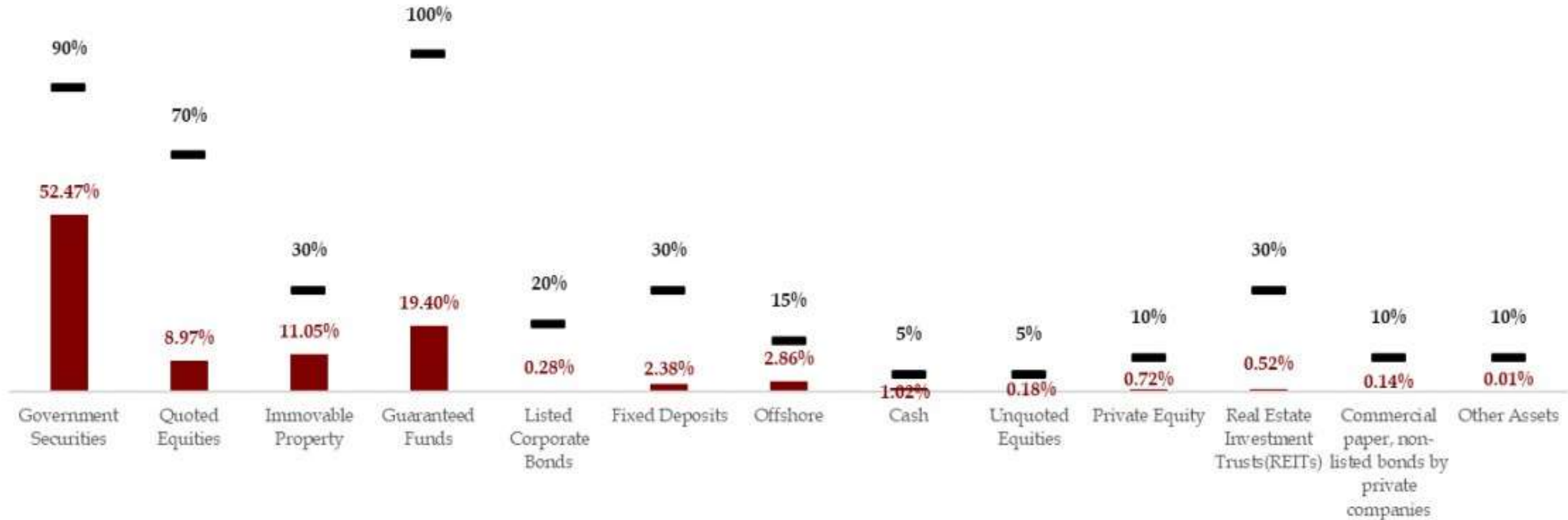
## Frequency

- Monthly, Three months, Six months or Annual



# FINANCIAL INCLUSION AND SHARIA COMPLIANT INVESTMENTS





\* Figures as of Dec 2024

■ Current %    - Statutory Limit

## SECTION 38

- (1A) Subject to subsection (1)(b), where a fund is set up exclusively for the purpose of investing sharia compliant funds, the fund shall be exempted from the guidelines.
- (2) The Authority may disqualify a person who acts in contravention of the provisions of this section from participating in any way in the management custody or administration of any scheme fund:

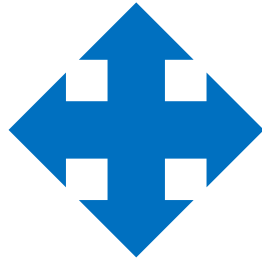
**Sharia Pension funds are exempted from table G, this allows flexibility**

- Prohibition of Riba – No interest-based transactions.
- Risk Sharing – Mutual profit and loss arrangements.
- No Gharar – Transparency and clarity in contracts.
- Ethical Investing – Avoid haram industries and practices. E.g. Alcohol, gambling etc
- Asset-Backed – Finance must be tied to real economic activity.

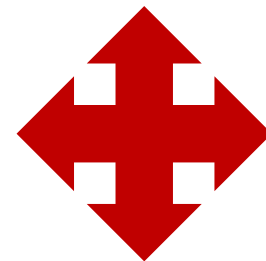
## ALIGNS WITH ESG AGENDA

Main objective of Shariah principles in commercial transactions is to minimize the possibility of disputes amongst the parties by ensuring fairness amongst them.

