



**“Developing and Safeguarding
the Kenyan Retirement Benefits
Sector through commitment to
continued Excellence in
Service Delivery”**

Enhancing Pension Awareness and Education in Kenya

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Outline of Presentation

- Overview of Pension Awareness in Kenya
- Pensions Coverage
- Retirement Benefits Structure
- Challenges
- Public Education Campaign
- Pension Awareness Delivery Channels
- Way Forward



Overview of Pension Awareness in Kenya

- Low levels of pension awareness
- Language is a key barrier – pension subject not understood by ordinary people
- General lack of financial awareness – Impacts negatively on the general saving culture
- The four financial regulators (Central Bank, CMA, IRA and RBA) come up with joint collaboration to strengthen the growth of the Financial Sector
- Financial Education is one of the key areas of collaboration
- Joint Financial Education Campaign will:
 - Instill confidence in the financial sector
 - Inculcate a saving culture in Kenyans
 - Get retirement planning integrated into overall financial planning



Pensions Coverage

- Pension saving is a voluntary exercise
- No universal pension
- Approximately 3 million Kenyans mostly in formal employment (15% of workforce) are covered
- More than 80 % (informal sector – “Jua Kali”) not covered
- **Efforts to reach out to the informal sector ongoing**
- Low replacement rates (20%) – People not saving enough to increase income replacement ratios at retirement

Kenya's Retirement Benefits Structure

The Civil Service Pension Scheme – 22%

- Non contributory & Unfunded
- Covers all service employees
- Exempted from Retirement Benefits Authority Supervision
- Legislated by Act of Parliament

National Social Security Fund (NSSF)-67%

- Provident Fund
- Contributory & funded (both employee and employer)
- Accounts for 28% of total industry assets
- Covers all employers with 5+ employees
- Regulated & Supervised by RBA

Private Occupational Schemes – 11%

- contributory & funded
- Accounts for 70% of Industry Assets
- Covers employees of the employer
- Regulated & Supervised by RBA
- Legally formed under trust deed
- 1365 schemes (Estimated membership – 13,000)

Individual Retirement Benefits Schemes-0%

- Contributory & funded
- Open to all - formal & informal workers
- Regulated & Supervised by Retirement Benefits Authority
- Legally formed under trust deed
- 16 Individual Retirement Benefits Schemes



Perception of the Pension Industry

- The concept of retirement to many does not involve pension schemes – mainly involves savings for assets (house, land, cows etc)
- Suspicion that scheme providers may collapse with members savings or may just refuse to allow them access to the savings
- Employer's responsibility to drive the pension agenda
- No tangible benefits (Expected to change – new pension-backed mortgage product launched on 29th October 2009)
- Retirement is too far away so why worry about it now?



Challenges

- Increase Coverage: require policy provisions (include elements of compulsion)
- Cultural orientation – Traditionally, the aged taken care of by the community
- Demystifying the pension subject
- Targeting : Informal sector , Youth segments, Members, Trustees, Public, Media
- Attitude change – Negative attitude towards retirement
- General lack of a saving culture among Kenyans – want access to savings
- Interference from Legislature (Parliament – Preservation Rule)
- Negative perception of the insurance industry and financial sector
- Prevailing economic situation
- Competition (Cooperatives, Investment groups, saving accounts, etc)
- Low levels of awareness on retirement benefits products



Consumer Awareness Survey Findings

- Dip-Stick Survey commissioned by RBA in March 2009 to ascertain the level of awareness on the importance of saving for retirement among Kenyans.
- The top most important items in any given month are:
 1. Rent
 2. Food
 3. Household Bills
 4. Transport
 5. Church offering
 6. Clothing
 7. Entertainment
 8. Saving
- Saving is not considered a priority and can be done without.



