



**MINUTES OF THE JUBILEE INSURANCE PERSONAL PENSION PLAN
ANNUAL GENERAL MEETING HELD AT PRIDEINN PARADISE BEACH
RESORT AND CONVENTION CENTRE , 21st NOVEMBER 2019**

ATTENDANCE

1. Members of the Scheme
2. Corporate Trustee – Timothy Wambui, Nat Bank
3. Administrator – Jackson Wasonga, Jubilee Insurance
4. RBA representative – David Letio
5. Auditor - PKF

AGENDA

1. Welcome Remarks/ Sponsors Report
2. Confirmation of 2018 minutes
3. Trustee's Report
4. Audited Financial Statements as at 31st December 2018
5. Presentation of Administration Report
6. Presentation of Investments Report
7. Presentation of Industry Developments Report
8. Questions and Answer Session
9. AOB

Min. 1/2019 Welcome remarks/ Sponsors report

The meeting commenced at 10:30am with Catherine Kang'ata welcoming the Jubilee Personal Pension plan members and stakeholders. She thanked them for honoring the invitation to attend the annual general meeting which is a compliance requirement and a platform to update them on the scheme

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performance. She stated that the main purpose of the scheme is to provide retirement benefits and other benefits to members upon retirement from the employer's service and relief for the dependents of a deceased member.

She took the members through the performance of the global economy highlighting the growth of the Gross Domestic Product (GDP) which grew by 3.0 % in 2018 which was lower than the 3.15% growth rate in 2017. The reason was loss of investor's confidence in various economies and global trade wars played by fundamental role in the shift in global GDP.

She took the members through Kenya's economic growth which was 5.9% in 2018, an increase from 4.9% in 2017 and it was attributed by the ease in political uncertainties and improved weather conditions that increased agricultural production in the country. The penetration rate of the insurance sector was low at 2.43% compared to 2.71% in 2017.

Members were also updated on the guaranteed fund for Jubilee Insurance which was Kes 46.6B as at 31st December 2018, an increase from Kes 41.2B in 2017. The pension contribution collected in year 2018 was Kes 7.6B an increase from Kes 6.6B in year 2017. The Jubilee Insurance Personal Pension Plan Scheme total fund value as at 31st December 2018 was Kes 12.1B.

She informed the members that they will be updated on the legal changes which were in the 2019/2020 budget, legal amendments and the Post-Retirement Medical Scheme guidelines by a representative from RBA.

She declared the forum open for discussions and wished the members a fruitful discussion.



Min. 2/2019 Confirmation of 2018 Minutes

The members were taken through the previous AGMs minutes by Paul Omondi who read them and he further asserted that the purpose of the retirement plan is to provide a long term savings vehicle to the members and envisions helping individuals secure their retirement. The minutes were confirmed by Benard Oboto and seconded by Linda Makokha who are both members of the Personal Pension Plan Scheme.

Min. 3/2019 Trustees Report

The report was presented by Timothy Wambui of Natbank. He explained to members that their responsibility included:

- Administering the scheme in accordance with the provisions of the Act.
- Scheduling meetings with the service provider every quarter for a briefing of the scheme.
- Acting in good faith on behalf of the members to ensure that they receive all benefits in the contract.
- Keeping all proper books and records of accounts with respect to income, expenditure, liabilities and assets of the scheme e.g. computing and preparing statements of payments of benefits to members.
- Liaising with the authority, sponsor, members and any other professional engaged by the scheme.
- Collecting, keeping and updating retirement benefits data of each member including maintenance of individual membership records.
- Ensuring that agreed contributions have been remitted to the custodian as required by the Act, the regulations and the scheme rules.
- Providing members with annual membership benefits statements.

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- Convening an annual meeting of members to enable them raise any matters pertaining to the scheme.
- Ensuring that documents intended to bind the scheme are professionally prepared.

He gave an assurance that accounts were audited and the audit report was shared with RBA. Members were urged to get copies of these report from Jubilee Insurance website and forward any questions that they may have on the accounts and the same would be addressed during the next AGM. Members were also encouraged to update their beneficiaries regularly, do additional voluntary contributions and consolidate their funds from their previous employer's schemes into their accounts within Jubilee PPP Scheme.

Min .4/2019 Audited Financial Accounts as at 31st December 2018

The members were taken through the audited accounts for the scheme as at 31st December 2018 by the PKF representative. The members were informed that the trustees of the scheme appoint an auditor with the approval of the board and the auditor cannot be a member, trustee or sponsor of a scheme. The auditor said the importance of the audit was to give reasonable assurance that the financial statements are free from material misstatement, fraud or error. The auditor's report is issued to confirm whether the financial statement gives a true and fair view of the schemes financial position as at the end of the financial period and verify if the cash flows for the year ended are in accordance with the International Financial Reporting Standards (IFRS) and the Retirement Benefits Act. The auditor also informed members that their work was to ensure good governance practices for the members by ensuring the foundation is right and the vision and mission is adhered so that members achieve the full benefit of the scheme.