- **Financial Inclusion:** They provide access to retirement savings and investment products for Muslims who wish to avoid conventional interest-based options, ensuring no one is excluded on religious grounds.
- **Compliance with Religious Beliefs:** They align with the principles of Islam, enabling Muslim participants to invest and save in a manner that is ethically and religiously acceptable.
- **Market Demand:** Kenya has a significant Muslim population, especially in regions like the Coast and Northeastern. There is growing demand for faith-based financial products.
- **Diversification:** These schemes introduce alternative financial instruments (like sukuk and Islamic mutual funds), enhancing product diversity in the pension and capital markets.
- **Support for Ethical Finance/ESG:** Shariah-compliant schemes emphasize justice, transparency, and social responsibility, aligning with the goals of sustainable and responsible investing.
- **Policy and Regulatory Support:** Kenya's financial regulators—including the Retirement Benefits Authority (RBA)—are increasingly recognizing and supporting Shariah-compliant financial services as part of inclusive financial sector development



# TAX AMENDMENTS



# Tax Reliefs - Pension & PRMF:

Tax deductible contribution  
limit increased from Kshs  
240,000 p.a to Kshs 360,000  
p.a

- Advantages
  - Enhanced disposable income
  - Lower PAYE liabilities
- - Protection against being eroded by rising inflation
- Encourages long-term saving culture

Tax deductible on PRMF  
contributions of Kshs 15,000  
p.m

- Advantages
  - Supports healthcare savings
  - Enhanced income replacement ratio
- - Foster sustainable healthcare planning

# Tax Exemption on Pension Benefits

Pension benefits from registered schemes are now **exempt from income tax** for individuals who meet any of the following criteria:

- **Reached the retirement age** as defined by their scheme.
- **Withdraw due to ill health** before reaching retirement age.
- **Withdraw after at least 20 years** of membership to a fund.
- Payment of retirement annuity

## Key Impacts

- **Encourages Long-Term Savings**

Discourages premature withdrawals, reinforcing the importance of preserving pension funds for retirement.

- **Provides Financial Support for Health Challenges**

Acts as a safety net for individuals forced to retire early due to health reasons.

- **Ensures Financial Freedom for Retirees**

Exempting pension benefits from income tax helps retirees maximize their savings and enjoy greater financial independence.

# Streamlined Registration of Retirement Funds

The Act now requires that individual retirement funds, pension funds, and provident funds register exclusively with the **Retirement Benefits Authority (RBA)**, removing the previous dual-registration requirement with the **Kenya Revenue Authority (KRA)**.

## Key Advantage

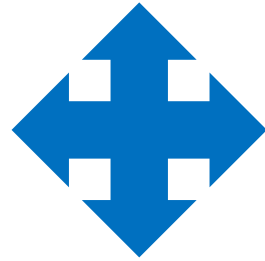
- **Simplified Registration Process**

This reduces administrative complexity and streamlines oversight, making the process more efficient and less bureaucratic.

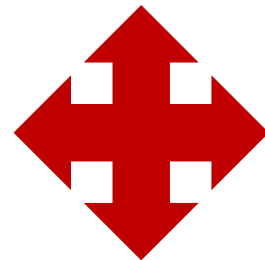
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## Gratuity amounts transferability

Employees **on fixed term contract** can voluntarily **join and contribute** to a retirement scheme. Also employers can remit accrued **gratuities**.



**NEW ISSUES IN LAW  
CORPORATE TRUSTEE REGULATION**



# REGULATING CTS

1997

RB Act passed. It included a definition of a TC with the 10M cap requirement



2023

CT Regulations gazetted



2021

RB Act amended to define CT, and to provide for their registration and reporting obligations



6

# CORPORATE TRUSTEES

- Currently 8 corporate trustees are registered
- Gaining popularity in IDD, IPP and Umbrella schemes
- Term of CT is dictated by the contract between parties.

# TRUSTEE TERM LIMIT

- Law passed in August 2025
- Extended to a maximum of 5 years
- Trustees need to amend scheme rules to reflect 5 years
- Matter in court to establish whether current trustees term can be extended.



