



## The Jubilee Insurance Umbrella Scheme (“the Scheme”)

**Members Annual General Meeting (AGM) held on Thursday 12 November 2020 at 10h15 via Zoom at Jubilee Insurance Centre**

### MINUTES

**Corporate Trustee Represented By:**

Kevin Aricha Kingsland Court Trustee Services Limited as Trustee

**Outgoing Corporate Trustee Represented By:**

Catherine Kang’ata Head of Corporate Life and Pension, Jubilee Life Insurance Limited

**Present:**

Dr. Julius Kip’netich	Regional Chief Executive Officer (CEO), Jubilee Holdings Limited
Lawrence Karanja	Approved Issuer & Investment Manager, Jubilee Life Insurance Limited
Rose Wanda	Servicing & Client Relations, Jubilee Life Insurance Limited
Paul Omondi	Scheme Administration, Jubilee Life Insurance Limited
Clement Ochwada	Scheme Administration, Jubilee Life Insurance Limited
Jackson Wasonga	Scheme Administration, Jubilee Life Insurance Limited
Victoria Kabere	Scheme Administration, Jubilee Life Insurance Limited
Alex Kieni	External Auditor, PKF Kenya
Dennis Oluoch	Retirement Benefits Authority (RBA) Representative

**AGM Minute 01/2020– Welcome Remarks and Introductions**

The meeting started at 10h15 with prayers from Rose Wanda. The Agenda was adopted. Catherine Kang’ata welcomed Dr. Julius Kip’netich, the Regional Chief Executive Officer, Jubilee Holdings Limited to make his remark. Dr. Kip’netich thanked the participating employers in the Scheme and the RBA Representative for taking the time to attend the AGM. A summary of Dr. Kip’netich remarks is as highlighted below:

- The CEO briefed members on the strategic partnership between Jubilee General Insurance and Allianz SE. The partnership would not involve the Life Insurance subsidiary which managed pension’s investments; however, if anything changed members would be updated.
- Despite economic uncertainties caused by the Covid-19 pandemic which had affected the performance of several listed companies at the NSE, Jubilee Holdings Balance Sheet remained strong and the Approved Issuer is committed to delivering strong market returns despite headwinds caused by the pandemic.
- Pfizer rolled out a vaccine with 90% efficacy; however, it may take 2 years or more to do a worldwide rollout and vaccination of a large part of the global population.

**AGM Minute 02/2020– Minutes of the Previous AGM held on 13 November 2019**

Rose Wanda read through the Minutes of the previous AGM. A copy of the Minutes had been shared with members and also availed on the Jubilee Life Insurance website. With no matters arising, the minutes were confirmed as a true record of the events then.

**AGM Minute 03/2020– Outgoing Trustee Report**

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Catherine took the opportunity to introduce the team from Jubilee Life Insurance and the other attendee's who included the RBA representative, External Auditor, and the incoming Corporate Trustee.

Catherine presented the Trustee Report. Below is a summary of her presentation:

- The Scheme was formed as an Umbrella Scheme and commenced operations in July of 2009. The Scheme provides retirement benefits to employees of participating employers and deferred members as specified in the Scheme TDR and Retirement Benefits Act.
- The Scheme is fully registered with the Retirement Benefits Authority and has a tax exemption status with the Kenya Revenue Authority (KRA) in line with the income tax acts.
- The outgoing Trustee appointed Dry Associates Ltd, a duly licensed investment advisor with RBA and CMA, to do a review of the Scheme's investment policy in line with the requirement of the Retirement Benefits Act.
- It was reported that the Scheme Funds were fully invested in the Jubilee Life Insurance guaranteed fund as empowered by the Retirement Benefits Act Table G on allowed investment assets classes.
- The Scheme had grown exponentially through the enrollment of new participating employers, with the fund value growing from some Ksh 3.9 billion in 2017 to Ksh 6.7 billion at end of 2019. The growth was also supported by strong investment returns which had been above 10% on an annualised basis since the inception of the Scheme.
- The Auditor would present their opinion, however, members were free to access the full set of audited accounts for the FY2019 on the Jubilee Life Insurance website.
- It was reported that the income tax act, through the finance act, was amended in April 2020 to reduce income taxes by expanding the tax bands charged on salaries and pension income. This effectively reduced the marginal tax rate from 30% to 25%. However, the Kenyan Government intends to reverse the regulation and go back to old tax rates on 1 January 2021.
- The finance act also scrapped off tax exemption on lump-sum retirement benefits paid to members aged 65 years and above, for this reason, it was recommended that members consider buying an annuity instead in retirement as this was not affected by those regulations.
- It was also reported that the RBA had introduced a number of regulations through Legal Notices issued in mid-September 2020. One of those regulations is the Mortgage Regulation of 2020, which would give members of the Scheme the right to access their retirement benefits to buy a residential property using, at most, 40% of their accumulated benefits (capped at Ksh 7 million). The Trustee is in the process of updating the Scheme TDR to include the regulations in its rules, and the RBA representative would comment further on the regulations during their presentation.
- It was reported that members can access their retirement benefits statements online and also fill out Nomination of Beneficiary (Expression of Wishes) Forms and Benefits Withdrawal Forms online. However, if a member experiences any challenges, they can reach out to the pension's team through Jubilee Life Insurance contact details or through their employer representative.

Catherine took the opportunity to introduce the incoming Corporate Trustee, Kingsland Court Trustee Services Ltd, represented by Kevin Aricha. The incoming Trustee was appointed in line with Jubilee Life Insurance internal procurement procedure and following a lengthy interview and review process.

### **AGM Minute 04/2020– Incoming Trustee Report**

Kevin echoed Catherine's sentiments and briefly presented his Trustee report. Below is a summary of his presentation:

- The Trustee reminded members that retirement saving is a long term journey.
- The principle of the Scheme is to safeguard members' retirement savings so that when they retire they can have a pot to survive from.

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- At an annualised return above 10%, the Scheme performance was among the top-performing retirement schemes.
- The Trustee urged members who had not signed up for online access to services to take time to do so as this would enhance efficiency and engagement with members.

As part of the onboarding process, the Trustee would take up a number of activities to streamline the Scheme compliance in line with recently introduced legal notices affecting Umbrella Schemes among other additional activities. This includes:

- Updating the Scheme TDR in line with the Umbrella Regulations 2020, and other legal notices and registering the Scheme with RBA under these regulations;
- Complying with RBA Good Governance Practices, 2018 Guidelines in line with RBA recommendation;
- Developing Scheme Policies, Member Handbook, and ultimately having a 5 year Scheme Strategic Plan in place;
- Enhancing Scheme engagement with participating employers and members of the Scheme through member education sessions via secure video conferencing means.

The Trustee confirmed Kingsland Court was appointed to offer Sole Corporate services to the Scheme from 1 June 2020. Kingsland Court was formed in the year 2000 with aim of serving the Retirement Benefits Industry stakeholders and schemes in various capacities. The Trustee thanked the Scheme Sponsor for allowing Kingsland Court to serve them.

### **Minute 05/2020 – Auditor’s Report**

Rose introduced the Auditor to read their opinion following their audit of the Scheme Financial Accounts.

Alex Kieni from PKF took members through the roles of the Auditor and Trustee Responsibilities in relation to the Audit. Alex reported to the members their opinion on the audited financial statements as of 31 December 2019.

According to the auditor’s opinion, the financial statements gave a true and fair view of the scheme's net assets available for benefits as at 31st December 2019 and of the changes in net assets available for benefits and cash flows for the year then ended in accordance with International Financial Reporting Standards and Retirement Benefits Act.

### **AGM Minute 06/2020 – Administration Report**

Rose introduced the Scheme Administrator, Paul Omondi, to make their presentation. Below are highlights of his presentation:

#### **Retirement Planning**

- Kenyans life expectancy was increasing and time inflation on the Ksh has reduced its value since 1960, therefore it was important more than ever to save and plan for retirement by saving at sufficient contribution levels to maintain your purchasing power and lifestyle in retirement;
- Out of some 12.7 million working population in Kenya, just fewer than 7% of this number saved for retirement in occupation retirement scheme. Moreover, those who managed to save had approximately an average replacement income ratio of 34% which was way below global targets of 70-80% of pre-retirement income;
- Members were encouraged to make additional voluntary contributions (AVC) if they can by reaching out to their respective HR department;
- A Retirement Plan helps members avoid old-age poverty and reduce financial uncertainty, increases the life expectancy of retirees, and any balance left on by a deceased member can be taken out as inheritance by nominated beneficiaries.