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The auditor also verified that the auditor's report confirms if the financial statements are in agreement with the book of accounts, accounting records have been kept well by the scheme, the financial statement gives a true and fair view, ensure financial reporting frameworks are applied in the preparation of IFRS and RBA and audit has been conducted in accordance with International Standards on Auditing.

Members were taken through the auditor's approach considered for the overall audit strategy which are; revenue recognition which are contributions during the year, accuracy on the investment income gained, management overrides and controls, managed funds through their valuation and existence and risk of non-compliance with various regulations and internal procedures (Income Tax Act, RBA Act).

Areas of audit interest not considered as audit risk by the auditor were; withdrawals made that is on the basis of retirement and the withholding tax computations, fund management and administration expenses both the accuracy and occurrence of both, receivables valuation of contributions due and payables on the completeness.

The auditor took the members through the movement of members in terms of the new members joining who were 7,068 and the ones who left who were 2,904. The total number of active members were 28,722 as at the end of 2018.

Net assets available at the start of the year was Kes 10,478,053,039, increase in member balances was Kes 1,654,517,108 bringing the total net assets available for benefits to Kes 12,132,570,147. The net return on investment was Kes 809,808,502.



The auditors found accompanying financial statements gave a true and fair view of the scheme's financial position as at 31st December 2018 and the financial performance for cash flow in accordance with the International Financial Reporting Standards and the Retirement Benefits Act.

Min .4/2019 Presentation of Administration Report.

Jackson Wasonga of Jubilee presented the Administration report for the scheme.

He gave a background of the retirement benefits schemes and the reasons why Retirement Benefits Authority came into existence which included; the mismanagement of member benefits in private schemes, weakening of the traditional social structures and inadequate state provided retirement benefits arrangements.

He conveyed that retirement funds are saving plans set up during the active working lifetime of an employee and it's geared towards providing post retirement financial security to the members. A member can receive income in cash lump sum after retirement or a pension payable on regular intervals usually monthly.

He highlighted that the scheme was established under an irrevocable trust and mentioned the purposes of retirement plans which include:

- Providing post retirement financial security for members. (Long term saving vehicle)
- Providing benefits for dependents of a deceased member.
- Offer tax free benefits on both contributions and withdrawals.
- Maintaining a standard of living upon retirement for members.
- Supplementing social security arrangements.

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He informed the members that the Personal Pension Plan structure is composed of Stand-Alone (voluntary) arrangements and Group Personal Pension Plans under the employer's name and that the scheme has a corporate trustee.

The enrollment process and the required Know Your Customer (KYC) documents were highlighted i.e. completing an application form (1 page), attaching a copy of a member's I.D or passport and KRA PIN Certificate. A membership certificate is issued upon making the initial contribution. It was confirmed that administration and management of funds was the responsibility of Jubilee Insurance and the accumulated capital plus 4% investment return is guaranteed.

It was reported that the Personal Pension Plan allows purchase of an Annuity upon retirement. The Normal Retirement Age is set at 60 years with Employee & Employer contributions vest scale being at 100% from entry. Members benefits may be enhanced by making additional voluntary contributions (AVCs) and retirement/ withdrawal benefits depend on how much has been accumulated in a member's account (DC Scheme).

It was noted that one can transfer whole or 50% of their former employer's locked-in (deferred) benefits to their personal pension plan without being taxed.

On payments of benefits it was noted that it is payable in the event of: Retirement, Ill- health, Emigration from the country, on death where payment is made to the beneficiaries and exit from current employer (for GPPPs). The documentation needed for benefits payment:

- Duly filled withdrawal form
- Employer's notification letter (GPPPs)

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- Original membership certificate/policy document
- Copy of KRA PIN Certificate

Benefits are processed within 14 working days upon receiving the full documentation.

The role of Jubilee Insurance was highlighted as below:

- Maintaining and updating the membership records including records of beneficiaries.
- Paying all benefits as and when due in accordance with the RBA Rules.
- At the end of the Financial Year arrange with approved auditors to audit the accounts of the Scheme.
- Issue annual member statements at the end of each financial year after declaration of returns and auditing of scheme accounts.
- Ensure preservation and long term growth of members' retirement savings.
- Investment in secure and quality assets.
- Ensure strategic and optimal risk exposure for the retirement funds under our care.

On taxation it was explained that members enjoy tax privileges at contribution and on withdrawal. Contributions are tax exempt up to a maximum of Kshs 20,000 per month. (240,000 p.a.) and on withdrawal Kshs 60,000 is tax free for every year a member has been in the scheme up to a maximum of Kshs 600,000. It was noted that Lump sum used to purchase Annuity is tax free and that annuity payments up to Kshs.25, 000 per month are tax free. It was specified that no taxation is levied on withdrawals or annuity payments after attainment of 65 years of age by the members.



Min .5/2019 Presentation of Investment Report

Lawrence Karanja presented the investment report. He reiterated that investing is putting one's money to work every day to ensure maximum return at well-managed risk levels with the reasonable expectation of achieving a profit. The Jubilee Insurance Guaranteed Fund is designed to provide a long-term investment growth by combining the features of; an insurance contract (protection, certainty and preservation of funds) and benefits of an investment vehicle (diversification, liquidity, growth and professional management) through investing in quality of assets. The scheme invests its funds in quoted shares, unquoted shares, government bonds, fixed and call deposits, property and Mortgages.