**2026 Proposals for**

# **LEGISLATIVE AMENDMENTS**

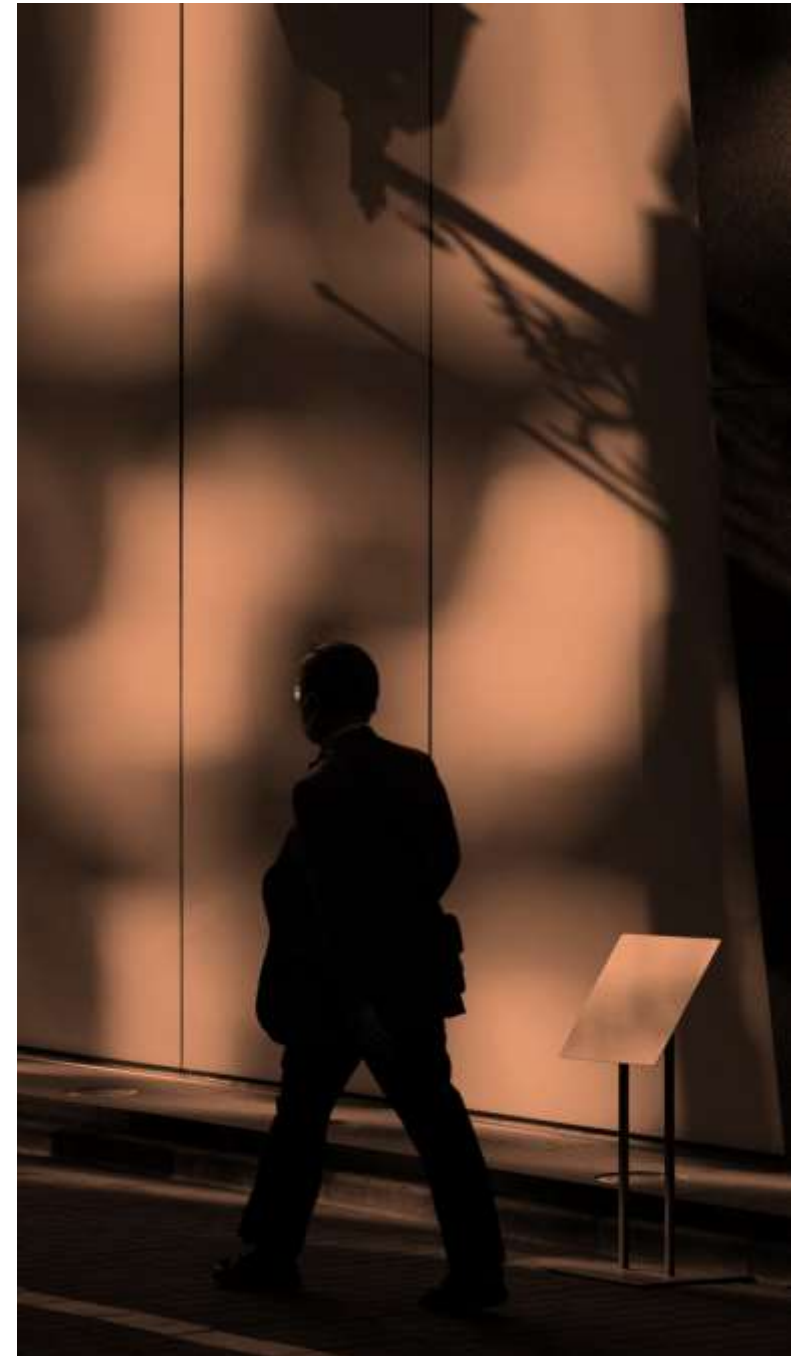
*A presentation for Stakeholders  
Muhidin M. Mohamed*

<b>S/NO.</b>	<b>CATEGORY</b>	<b>NUMBER</b>	<b>Description</b>
1.	Proposals Accepted	9	<ul style="list-style-type: none"> <li>Proposals to be forwarded to stakeholders for discussion and public participation.</li> </ul>
2.	Proposals to be considered for administrative Action	38	<ul style="list-style-type: none"> <li>Do not require any amendment on the retirement benefits (RB) legislation.</li> <li>Earlier amendments forwarded to the National Treasury (NT).</li> </ul>
3.	Proposals not Accepted	33	<ul style="list-style-type: none"> <li>Existing legislative framework is adequate and does not warrant any amendment of the RB legislation.</li> </ul>
<b>TOTALS</b>		<b>80</b>	

A



**Proposals**  
*to be forwarded to*  
**Treasury**





A1

## Taxation of Death Benefits

***Exempt all death benefits from income tax to align them with the exemption in Schedule 1, Paragraph 53.***

**Section 8(6) of the Income Tax Act** which provided an exemption of the first Kshs. 1,400,000 from income tax was deleted through **Finance Act 2025**. Therefore - After July 1, 2025, death benefits are taxable if the deceased member did not meet specific age (50) or service (20 years) criteria. –

**Section 48 of the Income Tax Act (Income of deceased person)**

Justification – Align with the tax exemption for other property under **Estate Duty (Abolition) Act (1982) s2** - ... *no estate duty shall be levied or paid on property which passes on the death of any person dying on or after 1st January, 1982.*

**PROPOSAL: Amendment of Section 48 of the Income Tax Act (Cap 470) to exempt all income from a registered pension scheme from taxation.**



A2

## VAT and Excise Duty Exemptions for Scheme Fees

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*To reduce scheme expenses and encourage growth, the proposal seeks to zero-rate scheme management, administration, and audit fees for VAT and exempt them from excise duty.*

- ***Proposed amendment: Exempt the professional services to schemes in First Schedule (Part II) of the VAT Act (Cap. 476)***  
*First Schedule (Part II) of the Excise Duty Act (Cap. 472)*



A3

## Introduction of Sub-Accounts (2-Pot System)

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*Introduce a "2-pot" model where retirement savings are divided into a savings component (1/3) for pre-retirement access and a retirement component (2/3) to be preserved until retirement.*

- **PROPOSAL**

*Amend Section 2 of the Retirement Benefits Act (Definition of a Scheme)*

*Amend Section 32 of the Retirement Benefits Act (Scheme Fund)*

*Amend Income Tax Act to distinguish between vested (existing), savings (accessible short term), and retirement components.*



A4

## Introduction of Suitability Criteria for Service Provider Management

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*Require service providers obtain a "no objection" from the Authority before appointing directors or senior officers to ensure only "fit and proper" persons oversee schemes.*

- **PROPOSAL**

*Amend Section 22A of the Retirement Benefits Act.*



A5

## Require Quarterly Management Accounts from Service Providers

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*Require managers, custodians, administrators, and corporate trustees to submit unaudited management accounts within 30 days after the end of each quarter to enhance risk-based supervision.*

- **PROPOSAL**

*Amend Section 29 of the Retirement Benefits Act, specifically introducing the requirement in subsection 4A.*



A6

## Propose a Harmonization of the Retirement Benefits Framework

*Standardize the core principles on vesting, governance structures, member protection, retirement age, access and benefits administration, death benefits etc across disparate public and private sector schemes.*

### ◦ **PROPOSAL**

*Propose to the CS/NT for a multiagency team to consider:*

Retirement Benefits Act Cap. 197, Income Tax Act Cap. 470, Local Authorities Provident Fund Act Cap 272, Public Service Superannuation Scheme Act Cap. 189A, Employment Act Cap. 226, Trustee Act Cap. 167, Trustees (Perpetual Succession) Act Cap. 164, Pensions Act Cap. 189; Pensions (Increase) Act Cap. 190, National Social Security Fund Act Cap. 258; Parliamentary Pensions Act Cap. 196, Presidential Retirement Benefits Act Cap. 197A, Retirement Benefits (Deputy President and Designated State Officers) Act (No. 8 of 2015) Cap. 197B, Asian Officers' Family Pensions Act Cap. 194, Asian Widows' and Orphans' Pensions Act Cap. 193, Widows & Orphans Pensions Act Cap 192 and Kenya Defence Forces Act Cap 199 (LN 194 KDF Regulations on Soldiers Pension) and LN 50 of 2007 Kenya (Local Government) (Pension) Regulations 1963 (L.N. 200 of 1963) Local Authorities Pensions Trust Rules, 2007. and bills under consideration such as the Judges Retirement Bill, Governors Retirement Bill and the County Assemblies Pensions Scheme Bill.



A7

## Extension of the Investment Policy Statement Review Period

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*Increase the mandatory period for reviewing scheme's IPS from every 3 years to every 5 years to reduce administrative costs.*

### **PROPOSAL**

*Amend Regulations made under Section 37 of the Retirement Benefits Act (e.g., Regulation 37(1) of the Occupational Retirement Benefits Schemes Regulations).*



A8

## Enforcement of Sponsor Remittance Obligations

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*Amend Section 53A of the Retirement Benefits Act to make it a clear offence not to remit deducted remuneration.*

### ***PROPOSAL (Resubmission)***

*Amend the schedule to the KRA Act and Section 53B of the Retirement Benefits Act to expound the role of KRA in collecting unremitted contributions.*

*Amend Section 39 of the Retirement Benefits Act to give CEO of RBA power to direct an employer to cease an unsound practice such as underfunding a DB scheme, or non remittance.*



A9

## Definition of Actuary

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*Definition of Actuary in the Act is archaic*

### **PROPOSAL**

*Amend Section 2 of the Retirement Benefits Act to remove reference to the Institute of Actuaries (England) and Faculty of Actuaries (Scotland), replace with Institute and Faculty of Actuaries (IFoA),*

