

JUBILEE LIFE PERSONAL PROVIDENT FUND

MINUTES OF THE FIRST (1ST) ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF JUBILEE LIFE PERSONAL PROVIDENT FUND

Held Virtually Via Zoom Platform on Thursday 26 July 2023 at 14h15, Nairobi

Present

Representing the Corporate Trustee, Kingsland Court Trustee Services Limited

Kevin Aricha	Chairperson
Stephen Obudho	Trust Secretary
Melissa Omeda	Trust Secretary

Representing the Service Provider, Jubilee Life Insurance Limited

Wibroda Odera	General Manager, Retail Life & Pension
Mourine Makhoha	Head of Retail Pension
Moses Korir	Investment & Client Services Manager
Paul Omondi	Manager, Corporate Pensions
Clement Ochwada	Assistant Manager, Group Personal Pension
Sylvia Jeptum	Administrator, Personal Pension Plan
Kevin Ogutu (MC)	Administrator, Personal Pension Plan
Enock Mokua	Administrator, Personal Pension Plan
Victoria Kambere	Administrator, Personal Pension Plan
June Nyawira	Administrator, Personal Pension Plan

Representing the External Auditor, RSM Eastern Africa LLP

Adam Mwanzia	Audit Manager, RSM
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Representing the Scheme Sponsor, Jubilee Life Insurance Limited

Dr. Julius Kip'ngetich	Regional Chief Executive Officer, Jubilee Holdings
Catherine Kang'ata	General Manager, Corporate Business

Representing Industry Regulator, Retirement Benefits Authority (RBA)

Seth Onyango	Supervision Directorate, RBA
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Number of Members Present: **37**

**Minute
No:**

01/2023 Introductions

The meeting commenced at 14h15. The meeting was opened with prayers from Victoria Kambere, with Kevin Ogutu standing in as Master of Ceremony. Catherine Kang'ata made brief introductions and welcomed the members for attending the AGM and thanked them for investing their retirement benefits with the Scheme. She invited the Regional Chief Executive Officer, Dr. Julius to make his remarks.

02/2023 Remarks From Regional Chief Executive Officer

Dr. Julius made his remarks and thanked the members attending the AGM. He encouraged members to continue making contributions with consistency to help have a buffer in retirement. He mentioned that the macro-economic environment had been difficult coming for the Covid-19 period and emerging Geo-Political activities and that the Investment Manager would provide more insight into the market outlook going into the year-end.

He briefly advised the members to periodically check their household finances as a way of practicing proper financial planning in the face of a difficult economic environment. He also thanked the service providers for making time to attend the AGM.

All in all, he reiterated the strong financial position of the Jubilee group and assured the members of the continued growth of their savings with Jubilee.

03/2023 Presentations of the Trustee Report to Members

Kevin Aricha presented the report of the Trustee. He introduced the various service providers servicing the Scheme and the Regulator. He updated members on the governance of the scheme, and investments performance during the year.

He appreciated members and participating employers for their continued contributions to the Scheme. He touched briefly on the following:

- The Trustee engages with the service providers every quarter to monitor compliance around administration and investment of members' benefits;
- He confirmed that the Scheme has been approved by RBA to receive National Social Security Fund (NSSF) Tier 2 contributions as envisaged in the NSSF Act of 2013;
- The Scheme offers a Post Retirement Medical Fund, he confirmed that the Scheme rules allowed members to save in a medical fund;
- The declared rate of return for FY2022 was 9.5% which was above the industry average.

He confirmed to the members that their retirement benefits are invested prudently. Since its inception in 2022, the Scheme has managed to cross the Ksh 500 million mark, recording an impressive growth of assets invested.

He concluded by urging members to fill and update their Nomination of Beneficiary Forms since this guides the trustees in the distribution of benefits upon the demise of the member. He also advised the members to use the Q&A option to post any questions during the session.

04/2023 Presentation of the Audited Financial Statement

The FY2022 Audit was conducted by the independent auditor, RSM – Kenya as per the Retirements Benefit Act Section 34(3) requirements. The RSM representative, Adam Mwanzia, took members through the Annual report and financial statements for the year ended 31 December 2022.

These accounts had been availed to the members through their representatives and Jubilee Insurance's website as indicated in the AGM notice and would also be sent to individual members upon request.

The Auditor presented the responsibilities of trustees and the independent auditors, membership of the scheme, statement of changes in net assets available for benefits, return on investments, and statement of net assets available for benefits.