The investments are fully diversified and returns are guaranteed to a minimum of 4% due to the application of pooling concept leading to economies of scale. The investment process consists of risk control, proper due diligence in every investment, regulatory requirements and research analysis.

He informed the members that the global economic growth as at 2018 was 3.7% according to IMF. Growth in the US was depressed by trade wars between USA, China and the Euro zones and a weaker growth rate from emerging markets such as China and Brazil. The market segment analysis done was the lowering of the Central Bank rate from 10% to 9.5% and finally lowered to 9.0% in July 2019. The interest rates continued to decline in Treasury bills and Treasury bonds. Treasury bonds yields showed resilience in Q4 compared to declines in Q 1-3.

He informed members on how to prepare for retirement through; preparing a financial plan and praying for it, practicing conscious spending like rich people,



committing to investing early and often and starting business with the right partner(s).

The ended year had experienced flat exchange rates, poor equity market, and low interest rates due to inflation. The scheme assets had grown from ksh.10.5billion in 2017 to ksh12billion in 2018. The interest rate declared for 2018 was 8%.

Min .6/2019 Presentation on Industry Development Report

The report was presented by David Letio from the Retirement Benefits Authority (RBA).

It was relayed that the Retirement Benefits Authority was set up through an act of parliament in 1997 and begun its operations in 2000.

The roles of RBA were highlighted as indicated below:

- To regulate the establishment and management of retirement benefits schemes.
- Protects interests of scheme members and sponsors.
- Promote development in the Retirement benefits industry.
- Advise the Cabinet secretary for Treasury on national policy relating to the industry.
- Implement all government policy relating to the industry.

He reiterated the responsibility of trustees as being the ultimate guardians and legal owners of the scheme fund and are accountable to the members by safeguarding their benefits through;

- Acting in accordance with the provision of the Trust Deed and Rules.

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- To act in the best interest of the members, even when there is conflict of interest.
- To ensure the right amount is paid to the right member.
- To collect all monies due to the scheme.
- To invest the trust assets.
- To ensure annual audited accounts are prepared and filed.
- Not transacting or doing business with the scheme.

It was highlighted that Section 34 of the RBA Act imposes penalties for late submission of returns: For audited accounts, it's Kes 100,000 plus Kes 1,000 for each day late and it applies to the Trustees, Investment returns it's Kes 10,000 plus Kes 1,000 for each day and it applies to the fund managers and for contribution returns its Kes 10,000 plus Kes 1,000 for each day late and it applies to the administrator.

The RBA representative also mentioned that there is a requirement by RBA that each scheme provide in its rules an income drawdown as an alternative to an annuity once a member attains the retirement age.

In closing, the RBA representative informed the members that there was also now provision in the RBA regulations allowing a member to utilize part of their funds to purchase a post-retirement medical cover to cater for medical needs in their retirement. It was amended for members to do additional voluntary contributions in respect of the funding of a post-retirement medical fund. An actuary can advise on the design and funding of the fund like the contribution levels that meet the target set upon retirement.

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Min .7/2019 Question and Answer

1. When and how long is the processing time of a withdrawal?

It starts immediately all the documentation is received by the administrator and it takes 14 working days.

2. There has been a peculiar trend on the return on investment, during the 2013 and 2014 financial year it was good but 2008 and 2009 F/Y it was low. What happened?

During the 2008 and 2009 F/Y, there was political uncertainty that led to the investments doing poorly. In 2013 and 2014 F/Y, the stability in the economy brought about good returns hence the good returns on investments

3. Is it necessary for one to have a personal pension plan to buy an annuity or medical fund?

It is possible to receive an annuity without having a PPP. It will be recorded as unregistered. But one must have a personal pension plan to receive medical cover after retirement.

4. What happens when one is not contributing to his/her pension account, does it become inactive?

The account is not inactive but it's considered dormant. The funds still accrue interest for the funds in the account but members are encouraged to contribute so as to benefit from good returns.

5. Can one use part of a personal pension plan to pay for a mortgage?

Yes, a member is allowed to use up to 60% of the pension fund as a secondary collateral for mortgage.

6. If Natbank is the trustee, what is the implication since KCB is taking over management?

Operations will continue as normal hence the takeover will not affect the services offered by the trustees.

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7. Is it possible for the AGM to come earlier as opposed to it being towards the end of the year?

Yes it's possible. The coming year, 2020 we plan on having it in July 2020 and the invites will be sent early.

8. In the event that someone has another spouse, can a court order be used as a way of paying the other beneficiaries?

A court order cannot be used since a pension is not included in one's estate. For the undisclosed spouses, if they can prove that they were dependents and are in the nomination of beneficiaries form they will receive the share slatted for them. If they were not nominated and they have children with the deceased, the children will be included among the beneficiaries of the pension.

There being no other business to discuss, the meeting was adjourned at 1:30pm.

SIGNED:..... Date:

SIGNED:..... Date: