



REPUBLIC OF KENYA
THE NATIONAL TREASURY



MINISTRY OF PUBLIC SERVICE
AND GENDER

PUBLIC SERVICE SUPERANNUATION SCHEME

**PRESENTATION AT CBC TRAINING FOR JUNIOR
SECONDARY SCHOOL TEACHERS**

4TH -12TH MAY, 2022

OUTLINE

➤ INTRODUCTION:

- WHY PENSION SYSTEMS
- TYPES OF PENSION SCHEMES
- DEFINED BENEFIT PENSION SCHEME
- PUBLIC SERVICE SUPERANNUATION SCHEME

WHY PENSION SYSTEMS

- The purpose of a pension system is to provide social security in retirement and reduce old age poverty.
- It safeguards the dignity of pensioners
- Enables attraction and retention of employees



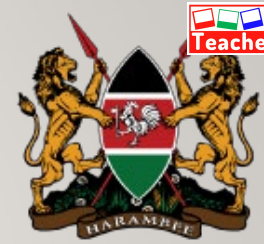
TYPES OF PENSION SCHEMES

➤ **Defined Benefit (DB)**

- Benefit is based on a pre-determined formula
- Rewards long service

➤ **Defined Contribution (DC)**

- Benefit is not pre-determined
- Benefit depends on contribution and investment return
- Accrued savings are portable



THE DEFINED BENEFIT PENSION SCHEME (COVERAGE)

The Services covered include;

- ✓ Civil Service
- ✓ Teachers' Service Commission (Teachers)
- ✓ Disciplined Services
- ✓ Judicial Service
- ✓ Ex-East African Community Parastatals (officers prev. in Central Govt.)

BENEFITS OF THE DEFINED BENEFIT SCHEME

- Commuted Pension gratuity/Death Gratuity
- Monthly Pension
- Dependant's Pension
- Injury Pension
- Killed on Duty Pension
- Marriage gratuity
- Widow's and Children's Pension (**contributory**)

LIMITATIONS UNDER THE DEFINED BENEFIT SCHEME

- An officer who exits the service (resignation or dismissal) does not qualify for pension
- Benefits under the scheme are not portable
- The scheme does not allow benefits improvement (formula is standard)
- It is discriminatory to male officers who are not eligible for marriage gratuity and widowers pension

LIMITATIONS UNDER THE DEFINED BENEFIT SCHEME

- Accrued benefits cannot be accessed for personal development while in service
- Discriminatory to female officers on account of additional condition for membership to WCPS

PUBLIC SERVICE SUPERANNUATION SCHEME (DEFINED CONTRIBUTION)

- Public Service Superannuation Scheme (PSSS) Act was enacted in 2012
- The Act makes provision for a Defined Contributory Pension Scheme for employees in the Public Service
- CS/NT gazetted 1st January, 2021 as the commencement date of the Scheme
- The Scheme will be regulated by the Retirement Benefits Authority (RBA)



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PSSS - COVERAGE

PSSS covers the following;

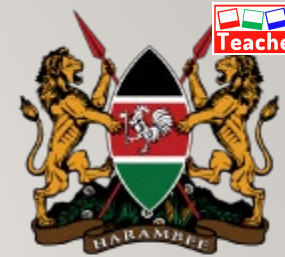
- Civil Servants
- Teachers employed by the Teachers Service Commission
- Disciplined Service (National Police Service, Prison Service , and National Youth Service)
- Any other service that the CS determines to be public service for the purpose of the Act

MEMBERSHIP TO THE SCHEME

- Employees aged below 45 years as at 1/1/2021 serving on Permanent & Pensionable (P&P) terms
- New employees appointed on P & P terms on or after 1/1/2021
- Employees aged 45 years and above who opt to join the scheme by 31/03/2021
- Employees whose functions were transferred to County Governments and are currently covered under the Pensions Act CAP 189.

RATES OF CONTRIBUTION

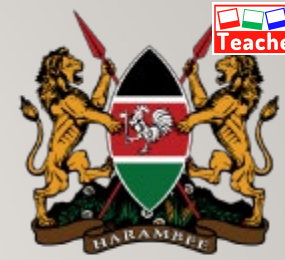
- Employees - 7.5% of basic salary
Phased in:
 - 1st Year : 2%
 - 2nd Year : 5%
 - 3rd Year : 7.5%
- Government - 15% of basic salary
- Employees will have an option to make Additional Voluntary Contributions to the scheme
- NB - WCPS contributions (currently 2%) will cease for Employees who join/opt for new Scheme



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BENEFITS PROVIDED BY THE SCHEME

- A lump sum not exceeding one third of the balance in the savings account
- A monthly or quarterly annuity for life
- A monthly or quarterly withdrawal from the fund as calculated by an actuary
- Death - members scheme credit and insured benefit up to five times annual basic salary