### **Who can join the Scheme and Scheme Operation**

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- All eligible employers can join the Scheme by executing a Deed of Adherence
- The Scheme is served by licensed service providers to ensure regulatory oversight in Scheme operations
- The minimum investment guarantee is 4% per year or as advised by the Jubilee Life Company Actuary
- Participating employers can opt to provide their employees' retirement benefits in the form of a provident fund or pension fund arrangement by specifying their preferred option on the deed of adherence
- The Normal Retirement Age for the Scheme is 60 years or as otherwise chosen by the participating employer in the deed of adherence

### **Members Rights**

- Members have the right to be treated fairly, equitably, and without any discrimination
- Members have the right to receive their benefits within 30 days following receipt of all required documents necessary to process an exit.
- Members have the right to access their benefits in line with the provision of Mortgage Regulations, 2009 and 2020, provided the Trustee has developed policies and rules of operation for Mortgage Guarantee Facility and Residential House Purchase Facility for the Scheme.
- Members have the right to access their pension statement, get a copy of the Scheme's audited accounts, and the general right to inspect the Scheme's legal documents upon giving the Trustee reasonable notice.

### **Options on Accessing Benefit on Exit**

- When a member leaves employment on early exit grounds i.e. resignation, dismissal, or retrenchment while below the age of 50 years they have the option of getting a cash benefit (within preservation provisions) equal to 100% of their contributions + 50% of the employer's contributions together with any interest earned therefrom.
- The remaining 50% employer's contributions can be;
  - i. Preserved/deferred until retirement age; or
  - ii. Transferred to another registered scheme

### **Options on Accessing Benefit on Retirement (Members aged 50 years and above)**

- Members who leave employment on retirement grounds can access their entire accumulated contributions plus interest therefrom in accordance with the Rules specified in their employer Deed of Adherence
- Under a Provident Fund arrangement, a member can access their balance as a lump sum or they can also use the entire pot to purchase a pension or an Income drawdown
- Under a pension fund arrangement, members will be required to purchase a pension or income drawdown using a portion of their balance

The Members took note of the revised tax rates charged on withdrawing retirement benefits. Paul ended his presentation by urging members to continually update their Nomination of Beneficiary Forms in case their circumstances change. Members were also advised to reach out should they have an error in their pension statement.

### **AGM Minute 07/2020 - Investment Report for FY2019 and Update to October 2020**

Rose introduced Lawrence Karanja to take the members through the investment management activities and performance for the year ended 31 December 2019 and to provide an update to date. The presentation was as follows;

### **Role of the Approved Issuer**

The Approved Issuer's role includes;

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- Investing the contributions received and Scheme funds in line with the Scheme investment policy statement, the RBA guidelines on investments, and Insurance Regulatory Authority (IRA) guidelines on investments;
- Eliminating investment risk through the guarantee of a minimum investment return
- Reporting to Trustees periodically on the investment performance of the Scheme;
- Filing quarterly returns with the RBA

### **Investment Performance for 2019 and Outlook 2021**

- The Approved Issuer declared a rate of returns of 10% for the year 2019, which was distributed to the Scheme.
- Following strong growth in 2019, the economic growth had fallen in 2020 caused by a Covid-19 pandemic.
- Kenya Shilling appreciated against the Dollar supported by healthy Central Bank foreign exchange reserves and the dollar slightly weakening in face of global trade reduction.
- The investment manager expects there to be a rebound in performance at the NSE supported by a slight increase in foreign direct investment at the NSE in 2020 Q3 and following the positive news on Pfizer Vaccine.
- It was reported that interest rates had risen slightly upward on the repeal of interest cap laws but have since remained stable, the investment manager expects interest rates to remain stable going forward.
- Inflation rates are still within the CBK target of 5-7%, with members getting real rates of return on the benefits. The Investment Manager expects the rates to remain stable.

### **Lawrence finished his presentation by urging members to think of the following as they plan for retirement:**

- How will you finance a 20-year retirement? People are living longer now, so you need to save enough to fund 20 years of post-retirement life.
- Where are you going to live once you retire? Will you live in the Rural Area or Urban Area? Will still rent a home or build one.
- What will you do when you retire? Do you have a post-retirement career or activity to consider? This will help you avoid identity crisis and loneliness in retirement. Will you keep active and exercise to build up mental strength?
- How ready are you to depart your loved ones? Do you have a will/estate plan in place?

### **AGM Minute 08/2020 - Report on Remuneration of Corporate Trustee**

The Corporate Trustee was appointed by the Scheme Sponsor and the terms of remuneration was agreed between the two parties. The Scheme shall not be charged any Corporate Trustee fees.

