



**‘A reasonable and sustainable
standard of living for every
Kenyan worker after their
retirement’**

FINANCIAL EDUCATION CAMPAIGNS AND PENSION REFORM

KENYAN EXPERIENCE IN TRAINING TRUSTEES

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OUTLINE

- Overview of Trustee Training Structure in Kenya
- Impact of Trustee Training
- Challenges in Trustee Training
- Conclusion
- Q & A Session



TRUSTEE SYSTEM IN KENYA

- Kenya structure dominated by occupational retirement benefits schemes
 - 1365 occupational retirement benefits schemes
 - 14 individual retirement benefits schemes
 - National Social Security Fund with tripartite Board of Trustees
- Most schemes have individual trustees with only a few using corporate trustees
- DB scheme have minimum 1/3 member nominated trustees while DC have 50% member nominated trustees
- Minimum number of trustees is 3 while maximum is 9
- 3-year term of trusteeship – renewable



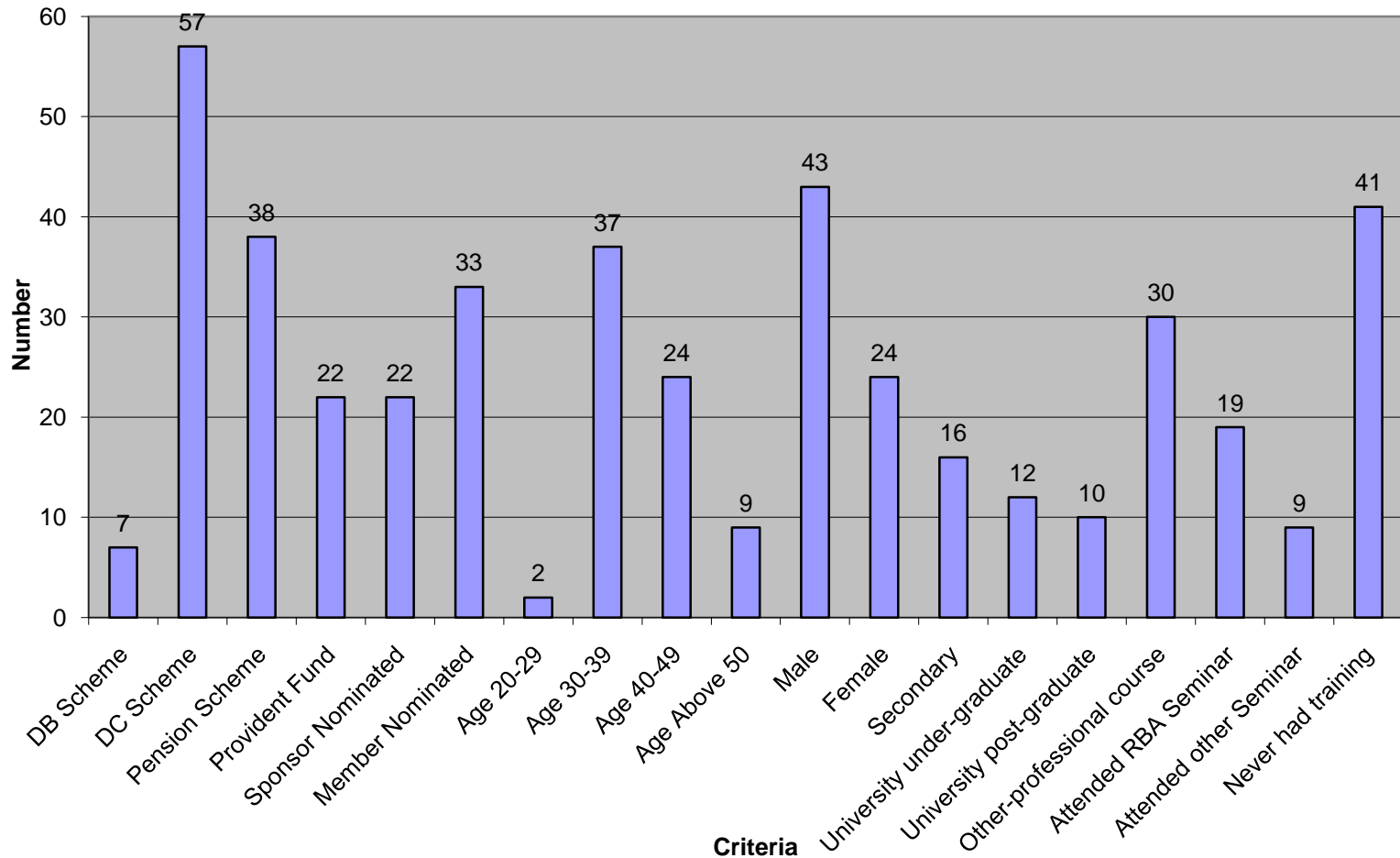
OVERVIEW OF TRUSTEE TRAINING IN KENYA

- RBA concentrates training efforts on individual trustees
 - Majority of participants are 1st-time participants
 - Equal spread between member nominated and sponsor nominated trustees.
 - Over 2,611 trustees trained to date
 - Trustee training free of charge
 - Trustee training available to all schemes irrespective of compliance status



