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**THE NATIONAL ASSEMBLY  
THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026**

**DIRECTORATE OF DEPARTMENTAL COMMITTEES  
DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION**

**REPORT ON THE CONSIDERATION OF THE COUNTY ASSEMBLIES  
PENSION SCHEME BILL (SENATE BILL NO. 14 OF 2024)**

**CLERK’S CHAMBERS  
DIRECTORATE OF DEPARTMENTAL COMMITTEES  
PARLIAMENT BUILDINGS  
NAIROBI**

**APRIL 2026**

<b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
DATE: 16 APR 2026	DAY: THUR
TABLED BY:	HON. ALICE NALANGLA
CLERK-AT THE-TABLE:	WILLIS OBIRO

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>CAF</b>	County Assembly Forum
<b>CEC</b>	County Executive Committee
<b>CPF</b>	County Pension Fund
<b>KEELRC</b>	Kenya Employment and Labour Relations Court
<b>KLR</b>	Kenya Law Reports
<b>LAPFUND</b>	Local Authorities Pension Fund
<b>LAPTRUST</b>	Local Authorities Pension Trust
<b>MCA</b>	Member of County Assembly
<b>NA</b>	National Assembly
<b>NSSF</b>	National Social Security Fund
<b>ODM</b>	Orange Democratic Movement
<b>RBA</b>	Retirement Benefits Authority
<b>SRC</b>	Salaries and Remuneration Commission
<b>UDA</b>	United Democratic Alliance

## **LIST OF ANNEXURES**

1. Report Adoption Schedule
2. Committee Minutes
3. Copy of the newspaper advertisement on public participation
4. Letters inviting stakeholders to meetings with the Committee
5. Stakeholders' submissions

## **CHAIRPERSON'S FOREWORD**

This report contains proceedings of the Departmental Committee on Social Protection on its consideration of the County Assemblies Pension Scheme Bill (*Senate Bill No. 14 of 2024*). The Bill underwent First Reading on 31st July 2025 and was thereafter committed to the Departmental Committee on Social Protection for consideration and reporting to the House pursuant to the provision of Standing Order 127(1).

The Bill is divided into six parts; fifty-five (55) clauses and a schedule. The County Assemblies Pensions Scheme Bill (*Senate Bill No. 14 of 2024*) seeks to provide a contributory pension scheme for members of county assemblies; and establish a county assemblies pension fund for the payment or granting of pensions to MCAs.

Following placement of advertisements in the print media on 8<sup>th</sup> August 2025 seeking public and stakeholder views on the Bill pursuant to Article 118(1)(b) of the Constitution and Standing Order 127(3), the Departmental Committee on Social Protection received memoranda from the County Assemblies Forum, the Salaries and Remuneration Commission, and the State Department for public investments and assets management.

The Committee invited stakeholders vide letters REF: NA/DDC/SP/CORR/2025/060, NA/DDC/SP/CORR/2025/068 dated 21<sup>st</sup> and 22<sup>nd</sup> October 2025, respectively, to give their submissions on the Bill. Majority of the stakeholders were in agreement that the Bill, if enacted, would create a uniform pension scheme for the Members of County Assemblies

The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee further wishes to thank all stakeholders who made their respective submissions on the Bill.

Finally, I wish to express my appreciation to the Honourable Members of the Committee and the Committee Secretariat who made valuable input during consideration of the Bill and production of this report.

On behalf of the Departmental Committee on Social Protection and pursuant to provisions of Standing Order 199(6), it is my pleasant privilege and honour to present to this House the Report of Committee on the County Assemblies Pensions Scheme Bill (*Senate Bill No. 14 of 2024*).

I thus wish to table this Report on County Assemblies Pensions Scheme Bill (*Senate Bill No. 14 of 2024*) in this Honourable House, with the recommendation that the Bill be **approved with amendments** which are contained in this Report.

**The Hon. Alice Wambui Ng'ang'a, CBS, M.P.**  
**Chairperson, Departmental Committee on Social Protection**

## PART ONE

### I PREFACE

#### I.1 ESTABLISHMENT OF THE COMMITTEE

1. The Departmental Committee on Social Protection is one of the twenty Departmental Committees of the National Assembly established under **Standing Order 216** whose mandate pursuant to the **Standing Order 216 (5)** is as follows:
  - i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
  - ii. *To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;*
  - iii. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
  - iv. **To study and review all the legislation referred to it;**
  - v. *To study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
  - vi. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
  - vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on appointments);*
  - viii. *To examine treaties, agreements and conventions;*
  - ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
  - x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
  - xi. *To examine any questions raised by Members on a matter within its mandate.*

