

THE JUBILEE INSURANCE PERSONAL PENSION PLAN

MINUTES OF THE ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF THE JUBILEE INSURANCE PERSONAL PENSION PLAN

Held Virtually Via Zoom Platform on Thursday 26 July 2023 at 10h00, 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
Victor Mutie	Administrator, Personal Pension Plan
Kevin Ogutu	Administrator, Personal Pension Plan
Enock Mokua (MC)	Administrator, Personal Pension Plan
Victoria Kambere	Administrator, Personal Pension Plan

Representing the External Auditor, PKF Kenya LLP

Brilliant Namuli	Senior Associate, Audit
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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: **494**

**Minute
No:**

01/2023 Introductions

The meeting was opened with prayers from June Nyawira, with Enock Mokuia standing in as Master of Ceremony. Catherine 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. The Scheme had over 45,000 members as of December 2022 and ended with a fund value of Ksh18.9bn an increase from ksh 17.1bn in 2021.

He encouraged members to continue making contributions with consistency to help have a buffer in retirement. He reiterated that Kenyans did not save enough and this caused difficulties in retirement. The highlights of his presentation include a brief introduction to other products offered by Jubilee to retail clients to help reduce financial uncertainty in life:

- Jubilee Senior Citizens medical cover- this product is available to help senior members aged 60yrs and above to have medical cover in retirement;
- Jubilee Asset Management Company Money Market Fund – this fund offers competitive returns, and is a great short-term savings and liquid vehicle for members;
- Annuity and Income Drawdown Product – these products help retirees have financial security in retirement.

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 Minutes of previous AGM

The minutes of the annual general meeting held on 6 October 2022 were presented by Melissa Omeda.

04/2023 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 despite the disruptions caused by the pandemic. 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;
- He confirmed that an initial engagement webinar was held in Q1 2023 to take employers through the NSSF provisions;
- 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 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.

05/2023 Presentation of the Audited Financial Statement

The FY2022 Audit was conducted by the independent auditor, PKF – Kenya as per the Retirements Benefit Act Section 34(3) requirements. The PKF representative, Brilliant Namuli, 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 The Jubilee Insurance Personal Pension Plan's 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.

06/2023 Presentation of the Administration Report

Clement Ochwada 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) Withdrawal Options

It was noted that the retirement benefits authority through legal notices of 2021 had amended the access to retirement benefits portions.

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 in the form of a periodic pension with the option of the member commuting up to one-third of their benefits;
- The member can also use the entire pot or a proportion of the pot to purchase a pension (annuity) or an Income drawdown.

b) 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 with 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.

c) NSSF Act of 2013

Clement 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

d) 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.

07/2023

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. 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.

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.

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 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.

08/2023 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 except for a few participating employers experiencing challenges in settling their contribution arrears following the COVID-19 pandemic.

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 pension fund are allowed to commute up to 10% 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 also 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.

09/2023 Questions from Members

Victor Mutie took over the session. Below are the main questions asked by members attending the meeting and responses received from the service providers:

John: Why is the Scheme expense constant at Ks 5 million for the last two years?

Response by Catherine: This is a statutory expense, i.e. the RBA Levy and this is the maximum payable under the law.

Anonymous: How long will it take for my benefits to be paid to my beneficiary upon my passing away?

Response by Catherine: It is recommended that you update your beneficiary form periodically when your circumstances change, i.e. upon marriage, divorce, having a newborn, etc. The Trustee will review a variety of documents upon your passing to decide how best to distribute benefits to your beneficiaries and dependants. Once the Trustee resolution is received by the Administrator, benefits are usually paid out within 30 days.

Jacob Oriaro: How can I make tier 2 NSSF Contributions to the Scheme through my employer? And Is there a tax levied on death benefits paid out to my beneficiaries?

Response by Kevin: Once your employer contracts out to the Scheme based on the procedure previously described by Clement, they will be able to make your tier 2 NSSF contributions to the Scheme. And yes, there may be a tax payable on death benefits payable to your beneficiaries after accounting for any tax relief accrued through your membership. It is important to note that a beneficiary will most often be a person who was substantially dependent on you before your passing, these can be your spouse/partner/parents and any surviving children.

Anonymous: How is the annual investment return calculated? Is it pro-rated monthly or done annually? And is the interest in my statement lower than that declared rate of 9.5%?

Response by Paul: Paul confirmed that the interest is credited annually following the conclusion of the fund's annual audit. He further clarified that employed members whose contributions are remitted later than the regulatory stipulated dates may not have the same amount of interest as those who make contributions on time. It is important to also note that the unregistered portion of your contributions accrues and pays a corporate tax at the rate of 30%.

Anonymous: How does contracting out NSSF Tier 2 Contributions benefit the Employee?

Response by Catherine: Contracting out your NSSF tier 2 contribution to the Jubilee Personal Pension Plan provides the benefit of members getting a guaranteed return, competitive investment returns, together with better oversight and compliance of your retirement benefits. You also can get access to annuities and income drawdown upon retiring.

The meeting ended with a vote of thanks from Wilbroda Odera, Head of Retail Life & Pension, by thanking 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 13h05.

Signed For the Corporate Trustee

Executive Director

Date