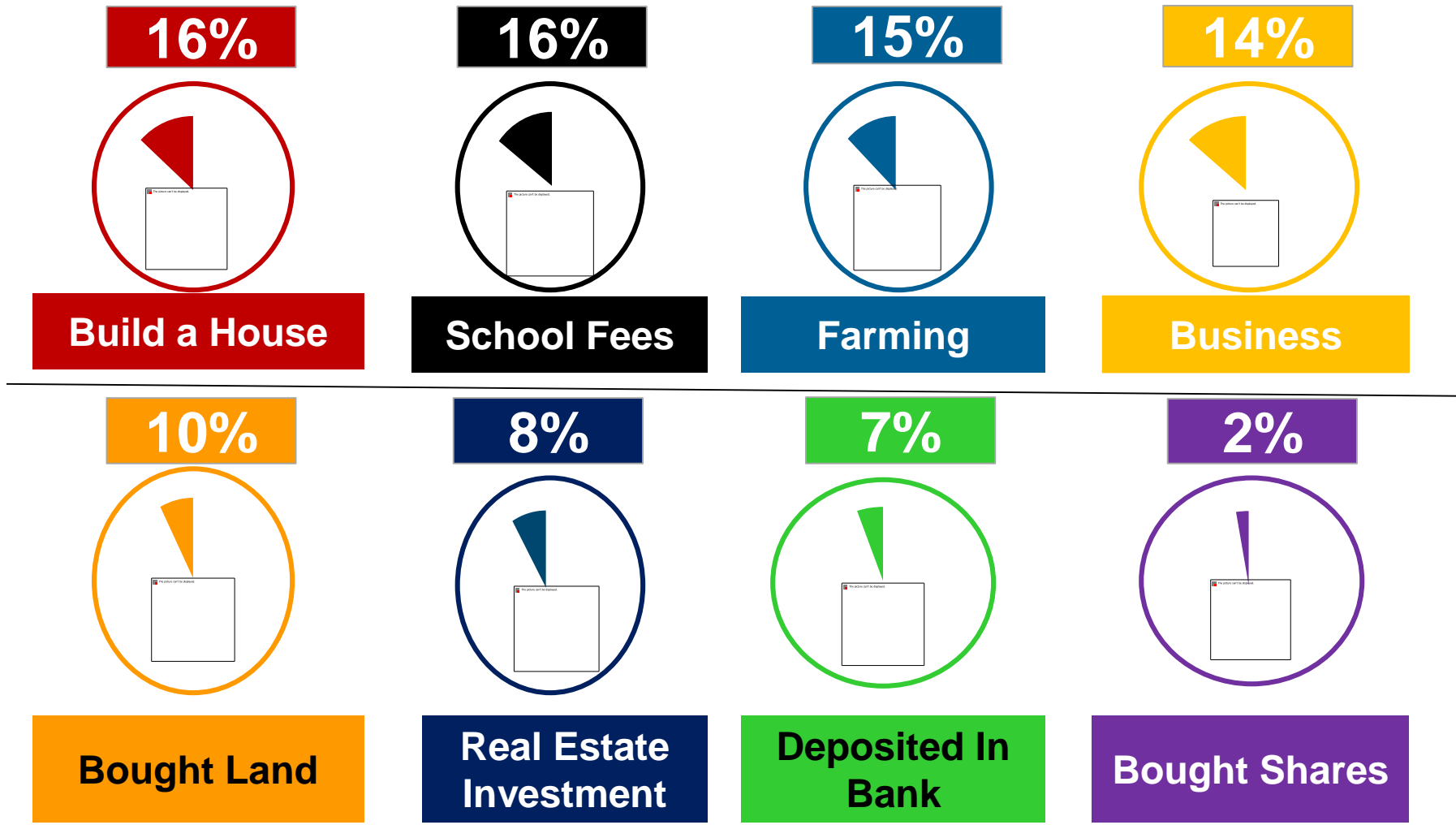
*Introduce flexibility by allowing RBA to recognise rather than listing all countries.*

# WHAT INFORMED SOME OF THE PROPOSALS



**PENSIONERS  
SURVEY 2024**

# Lumpsum Utilization

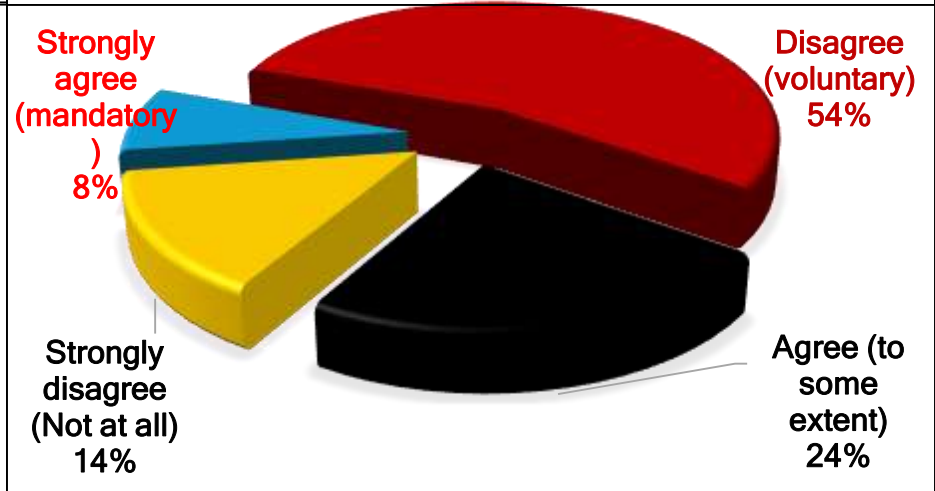


### Most Missed Work Aspect

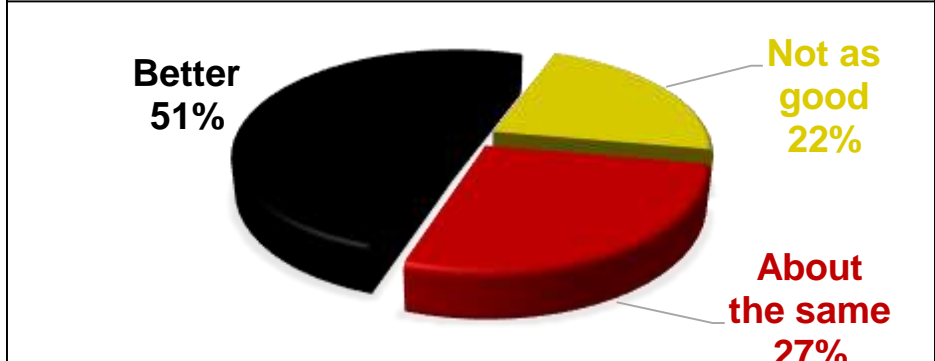
- 2% Office Teas and Meals
- 3% Office Meetings
- 5% Position or Title
- 10% Work Routine
- 18% Financial Privileges e.g. Loans
- 18% Medical Cover
- 18% Other Aspects of Work
- 40% Salary and Benefits
- 53% Company of Colleagues

n = 530

### Children Financial Assistance



### Retirement/ Work-life Comparison

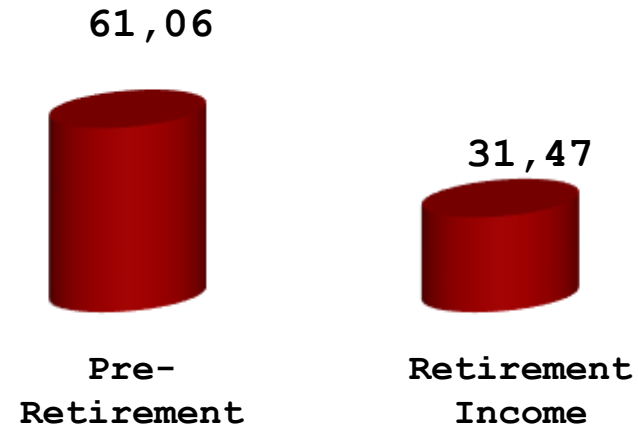


n = 530

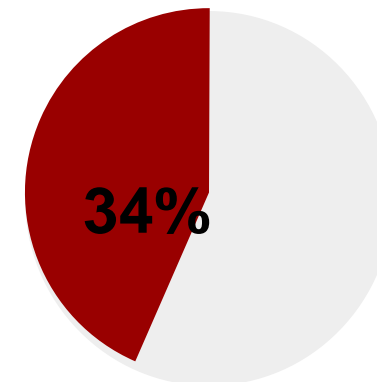
## Income Replacement Rate

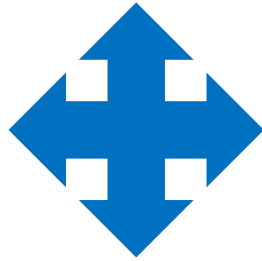
### Formulae

$$\frac{\text{Retirement Income}}{\text{Pre-retirement income}} * 100$$

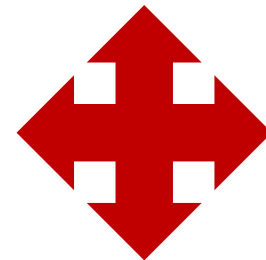


**34%** On average, respondents are earning about half of the income they were earning during their working years



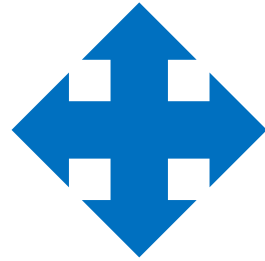


## CHALLENGES FACED BY TRUSTEES- PERSPECTIVE

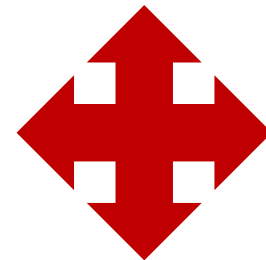


## CHALLENGES FACED BY TRUSTEES.....

- ❑ Recovering unremitted contributions;
- ❑ Calculation of benefits- mostly DB schemes;
- ❑ Payment of death benefits esp. where there are no nominated beneficiaries;
- ❑ Independence of the BOT/ interference by sponsor;
- ❑ Regulatory fatigue and costs
- ❑ Litigation
- ❑ Keeping up with emerging trends;