#### I.2 MANDATE OF THE COMMITTEE

2. In accordance with the Second Schedule to the Standing Orders, the Committee is mandated to consider, social welfare and security, pension matters, gender affairs, equality and affirmative action, affairs of children, youth, persons with disability and senior citizens.
3. In executing its mandate, the Committee oversees the following State departments and Commission;
  - i. The State Department for Social Protection and Senior Citizen Affairs
  - ii. The State Department for Children Services
  - iii. The State Department for Gender and Affirmative Action
  - iv. The State Department for Youth Affairs and Creative Economy
  - v. The State Department for Public Service (National Youth Service)
  - vi. The National Gender and Equality Commission (NGEC)

### **I.3 COMMITTEE MEMBERSHIP**

4. The Departmental Committee on Social Protection was constituted by the House on 27<sup>th</sup> October 2022 and re-constituted on 5<sup>th</sup> March 2025, and comprises of the following Honourable Members:

#### **Chairperson**

Hon. Alice Wambui Ng'ang'a, CBS, MP  
Thika Town Constituency  
**UDA Party**

#### **Vice-Chairperson**

Hon. Hillary Kiplang'at Koskei, MP  
Kipkelion West Constituency  
**UDA Party**

#### **Members**

Hon. Faith Wairimu Gitau, CBS, M.P.  
Nyandarua County  
**UDA Party**

Hon. Timothy Wanyonyi Wetangula, CBS, M.P.  
Westlands Constituency  
**ODM Party**

Hon. Samuel Moroto Chumel, CBS, M.P.  
Kapenguria Constituency  
**UDA Party**

Hon. James Onyango Oyoo, M.P.  
Muhoroni Constituency  
**ODM Party**

Hon. Hussein Abdi Barre, M.P.  
Tarbaj Constituency  
**UDA Party**

Hon. Amina Abdullahi Dika, M.P.  
Tana River County  
**KANU Party**

Hon. Zamzam Mohamed Chimba, M.P.  
Mombasa County  
**ODM Party**

Hon. Owen Baya Yaa, CBS, M.P.  
Kilifi North Constituency

#### **UDA Party**

Hon. Edith Vethi Nyenze, M.P.  
Kitui West Constituency

#### **WDM-K Party**

Hon. Paul Abuor, M.P.  
Rongo Constituency  
**ODM Party**

Hon. Susan Nduyo Ngugi, M.P.  
Tharaka Nithi County  
**TSP Party**

Hon. Agnes Mantaine Pareiyo, M.P.  
Narok North Constituency  
**Jubilee Party**

Hon. Linet Chepkorir, M.P.  
Bomet County  
**UDA Party**

## **I.4 COMMITTEE SECRETARIAT**

5. The Committee is facilitated by the following Parliamentary staff:

Ms. Nuri Kitel Nataan  
**Lead Clerk/Head of Secretariat**

Mr. Ahmednoor Hassan  
**Clerk Assistant III**

Ms. Fancy Lubanga  
**Principal Legal Counsel**

Mr. Benard Adera  
**Fiscal Analyst I**

Ms. Grace Maneno  
**Research Officer III**

Mr. Benjamin Ochutsi  
**Hansard Officer III**

Ms. Naomi Onsomu  
**Public Communications Officer**

Mr. Derrick Kathurima  
**Media Relations Officer**

Mr. Cosmas Akhonya  
**Audio Recording Officer**

Ms. Eva Kaare  
**Serjeant-at-Arms**

## PART TWO

### 2 BACKGROUND OF PENSION SCHEMES IN KENYA

#### 2.1 SITUATIONAL ANALYSIS/ LEGAL FRAMEWORK

6. Currently, Members of County Assemblies (MCAs) and staff of county governments have access to several pension schemes designed to secure their retirement. The main schemes available currently are; Local Authorities Provident Fund (LAPFUND), both established under the Local Authorities Provident Fund Act, Cap 272 of the Laws of Kenya, CPF Individual Pension Fund and County State Officers (Umbrella) Pension Fund both with are established under Trust Deed and Rules pursuant to Retirement Benefits Act, Cap 197 and Public Service Superannuation Scheme (PSSS) established under the Public Service Superannuation Act, 2012.
7. In addition, the issue of multiple pension schemes, transfers, legacy local-authority pension schemes and misalignment between tiers has been flagged as a serious structural problem.<sup>1</sup> In Addition, in the High Court declared the County Governments Retirements Scheme Act, 2019 unconstitutional.

#### **The Constitution, 2010**

8. **Article 176** establishes county assemblies as part of county governments. Article 177 addresses membership, including elected and nominated MCAs. Article 230 establishes the Salaries and Remuneration Commission (SRC), which determines remuneration and benefits, including retirement gratuities for public officers like MCAs. It provides the foundational policy for devolved governance and ensures equity in public service benefits. Retirement benefits for MCAs were aligned with constitutional principles of public finance and social security.