### **AGM Minute 09/2020-Industry Development and Updates (RBA Presentation)**

Rose introduced Dennis Oluoch of RBA to make his presentation. Dennis briefly explained the role of RBA, and recently introduced budget changes that would affect retirement schemes,

Below is a summary of her presentation;

- RBA's role is to regulate and develop the retirement benefits industry in Kenya. They do this by advising the Cabinet Secretary of Treasury and National Planning on which pension policy should be introduced and implemented. The RBA also helps to further the protection of members' benefits and the interest of the sponsors of retirement funds.
- New regulations had been passed that introduced Mortgage Regulations 2020 allowing members to purchase a residential property using a portion (up to 40%) of their retirement benefits (and capped at Ksh 7 million). Schemes have been given 12 months from the date of release, to include the provisions in the regulations in their TDRs.

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- Other regulations introduced include the Umbrella Regulation 2020, which ratified the Umbrella Regulations of 2017. Umbrella Schemes are expected to comply with these new regulations.
- Large Schemes are also expected to comply with Guidelines of Good Governance Practices according to timelines issued by RBA.

Catherine thanked Paul for his presentation.

### **AGM Minute 10/2020 Members Questions**

Jackson Wasonga took over from Rose and opened the floor for questions from members. Members sent their questions via the online platform (Zoom) in real-time. Questions were responded to by both the service providers and the Trustee. Below are highlights of the questions and answers:

- a) **Eunice Atela (Lwala Community Alliance): Can I withdraw my retirement benefits while I am still in employment?**  
It was explained that the Retirement Benefits Act only allowed members to withdraw benefits upon retirement, resignation, termination, or upon the death of a member while still in service.
- b) **(Anonymous Attendee): Can members borrow money against their retirement benefits to pay for a mortgage?**  
The Trustee was currently revising the Scheme TDRs to include the Mortgage Regulations of 2009 and 2020. This would give members a Facility where they can utilise portions of their retirement benefits as a guarantee for a Mortgage or access in the form of cash to buy a residential property. Members would be updated once this was ready soon.
- c) **(Anonymous Attendee): Is the new Trustee considering investing in real estate as part of the Scheme's long-term investment strategy?**  
The Trustee would consider this option once the Scheme reaches a large fund value enough to warrant diversification similar to what other large parastatals retirement schemes are doing. Such schemes can handle such investments without really affecting the scheme obligation (liquidity obligations) to members.
- d) **(Anonymous Attendee): Where can I get the Scheme member handbook? Is there a soft copy online?**  
The Trustee is currently preparing a new member handbook for the Scheme; this would be availed to members within 3 months.
- e) **(Chris Nzyoka Nzyoka): Do participating employers have a say on the appointment of the Auditor?**  
No, the Retirement Benefits Act and Regulations require only the Trustee to appoint the Auditor of the Scheme and not members or participating employer.
- f) **Zedekiah Ongoma: How can a participating employer get a member education session?**  
Representatives of a participating employer can reach out to the Jubilee pension division to request a member education session and the Administrator will accommodate their request and agree on a date to engage the members of the employer.
- g) **Zedekiah Ongoma: is the Sponsor encouraging employers to implement the stayed section of the NSSF act of 2013 to help members save more for retirement?**

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Employers are free to implement the stayed sections of the NSSF Act of 2013, which introduced new contributions rates, provided they have the financial muscle to afford it. However, members who wish to make more contributions can make additional voluntary contributions (AVC) to the Scheme by informing their representative or HR/payroll department.

- h) (Peter Otuka): What happens if a member retires earlier than the Normal Retirement Age of 60 years?**  
Members are free to retire early, as from the early retirement age of 50 years. Retiring early will mean you miss out on future contributions from your employer and compounding of investment return.
- i) (Mercy Rurii): What steps is the Sponsor or Trustee taking to ensure taxation on lump-sum retirement benefits for members aged 65 years and above is removed?**  
The Trustee and Sponsor would utilise available lobbying platforms to urge policymakers to consider removing the taxation. Members would be updated if any positive news comes from it.
- j) (Nicholus Waita): How can a member sign up on the online pension portal to access their pension statement?**  
Member login details are supplied to the representative of every participating employer who shares the same with members. If you do not have your login credentials, please reach out to your representative who will in turn reach out to Jubilee to assist with resolving any issues you have.
- k) (Ruth Wakio) Will you review the Guaranteed Rate?**

The IRA sets the minimum guarantee rate for all insurers. However, Jubilee has committed to delivering competitive investment returns that are way above the minimum guarantee rate.

The Administrator would share presentations made at the meeting with the members.

Catherine took the opportunity to thank everyone for making time to attend the AGM and wished everyone to keep safe in the face of Covid-19. There being no other business, the meeting was ended with prayers from Rose at 13h35.

**Signed on ..... day of ..... 2020**  
**For Corporate Trustee**

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**Trustee**

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**Trustee**