ADVANTAGES OF PSSS

- Portability
- Access to Benefits before Retirement
- Regulation of the Scheme
- Tax relief
- Life insurance and disability

ADVANTAGES OF PSSS

- Terms of commutation
- Member involvement (AGM & Rep in BoT)
- Access to contributions to purchase a house
- Additional Voluntary Contributions

INSTITUTIONAL FRAMEWORK

- Board of Trustees (BoT): Appointed as per section 10 of the Act **with representation from employers and employees**
- A CEO appointed as per section 20 of the Act.
- Service Providers to the Scheme **serving on Contractual Terms**

COMPOSITION OF BOARD OF TRUSTEES

- Chairman
- PS/NT or his representative
- PS/Public Service or his representative
- Secretary/CEO TSC or his representative
- Secretary/CEO PSC or his representative
- IG-NPS or his representative
- Nominee of KNUT
- Nominee of KUPPET
- Nominee of UKCS
- CEO for PSSS Board

SERVICE PROVIDERS

- Administrator
- Fund manager
- Fund custodian
- Independent auditor

ROLE OF THE ADMINISTRATOR

- Maintain an account for each member with a personal pension number
- Reconcile Accounts
- Compute Retirement Benefits to a member
- Cause to be paid retirement benefits to a member who has retired

ROLE OF FUND MANAGER

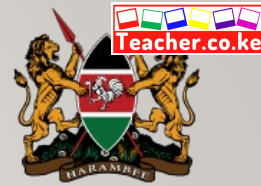
- Develop an investment strategy for the fund
- Invest and manage the scheme funds
- Maintain Books of accounts of all transactions relating to the fund
- Provide regular information on the investment strategy, market returns & other performance indicators to the Board

ROLE OF CUSTODIAN

- Receive Contributions remitted by Government
- Settle transactions on behalf of the Board
- Notify the administrator on contributions, administer fund including dividends and related activities
- Report to the Board regarding assets held on its behalf
- Provide to the Board and administrator data related to the fund

TRANSITIONAL ARRANGEMENTS

- Officers below 45 years **automatically joined** the scheme w.e.f 1/1/2021
- Employees aged 45 years and above may opt to join the scheme by completing the option form (PSSS 2) by 31/03/2021
- Employees serving on temporary terms and contributing to NSSF were automatically converted to P&P terms and ceased contributing to NSSF w.e f 1/1/2021. Upon conversion, they were processed in accordance to the two categories above



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TRANSITION ARRANGEMENTS

- Members of the PSSS shall complete beneficiary nomination form (PSSS I)
- Contributions to WCPS automatically cease upon joining the PSSS.
- The Defined Benefit Pension Scheme is closed to new entrants w.e.f 1/1/2021
- Authorized Officers shall deduct and remit employees contributions to the fund by 10th day of subsequent month.

TRANSITION ARRANGEMENT

- Delay in remittance of the contributions will attract a penalty of 3% compound interest per month of the amount due.
- Employees joining the scheme shall be issued with a letter recognizing their accrued benefits under the Defined Benefit scheme. (*Payable through PSSS upon retirement*)
- WCPS & NSSF contributions cease immediately an employee joins the new scheme.

TRANSITION ARRANGEMENTS

- Employees on secondment who join the new scheme shall make contributions based on the salary scales of the seconding institution. Govt contribution of 15% shall be remitted by respective agencies to which they are seconded.
- The 31% pension contribution will automatically cease.

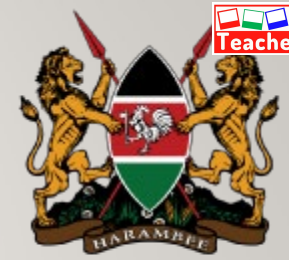


IMPLEMENTATION STATUS

- The Scheme commenced on 1st January, 2021 as had been gazetted.
- Trustees have been appointed and inaugurated by the CS, National Treasury
- Inter-Agency Planning committee on Implementation is in place
- PSSS Handbook developed and circulated
- Circular issued by HOPS to all MDCAs
- Option, beneficiary, and additional voluntary contribution forms have been developed and circulated

ROLE OF HEADS OF HRM&D

- **Operationalize the implementation circular**
 - Effect correct deduction of contributions and remit to the fund
 - Ensure or eligible employees are contributing to scheme.
 - Educate staff on the provisions of the PSSS
 - Transit members who are on permanent but not pensionable to P&P
 - Ensure accuracy of data of the staff joining the scheme



WAY FORWARD

Sensitization of the public service through:

- Virtual meetings
- Physical meetings
- Mass media engagement (electronic and print media)
- Social media engagement
- Engagement with MDAs Heads of HRM & D



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END