# EMERGING ISSUES IN THE PENSION INDUSTRY

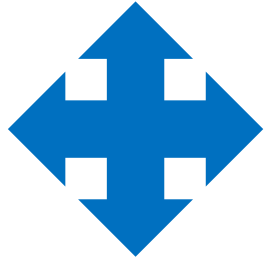


## Emerging issues pension industry ....

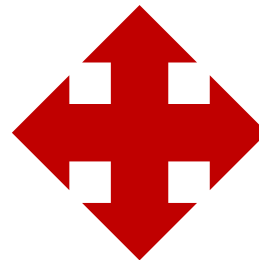
- ❑ Tax amendments;
- ❑ Post Retirement Funds
- ❑ Income Drawdown Regulations;
- ❑ Governance guidelines; AML
- ❑ Movement to Umbrella schemes;
- ❑ Change of employment terms- P&P to contract;
- ❑ Recent proposals and Retirement benefits policy

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# GOOD GOVERNANCE GUIDELINE



## RATIONALE FOR CONDUCT REGULATION

- a) Guidelines are issued in exercise of the powers conferred by **section 5 (b), 5(ba) and 55 (3)** of the RBA Act
- b) The Authority commenced Market Conduct Regulation to ensure that: -
  - ✓ Good governance is maintained among service providers in the industry; **(GGS, Other Guidelines)**
  - ✓ Delivery of services to customers in the retirement benefits industry is enhanced; **(TCF, Dispute Resolution)**
  - ✓ Stakeholder and Consumer education in the sector is emphasized by all sector player. **(TDPK, RP, Other Courses)**

## RETIREMENT BENEFITS (GOOD GOVERNANCE PRACTICES)

- ❖ The Good Governance Guidelines came into Law on 11th October 2018; but, confirmed by Parliament on 6 December 2018
- ❖ For proportionality the Guidelines use the “**Disclose, Apply or Explain**” principle
- ❖ Guidelines applicable to natural persons – hence individual trustees and directors of Corporate Trustees
- ❖ Purpose of the Guideline (3.1)
  - ❖ enable players implement and promote proper standards of conduct and sound governance practices; and
  - ❖ ensure that all players exercise their fiduciary duties effectively and diligently
- ❖ Trustees are responsible for formulating & documenting the policies and procedures of the scheme

## WHATS NEW IN GGS - I

- ❑ Compulsory AGM: Agenda circulated 14 days before AGM, Summary of Audited accounts be attached in the Agenda, Minutes of the AGM- are available at the scheme office, within 3 months , There is an Approved Remuneration policy in place- No discrimination; consultation with the Sponsor
- ❑ Optional but recommended: Member days, Retirement Planning Seminar
- ❑ A Broad mix of skills and competencies- include at least 1 trustee- Finance Qualification (Cl.19.2c)
- ❑ Staggered Terms of appointment for trustees (Cl.19.2 e)
- ❑ Trust Secretary role – lawyer or CPS or adequate experience – (Cl.27.5 & 27.6)
- ❑ Maximum 4 Committees (Cl.29.4)
- ❑ Quorum Shall be half the no. of trustees and should include at least 1 representation from the member elected & sponsor nominated trustee

## WHATS NEW IN GGS - II

- ❑ Establishment of Code of Conduct and Election or nomination Rules to be incorporated in the scheme rules-19(g)
- ❑ Trustees to be remunerated according to Trustee Remuneration Policy- to be updated every 3 years [Guidelines in final stages of development]
- ❑ Schemes shall establish & maintain Audit, Assurance and Risk Management Policies and Procedures and Review of the Auditor after every 5 years.
- ❑ Further, where auditor is replaced, they may not be reappointed for at least 2 years -38 (5)
- ❑ Board to establish and maintain a risk register - 41 (3)
- ❑ Service Providers have Business Continuity Plans (BCP)- 42(h)
- ❑ Scheme booklet - with details of scheme -48 (c)
- ❑ Written policy on Conflict of Interest -49 2 (a) (& declaration of conflict-agenda)
- ❑ May require yearly Scheme's Governance Audits – especially large schemes

## QUORUM AND NUMBER OF COMMITTEES

- ❑ Quorum-half the no. of trustees with at least 1 representation from the member & sponsor elected trustee
- ❑ Notice for BOT meetings-at least 14 days & documents atleast 7days
- ❑ Admin or Trust Sec-while in BOT meeting have no voting rights- exempt where it is a trustee
- ❑ Prepare a board charter, annual work plan and calendar of meetings;
- ❑ Committees – S.29
- ❑ Max of 4 Committees 4- recommended: Investment, Audit, & Risk Mgt; Admin &Communication
- ❑ BOT should provide TORs for each committee that sets out objectives, delegated authority, operations & reporting procedures (template TORs provided)

## EXPERTS IN COMMITTEES AND REMOVAL

- ❑ Scheme rules may provide BOT to engage experts to sit in committees of the board- through a competitive process
- ❑ Removal from office- Scheme rules shall clearly set out how a trustee is removed.
- ❑ Forbidden to act as trustee, fails to undergo statutory training within stipulated period, failure to attend two consecutive meetings, resigns, removed from office by sponsor or members respectively.
- ❑ Removal of a trustees shall be finalised through a resolution of the board of trustees

## APPOINTMENT OF SERVICE PROVIDERS

- ❑ This part sets out the relationship between BoT with the sponsor, service providers and the appointment of Service Providers.