PROFILE OF TRUSTEES ATTENDING TRAINING

TRUSTEE PROFILE RBA TRUSTEE TRAINING AUGUST 26, 2008, MOMBASA





AVENUES USED FOR TRAINING OF TRUSTEES

- Trustee training seminars
 - Held at least 6 times a year
 - Held in major towns around the country
 - Standard 1-day training programme for each seminar
 - Training material available on RBA Website (www.rba.go.ke)
- Presentations on request for individual boards of trustees
- Information on trusteeship in quarterly RBA Newsletter
- Host annual open day exhibition and symposium for the industry
- Stands at major exhibitions relating to employment and finance



MATERIAL COVERED IN TRUSTEE TRAINING SEMINARS

- Role of RBA
- General Roles and Responsibilities of Trustees
- Financial Provisions
- Compliance Requirements
- Investment of scheme assets
- Taxation of retirement benefits
- Group discussions and exercises for trustees



TRUSTEE TRAINING STATISTICS

Exposure	(%)
Respondents who have attended at least one trustee training seminar	55.55
Schemes whose trustees (excluding respondent) have attended at least one trustee training seminar	59.59
Respondents who have attended at least one RBA trustee training seminar	42.42
Schemes whose trustees (excluding respondent) have attended at least one RBA trustee training seminar	50.50
Respondents who have attended at least one trustee training seminar sponsored by another organisation	35.35
Schemes whose trustees (excluding respondent) have attended at least one trustee training seminar sponsored by another organisation	38.38
Schemes whose boards of trustees have had some form of exposure to trustee training	68.68
Trustees who are not aware that RBA conducts trustee training seminars on a regular basis	25.25

Source: Trustees Survey 2007



EVALUATION OF RBA TRAINING

COMPARISON OF RBA TRAINING VS TRAINING BY OTHER INSTITUTIONS

Indicator	Trustees feel RBA training is:
Cost	Equal
Duration	Equal
Time Management	Better
Quality of Training Material	Better
Quality of Presentations	Better
Choice and Content of Topics	Better
Effectiveness of Training	Better

Source: Trustees Survey 2007



TRUSTEES' SURVEY FINDINGS

- **Do scheme trustees know what is required of them under the Retirement Benefits Act and Regulations?**
 - No. Many trustees sampled did not have adequate information regarding their schemes to be empowered to govern them well.

- **Do scheme trustees appreciate the information provided by RBA through presentations, newsletters, seminars, exhibitions and website?**
 - Yes. It was suggested that RBA hold more seminars and workshops and arrange more forums for trustees to interact.



IMPACT OF TRUSTEE TRAINING - COMPLIANCE

- Schemes whose trustees have attended RBA trustee seminar have higher registration rate
 - 1140 out of 1379 schemes fully registered to date
- Schemes whose trustees have attended RBA trustee training seminars less likely have undergone risk-based scheme inspections
- Schemes whose trustees have attended RBA trustee training have less complaints filed by members at the Authority
- Schemes whose trustees have attended RBA trustee training have higher incidence of provision of member statements and holding of annual general meetings



IMPACT OF TRUSTEE TRAINING – INVESTMENT

- Greater interest in investment performance from trustees and interrogation of their managers
- Trustees more involved in development and implementation of scheme investment policy
- Trustees more concerned with costs and cost-benefit analysis
- Increased conversions from guaranteed fund investment strategies to segregated investment strategies
- Greater trustee concerns with managers' investment decisions



IMPACT OF TRUSTEE TRAINING - LEGISLATION

Some legislative changes have been introduced following trustees' concerns with certain aspects of scheme regulation. These include:

- The review of preservation legislation to enable individuals relocating from Kenya to access the employer's portion of contributions
- The review of the Retirement Benefits Act to enable members to use their retirement benefits as collateral for mortgages
- The barring of Principal Officers from chairing boards of trustees
- The review of taxation bands for retirement benefits
- The exclusion of custodians as mandatory service providers for schemes that invest in guaranteed funds



CHALLENGES IN TRUSTEE TRAINING

■ Low coverage

- 50 % of trustees have not attended RBA trustee training
- Turnover of trustees is high in some organisations
- Trustee training organised by other institution has not filled this gap and is of lower quality

■ Basic module of training

- The level of training imparted through current efforts has been effective but is not sufficient
- Trustees still exhibit insufficient knowledge on pension scheme strategy issues
- Amendments to scheme rules to reflect changes in retirement benefit legislation still slow



CONCLUSION

The Retirement Benefits Authority:

- Continues to engage trustees in the development of the industry, and focuses on trustee training as an avenue for discussions
- Anticipates to conduct 7 trustee training seminars in 2008 increasing number of trustees that have attended training to 2500.
- Is working with the industry to introduce formal certification of trustees which is likely to be electronic based using the UK trustee toolkit model
- As a first step the law was amended in June 2008 to allow the Authority require every scheme to have at least one certified trustee.