Public Education Campaign

- Developed Research – driven communication strategy
- Public Education Campaign is a major activity mounted by the Authority

Specific Objectives:

- Educate Kenyan workers on the need and benefits of saving for retirement and channels available for saving
- Illustrate to employers the benefits of starting retirement benefits schemes for their staff
- Educate existing members of retirement benefits schemes on their rights
- Educate the Kenyan public on the Role of RBA , positioning it as an honest, caring, and approachable partner
- Educate trustees on their role and responsibilities
- Educate Kenyan public on how to plan for retirement



Key Target Segments & Messages

Target Audience:

- Informal sector
- Youth
- Employers
- Scheme Members
- Public

Key Messages:

- RBA is a credible regulatory body
- Starting to save early will guarantee one a comfortable retirement
- You don't need to have a lot of money to save for retirement

Elicited action:

- **Do:** Think about saving now - thus introducing the culture of saving
- **Feel:** Saving for retirement is for all workers in the formal and informal sector and is **not** a complicated exercise
- **Believe:** RBA is a credible and trustworthy organization that will safeguard members savings



Pension Awareness Delivery Channels

RBA's Multi-faceted education campaign uses different interventions:

1. Multi-media campaign

- TV, Print, Lifestyle Magazines, FM Radio Stations, etc

2. Trustee Seminars

- Equip Trustees with skills to enable them improve administration of the schemes and compliance with the law

3. Retirement Planning Seminars

- Equip members with investment and social skills to help them cope with life in retirement

4. Corporate Social Investment (Outreach)

- RBA/Operation Ear Drop (OED) Hearing Conservation Programme
- Joint promotional activities with Informal sector Associations

5. RBA Open Day (annual)

6. Exhibitions (Regional)

7. Roadshows (Regional)

8. Media Relations – Free Publicity



3rd Multi-media Question & Answer Campaign

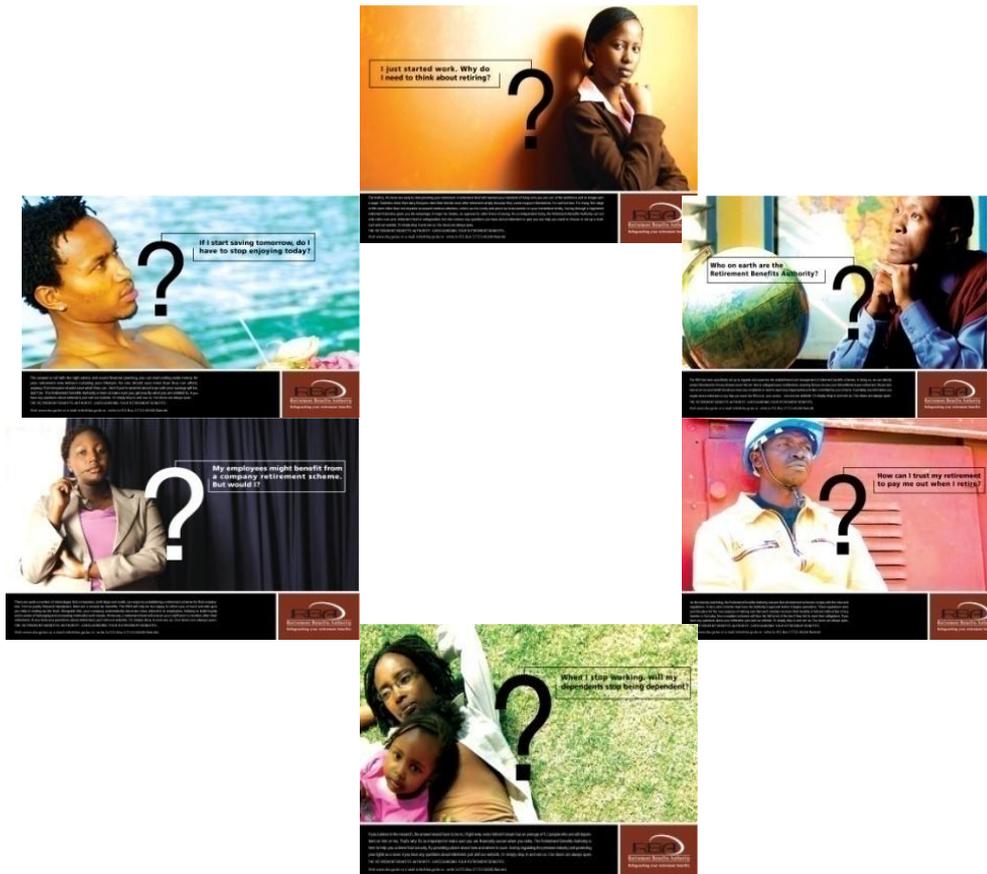
Campaign launched on 12th March 2009 – activated until 30th June 2009

Channels: TV, Print, Lifestyle Magazines, FM Radio Stations

5 Key objectives:

- Educate Kenyan public on the role and mandate of RBA
- Provoke Kenyans to think and ultimately taking steps to save for retirement.
- Change public attitudes toward saving for retirement
- Ultimately, engage the public in an educative journey on saving for retirement and get them to take action and save
- Positively influence existing members of schemes

RBA Multi-Media Question Campaign





Trustee Training

RBA runs a Trustee training programme targeting individual trustees at no cost to schemes

Objective: To enhance the sector's growth through improved governance.

