

THE JUBILEE INSURANCE UMBRELLA SCHEME

MINUTES OF THE ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF THE JUBILEE INSURANCE UMBRELLA SCHEME

Held Virtually In Nairobi Via Zoom Platform on Tuesday 25 July 2023
at 10h00

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

Moses Korir,	Senior Manager, Investments & Clients Relations
Paul Omondi	Senior Manager, Corporate Pension
Clement Ochwada (MC)	Assistant Manager, Group Personal Pension
Victor Mutie	Administrator, Personal Pension Plan
Francis Kaula	Administrator, Personal Pension Plan
June Nyawira	Administrator, Personal Pension Plan
Sylvia Jeptum	Administrator, Personal Pension Plan

Representing the Auditor, PKF Kenya LLP

Brilliant Namuli	Audit Associate, Auditor
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Representing the 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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Adhering Employers Representatives Present: **142**

**Minute
No:**

01/2023 Introductions

The meeting was opened with prayers from Victor Mutie, with Francis Kaula standing in as Master of Ceremony. The agenda circulated to members was adopted. Catherine [Kangata](#) made brief introductions and welcomed the representatives and members of the participating employers ~~for~~ attending the AGM. She also acknowledged the attendance of the service providers' representatives, including the Retirement Benefits Authority. She invited the Regional Chief Executive Officer, Dr. Julius Kipngetich to make his remarks.

02/2023 Remarks From Regional Chief Executive Officer

Dr. Julius made his remarks and thanked the members for attending the AGM. He encouraged members to continue making contributions with consistency to help them have sufficient funds in retirement. He reiterated that Kenyans did not save enough and this caused difficulties in retirement.

He explained that due to the spillover of a difficult macroeconomic environment from the 2022 general election to geopolitical effects, 2023 and 2024 would be a difficult year. Therefore, the theme for the year would be Retirement Planning, to help the members save and have a financially secure future. He encouraged younger members of the Scheme to start saving early as they had time on their side. He also encouraged members to study their budgets with the view of improving their savings.

He explained to the members attending that Jubilee Life Insurance has annuity and income drawdown products that help members retiring to secure their finances, and affordable health insurance products for senior members of the population.

03/2023 Minutes of previous AGM

The minutes of the annual general meeting held on Wednesday 5 October 2022 were presented by Stephen.

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 confirmed that the Approved Issuer declared a rate of 9.5% for the FY2022 and this return had been distributed to members following ratification of the audited accounts.

He also appreciated the participating employers for their continued contributions despite the disruptions caused by the pandemic. He reiterated to members attending that retirement savings and planning is a long-term journey and therefore preserving your retirement benefits was more important during your working years. He further reminded the members present to ensure they keep their nomination of beneficiary form up to date.

05/2023 Presentation of the Audited Financial Statement

The 2022 Audit was conducted by the independent auditor, PKF – Kenya as per the Retirements Benefit Act Section 34(3) requirements. The PKF representative, Brilliant Namuli of PKF 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 Umbrella Scheme’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

Paul Omondi took the members through the administrator’s presentation. His presentation covered the topics “Why save for retirement”, “withdrawal options for exiting members”, the National Social Security Fund (NSSF) Act of 2013, and member rights and obligations.

He explained that the umbrella scheme was a multi-employer scheme offering retirement plans to employers in Kenya in the form of a pension fund or provident fund option.

a) Importance of starting to save early

He reiterated the need for younger members to save early to take advantage of the effect of compounding interest, which would eventually help members have more money in retirement.

b) Withdrawal Options

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, upon review 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 in a pension fund who leave on retirement grounds can access their entire accumulated contributions plus interest therefrom as a pension with the option of commuting up to one-third of their benefits;
- Members in a provident fund who leave on retirement grounds can access their entire accumulated contributions plus interest therefrom as a cash lump sum;
- The member can also use the entire retirement pot to purchase a pension (annuity) or an Income drawdown;

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 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 in 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.

d) NSSF Act of 2013

He explained that the NSSF Act of 2013 came into effect in February of 2013 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;
- Copy of Deed of Adherence of the Employer; and
- List of Employees and their NSSF Numbers.

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.

07/2023

Presentation of the Investment Report

Moses Korir 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.

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 that 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.

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 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 Victor Mutie and June Nyawira took over the Question and Answer session and highlighted the questions to get responses from service providers.

Questions from Members

Below are the main questions asked by members attending the meeting and responses received from the service providers:

Anonymous: An employer representative wanted to know the procedure for applying for contracting out to the Scheme and making NSSF tier 2 contribution.

Response by Kevin & Paul: The Scheme Administrator would get in touch with the employer shortly after to provide them with the template application document for making an application. The executed documents would then be submitted to RBA for review and approval by the Administrator.

Peter Otuka: Can I access 50% of my NSSF tier 2 contributions as a cash lump sum before attaining retirement age?

Response by Kevin: No, the tier 2 Contributions will be accessed in line with the provision of the NSSF Act of 2013, which only allows members to access their NSSF retirement benefits upon reaching the early retirement age of 50 years.

Njambi Gitau: Is the senior citizens' medical cover only available to members in the Jubilee Umbrella Scheme and can a member also buy a medical cover for their senior citizen parents?

Response by Catherine: The senior citizen medical cover is open to all senior citizens in the country and can be purchased by anyone for their cover or separately for their old age parents. The member can reach out to the Jubilee support team to connect them with the medical insurance department.

A member of the Scheme can also save in the post-retirement medical fund within the Jubilee Umbrella Scheme and use the same upon retiring to buy a senior citizen medical cover for themselves.

Peter Otuka: Are there penalties charged on unremitted contributions?

Response by Seth & Kevin: The unremitted contributions are tracked per employer. Some employers failed to make contributions during the COVID-19 pandemic period, the Trustee has engaged the affected employers with some already making payments to reduce their liability. Currently, no penalties were charged to the affected employers, however, they are required to remit the arrears together with interest based on the guaranteed fund investment performance.

Samwel Kimani: The rate of return offered by Jubilee Guaranteed Fund is lower than those offered currently by Treasury Bills and Bonds, what is Jubilee doing to match this performance?

Response by Moses: Jubilee is currently and actively buying newly issued treasury bills and bonds that are offering higher coupon rates and return and it is expected that an increase in investment performance will be recorded in the coming year.

Immaculate Marwa: What is the registered and unregistered portion in my pension statement?

Response by Paul: The registered contributions are tax deductible and limited at ksh 20,000 per month before PAYE tax is applied, and the investment return these contributions earn is tax exempted. The unregistered contributions are made after PAYE is applied, and above the limit of Ksh 20,000 per month. The investment returns on unregistered contributions are subject to tax at the corporate tax rate.

Francis Kaula confirmed to the members present that they are available to answer any other questions they have through the available channels of communication.

Catherine concluded the meeting with a vote of thanks to all personnel attending the meeting and prayers from Sylvia Jeptum.

There being no other business, the meeting closed at 12h55.

Signed For the Corporate Trustee

Executive Director

Date