The auditor concluded that the financial statements gave a true and fair view of Jubilee Insurance Life Personal Provident Fund financial position as at 31st December 2022 and of its financial performance and cash flows for the year that ended in accordance with the International Financial Reporting Standards and the Retirement Benefits Act.

05/2023 Presentation of the Administration Report

Enock Mokuia took the members through the administrator's presentation. His presentation introduced the various stakeholders of the Scheme, and covered the roles of the administrator, retirement planning, withdrawal options in the Scheme, and taxation of retirement benefits:

a) Enrollment of Corporates

He explained that the Scheme enrolls prospective employers at no cost. Employers have to:

- Fill out a proposal form, provide CR12 and company KRA PIN;
- Each employee is required to fill out a joining form, and a data consent form and provide a copy of their ID and KRA PIN for purposes of administering their retirement benefits;
- Upon completion of onboarding, employees are provided a membership certificate and sensitized on their rights and obligations.

b) Withdrawal Options

He took the members through the withdrawal options available in the Scheme:

Options for Accessing Benefits 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 50% of their accrued benefits together with any interest earned therefrom;

- The remaining 50% accrued benefits can be;
- Preserved/deferred until retirement age; or
- Transferred to another registered scheme

Options on Accessing Benefits on Special Cases e.g. Death in Service/Deferment, Emigration, ill Health Retirement:

- Members who emigrate can access their accumulated benefits as a lump sum;
- Death benefits are payable to the Members' beneficiaries and dependants, subject to review done by Trustees;
- Members who leave on ill-health retirement grounds can access their accumulated benefits as a lump sum.

Options on Accessing Benefits on Retirement (Members aged 50 years and above)

- Members who leave on retirement grounds can access their entire accumulated contributions plus interest therefrom as a cash lump sum less any applicable taxes;
- The member can also use the entire pot or a proportion of the pot to purchase a pension (annuity) or an Income drawdown.

He briefly took the members through the differences between an annuity and income drawdown reiterating the benefits of using these products for financial security post-retirement.

c) Taxation of Benefits

Taxation of Benefits

- It was explained that members' benefits are taxed based on a wider or narrow tax band that uses their age and/or duration of membership to determine which tax band to apply:

Lower Tax Band:

- Applicable to members with less than 15 years in membership of the scheme or below 50 years of age at the time of exit from the scheme;
- Applies to the amounts above the non-taxable limit of KShs 60,000 p.a times the number of years of scheme membership subject to a maximum of KShs 600,000.

Wider Tax Band:

- Applicable to members with at least 15 years of membership of the scheme or those aged at least 50 years at the time of exit from the scheme;
- Applies to the amounts above the non-taxable limit of KShs 60,000 p.a times the number of years of scheme membership subject to a maximum of KShs 600,000.

He reiterated the need for members to plan for retirement to avoid running out of money in retirement and the need for members to leave a legacy for their beneficiaries and dependants.

d) NSSF Act of 2013

Enock took the members through the NSSF developments. He explained that the NSSF Act of 2013 came into effect in February of 2023 following a Court of Appeal Ruling. He confirmed that the Scheme had been approved by RBA to receive contracted-out tier 2 contributions. The new NSSF aims to improve pension coverage and provide social security to workers in Kenya. It offers the following benefits:

- Retirement Benefits- payable as pension through the purchase of an annuity, with the option of a member commuting up to One third of their benefits;
- Invalidity Benefits – payable upon a member presenting evidence of ill health to the Trustee;
- Survivors Benefits- payable to the survivors (beneficiary and dependants) upon the member's passing;
- Funeral Grant – a one-off lump sum payment made to the family upon the member passing away;
- Emigration Benefits- payable upon the member leaving the country to go work and permanently reside in another country.

He further presented the transition mechanism placed in the NSSF Act of 2013 for deduction to be made based on the lower and upper earnings limits which would be done over 5 years from February 2023.

He took the employers present through the process of making an application to contract out their tier 2 contributions to the Scheme, highlighting the various documents to be executed and presented to RBA, these include:

- Duly completed Form C1;
- A resolution from the Employer to contract out tier 2 contributions to the Scheme;
- The Employer undertaking to comply with the NSSF Act of 2013;
- Copy of Notice to Employees notifying them of the impending application to Contract Out; and
- List of Employees and their NSSF Numbers

e) New Development

He concluded his presentation by briefly explaining the other laws the Administrator is required to comply with, which include: the Data Protection Act, The Proceed of Crime and Anti-Money Laundering Act, and the Unclaimed Financial Assets Acts.

He confirmed that residential house purchase options provided under the Retirement Benefits (Mortgage Regulation) of 2020 had been halted by the court of appeal in November 2022.

06/2023

Presentation of the Investment Report

Moses took the members through the investment report. He reported that the Scheme assets are invested within the Jubilee Life Insurance guaranteed fund, which offered a guaranteed rate of return at the minimum return rate of 4% for the year. On top of the guaranteed return, Jubilee offers a bonus rate of return. He also confirmed that

investment decisions were made by the Jubilee Life Insurance senior management team. Assets were in a pooled fund arrangement where investment expenses were greatly reduced.

Jubilee Life Insurance Ltd is regulated by the Retirement Benefits Authority and the Insurance Regulatory Authority. He gave a brief overview of the performance of bonds, bills, and equities on the capital markets, explaining that rates on bonds and bills significantly rose during the year offering attractive investment opportunities and an inflation hedge.

Market overview: The global GDP growth in 2022 was estimated to grow by 2.9% which was lower than the growth of 5.9% in 2021 and was largely supported by a recovery from the Covid-19 pandemic. He also explained the reasons for the bearish stock market in Kenya caused by the consistently elevated inflation rate, and rising rates caused by spillover effects of the Ukraine- Russia conflict. He also explained that Agricultural & Fishing activities were affected by moderate rains in 2022.

Asset allocation and Performance of the fund: The Scheme was compliant with the RBA limits on investments with assets distributed as follows: 85.14% in Treasury Bills and Treasury Bonds, 2.06% in real estate, 5.10% quoted shares, 7.06% unquoted shares, 0.64% in fixed and call deposits.

He confirmed to members that the rate of return for the full year was 9.5%, which was above the inflation rate of 7.6%, thereby protecting the value of members' benefits from inflation erosion.

He challenged members to think about whether they would have enough financial provisions to live comfortably after retirement, what they want to do when they retire, and where they want to live when they retire.

He reiterated the need for members to reduce dependency on their adult children in retirement by having a solid retirement plan and starting the journey to save early to accumulate substantial benefits before retiring.

07/2023 Industry Update by RBA Representative

Mr. Seth Onyango reported on the retirement industry developments. He started by informing the members of the roles of the RBA. He presented the data highlighting the exponential growth of retirement assets in Kenya from Ksh 100 billion in the year 2000, to some Ksh 1.5 trillion in the year 2021, with a forecast of Ksh 2.4 trillion by 2024.

He highlighted that the Scheme was largely compliant with the provisions of the Retirement Benefits Act. All Good Governance Policies for the Scheme had been submitted and filled with RBA, Contributions, and Investment Returns, and RBA levy were also submitted on time.

He thereafter proceeded to give highlights of the industry developments which included draft regulations relating to Post Retirement Medical Fund, Income Drawdown Funds, and Corporate Trustee as a Service Provider, all of which were still undergoing public and stakeholder review and participation with indications of ratification and enactment happening later in the year. He explained that members in a provident fund are allowed

to use up to 100% of their accrued benefits upon retiring for purposes of funding their Post Retirement Medical Fund.

He confirmed to the members the Retirement Benefits (Mortgage Regulations) of 2021 had been declared unconstitutional in November 2022, by a court ruling. Therefore, members cannot in the present moment utilize part of their benefits to purchase a residential home. He highlighted the responsibilities of the Trustee, which include:

- To act in line with the Retirement Benefits Act, and Trust Deed & Rules;
- To always act in the best interest of a Member even if faced with conflicting interests;
- To ensure members who withdraw their benefits are paid on time and the right amount;
- To ensure the scheme assets are invested prudently to safeguard members' benefits;
- To ensure any contribution arrears and monies owed to the scheme are collected;
- To ensure members know their rights and obligations;
- To ensure the accounts of the scheme are audited, and filed with RBA.

He mentioned new regulations introduced through a legal notice issued in the year that require the Trustee and Scheme to inform members of the net rate of investment return in the Scheme's financial statements and in the Trustee report to members.

08/2023 Questions from Members

There were no questions presented by members.

The meeting ended with a vote of thanks from Kevin Ogutu, who thanked all the service providers and members for taking the time to attend the AGM. The meeting ended with prayers from Sylvia Jeptum.

There being no other business, the meeting was closed at 16h20.

Signed For the Corporate Trustee

Executive Director

Date