- One day curriculum covering the following topics:
 - The general role & Responsibilities of Trustees
 - Compliance requirements
 - The role of Trustees in Investment of retirement Benefit Scheme assets
 - Taxation
 - National Insurance Hospital Fund products
 - Groups exercises

- Trustee training available to all schemes irrespective of compliance status



Trustee Training –cont'

Challenges:

- Basic Curriculum
- Not certified

Achievements:

- To date, over 1000 schemes with 2,611 trustees of the 1365 registered schemes have been trained (83%)
- Trustees equipped with basic skills to make prudent decisions

On-going initiatives:

- Trustee Training curriculum and certification programme being developed
- Plans are underway to introduce a Pensions Plan Administration curriculum in collaboration with Association of Retirement Benefits Schemes (ARBS) and College of Insurance

Retirement Planning Seminar

Objective:

- To equip members with investment and social skills to help them cope with life in retirement

Key Topics:

- Testimony from a retiree
- Benefits
- Time Management
- Attitudes to retirement
- Investment & Personal Financial Management
- Health Issues in retirement





Retirement Planning cont'd

■ Challenges

- Reaching members too late (50 years and over)
- Retirement stigmatized by society
- Seminars conducted Quarterly (inadequate)

■ Initiatives taken to address the challenges

- Changed name from “Pre-Retirement seminar” to “Retirement planning seminar”
- Opened up seminar to all younger members
- Conducting more on – site training

Corporate Social Investment – CSI (Outreach)

Hearing Conservation Programme

- Joint collaboration between RBA, Operation Ear Drop (OED) and Informal sector (Kenya National Federation of “Jua Kali” Associations)
- **Objective:** Promote Ear and Hearing health and prevent Noise Induced Hearing Loss (NIHL) among industrial workers exposed to occupational noise; **Ultimately** sensitize them on the importance of saving for retirement
- **Reach** – Countrywide (6 million artisans)
- **Pilot:** ENT clinic launched in Kamukunji-Nairobi (25 – 29 May 2009). Over 700 artisans treated and sensitized
- **Roll out:** Country-wide programme from January 2010

Ear Cleaning Clinic at Kamukunji Open-air shed (Nairobi)





CSI Icont'd – Process

- Artisans arrive
- Pension talk by RBA team on the importance of saving for retirement (while waiting for registration)
- Registration of the artisans
- Ear, Nose and Throat examination
- Ear syringing *where indicated*
- Audiometric hearing assessments
- Dispensing of earplugs
- Dispensing of drugs *where indicated* and a health education talk – on Hearing Conservation



Follow up to the outreach programme

- Artisans were very receptive to Outreach programme. RBA used platform to convince them to start their own pension scheme
- **Pension Scheme**

“Mbao” Pension scheme under registration – to be launched before end of 2009
- **Joint Promotional Activities (RBA/Informal Sector)**
 - Mount a country-wide joint sensitization campaign to educate members on the need to save for retirement
 - Leverage the informal sector’s network with Ministry of youth through the “Youth Fund” to target the youth country-wide
 - Partner with Regional FM Radio stations to disseminate pension messages



Exhibitions

■ **Retirement Benefits Open Day**

An annual event that brings together the Regulator, Retirement Benefits Schemes Service Providers and the Public under one roof

Objective:

Educate Kenyans on the need to save for retirement, showcase pension products and respond to questions from the public

■ **ASK Shows** – Authority exhibits at Regional shows

Objective:

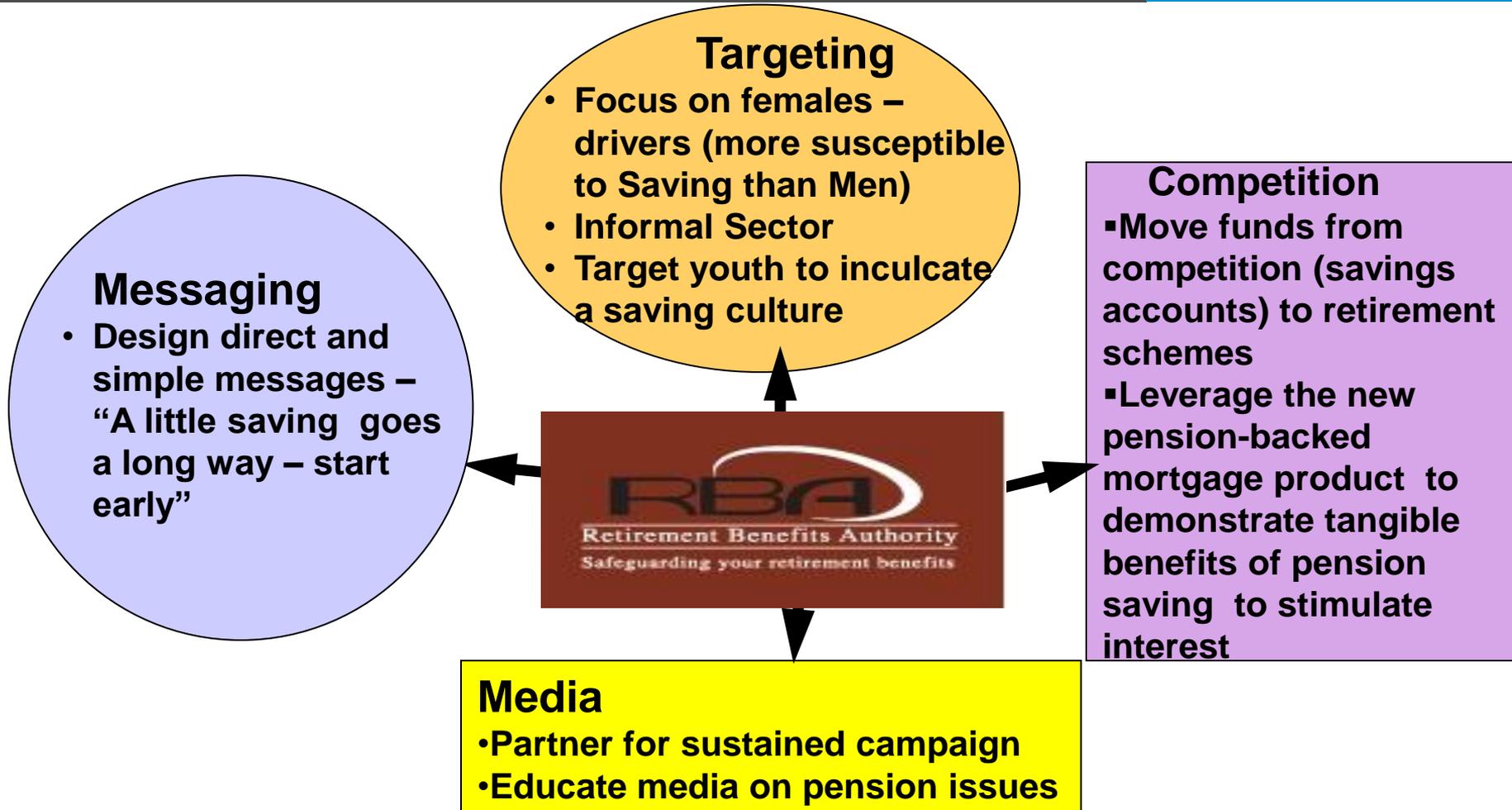
- Provide a platform for RBA to meet the public, Educate them on the need and means of saving for retirement and Respond to their questions and complaints



7th Retirement Benefits Open Day - 23 Nov. 2009



Opportunities Summarized





Way Forward

- **Multi – Media Campaign: Phase 1** - Questions & Answer campaign’s objective: “to provoke Kenyans into thinking about saving for retirement” was achieved.
- **Phase II** – To get Kenyans to ultimately take steps to save for retirement – Refresh multi-media campaign to address the questions raised in first phase of activation
- **Target:** Youth; (Social network – Facebook, Curriculum) Informal sector ;(sensitization program) Employers; (job induction program) and Employees (retirement planning)
- **Other interventions:**
 - Vernacular **FM Radio** stations – Regional Reach
 - Influence Local **TV** Programming and Infomercials - Countrywide
 - **Print media** - Pension Columns
 - **Social media** (Face book)
 - **Digital screens** – supermarkets and food courts
 - **Road shows** (in collaboration with the informal sector)



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Thank You