Key highlights include;

- ❑ BOT shall provide quarterly reports to the sponsor
- ❑ BOT shall appoint key persons of an internal administrator
- ❑ at least once in each year, document and review the functions of the key persons of the internal administrator;
- ❑ Ratify appointment of seconded internal administrator;
- ❑ Competitive selection of service providers in accordance with objectives and policies of the scheme
- ❑ Trustee may remove a scheme administrator from office subject to the Act and regulations & terms of contract.
- ❑ BOT instructions to admin. shall always be in writing or in an agreed mode of communication identified in the SLA
- ❑ Where there are service providers- Trustees shall retain ultimate accountability for the management and supervision of the affairs of the scheme

## AUDIT, ASSURANCE & RISK MGT

- ❑ This part sets out the relationship between BoT with the sponsor, service providers and the appointment of Service Providers.

Key highlights include;

- ✓ **Comprehensive internal audits** put in place that cover the full range of schemes' activities, provide independent assurance.
- ✓ **Appoint External auditor**-to examine accounting records and review services every **5years**; reappointment **-is after lapse of 2years of previous appointment.**
- ✓ Authority may require BOT to conduct a **Governance audit** of scheme-by a person certified by relevant professional body.
- ✓ BOT should ensure it has a written **Risk Management Policy**
- ✓ Establish- **Risk management and internal control systems**
- ✓ BOT to shall establish and maintain **a risk register**

## BOARD AUDIT COMMITTEES

- ❑ A subcommittee of the Board of Trustees tasked with oversight of financial reporting, internal controls, and audit processes.
- ❑ Composition: 3–5 trustees with relevant financial or governance expertise.
- ❑ May have an independent trustee/ expert
- ❑ Anchored in good governance principles under the Retirement Benefits Act.

## MANDATE OF THE AUDIT COMMITTEE

- ❑ Financial Reporting Oversight: Review scheme's financial statements before Board approval.
- ❑ Internal Controls: Assess adequacy of systems safeguarding members' funds.
- ❑ Risk Management: Monitor compliance, fraud prevention, and operational risks.
- ❑ Audit Oversight: Recommend appointment, reappointment, or removal of external auditors.
- ❑ Whistleblower Protection: Ensure safe channels for reporting irregularities.

## AUDITING THE AUDITOR

- ❑ Why Audit the Auditor? Independence assurance – no conflict of interest.
- ❑ Quality of audit work – meets International Standards on Auditing (ISA).
- ❑ Compliance with RBA & ICPAK requirements.
- ❑ Committee Role: Assess auditor's performance annually.
- ❑ Review auditor's management letter & follow up on findings.
- ❑ Evaluate audit fees vs. value delivered.

## SIGNIFICANCE TO THE FUND & MEMBERS

- ❑ For the Fund: Enhances financial integrity and trustworthiness of reports.
- ❑ Strengthens risk management and compliance.
- ❑ Improves governance reputation with regulators and stakeholders.
- ❑ For Members: Protects retirement savings from fraud/mismanagement.
- ❑ Promotes transparency on scheme performance.
- ❑ Ensures confidence that contributions are well-managed.

## BEST PRACTICES FOR PENSION SCHEME AUDIT COMMITTEES

- ❑ Maintain independence from management.
- ❑ Ensure financial literacy of committee members.
- ❑ Rotate external auditors periodically.
- ❑ Regularly train committee members on pension & audit issues.
- ❑ Publish committee's annual report to members.



# **The Future of Board Audit Committees: Technology and the digital Board Audit Committee**

## THE FUTURE OF BOARD AUDIT COMMITTEES

- ❑ Increasing use of data analytics for risk detection and fraud prevention.
- ❑ Greater integration with enterprise risk management systems.
- ❑ Enhanced focus on cybersecurity and data protection compliance.
- ❑ Shifting regulatory expectations requiring more transparency.
- ❑ Adapting to environmental, social, and governance (ESG) considerations in audit oversight.

## THE DIGITAL BOARD AUDIT COMMITTEE

- ❑ Virtual meetings and secure collaboration platforms for real-time oversight.
- ❑ Use of digital dashboards for monitoring key financial and compliance metrics.
- ❑ Automation of audit follow-up and issue tracking.
- ❑ Integration with secure cloud-based document management systems.
- ❑ Leveraging AI for predictive analysis in pension fund governance.