#### **Retirement Benefits Act, 1997 (Cap.197)**

9. It establishes the Retirement Benefits Authority (RBA) to oversee registration, regulation, and supervision of pension and provident funds. It provides existing schemes for MCAs, such as Laptrust and Lapfund, operated under RBA oversight. The Act ensured compliance with standards for contributions, investments, and benefit payments. Gratuity payments were also administered in line with this Act and SRC guidelines.

#### **County Governments Act, 2012 (No. 17 of 2012)**

10. It governs the structure, functions, and operations of county governments, including county assemblies (Section 8) and county assembly service boards (Section 12). County assembly service boards acted as employers/sponsors for MCA benefits. The Act empowered SRC to set terms of service, including end-of-term gratuities.

#### **Local Authorities Provident Fund Act (Lapfund) and Local Authorities Pensions Trust (Laptrust)**

11. These are legacy schemes from the pre-2010 local authority's era, continued post-devolution for county employees and elected officials. Lapfund, a defined contribution provident fund providing lump-sum payments upon retirement or end of term while Laptrust includes defined benefit and umbrella/defined contribution schemes. MCAs were enrolled in these funds, with contributions

deducted from salaries. Assets and members are transitioned to the new scheme under Section 54 of the 2024 Act. This framework provided basic retirement savings but was criticized for inconsistencies across counties.

### **National Social Security Fund (NSSF) Act, 2013**

12. Mandates contributions to NSSF for all Kenyan workers, with Tier I (basic pension) and Tier II (supplementary savings). It required MCAs to contribute to NSSF Tier II, providing additional retirement security.

### **Salaries and Remuneration Commission (SRC) Policies and Circulars**

13. SRC, established under the Constitution, sets remuneration frameworks for public officers. It issued guidelines for MCA gratuities and benefits. SRC emphasized compliance with RBA regulations for any pension schemes. Policies aimed at sustainability but highlighted gaps in long-term pension security, leading to the 2024 Act.

## PART THREE

### 3 OVERVIEW OF THE COUNTY ASSEMBLIES' PENSIONS SCHEME BILL (SENATE BILL NO. 14 OF 2024)

#### 3.1 INTRODUCTION

14. The Bill provides for a contributory pension scheme for members of county assemblies; and establish a county assemblies pension fund for the payment or granting of pensions to MCAs.

#### 3.2 REVIEW OF THE BILL

15. The County Assemblies Pensions Scheme Bill (Senate Bill No. 14 of 2024) is a Bill sponsored by the Senate Majority Leader and has been forwarded to the National Assembly for consideration having been passed by the Senate.
16. It is a framework for a contributory pension scheme for members of county assemblies; and establish a county assemblies pension fund for the payment or granting of pensions to MCAs.

##### **Part 1 of the Bill-Preliminary provisions**

17. **Part 1 of the Bill** provides for the preliminary provisions which are the short title, definition of terms as used in the Bill and the objects and purpose of the Act.
18. Clause 3 of the Bill in particular provides that the objects and purpose of the Act include among other things, to provide for the establishment of the Scheme; provide for the payment of retirement benefits to members of the Scheme; provide for social security of members of the Scheme and establish a uniform set of rules and regulations for the administration and payment of the retirement benefits.

##### **Part 2- Establishment of the County Assemblies Pensions Scheme**

19. **Part 2 of the Bill** establishes the county assemblies' pensions scheme which is a defined contribution scheme.
20. Clause 5 of the Bill provides for the membership of the Scheme which shall consist of all members of the county assemblies.
21. Clause 6 of the Bill provides for the management of the Scheme which shall vest in a Board of Trustees of the Scheme. The Board of Trustees of the Scheme shall consist of an elected chairperson; a county executive member responsible for matters relating to Finance nominated by the Council of Governors; three persons nominated by the county assembly service boards; and five persons nominated by the forum representing all county assemblies.

22. Clause 13 of the Bill provides for the functions of the Board which include formulating policies relating to the scheme; collecting contributions payable to the Fund; and making payments out of the Fund.
23. This part also provides for the qualifications for appointment of trustees; grounds for removal from office; and for the employees of the Scheme, among other key provisions.
24. **Part 3- Administration of the Scheme. Part 3 of the Bill** provides for administration of the Scheme. Clauses 21, 22 and 23 of the Bill provides for the appointment of a Fund Manager who shall manage the Scheme funds; a custodian of the Scheme who shall receive the contributions remitted by the sponsors; and an administrator of the scheme who shall open and maintain an account for each member.
25. Clause 24 of the Bill provides for the contributions to be made to the Fund which shall be 7.5% of a member's emoluments in the case of a member and not less than 15% of a member's emoluments in the case of a sponsor.
26. Clause 26 of the Bill provides for withdrawal of membership benefits before retirement age by a member upon resignation; dismissal; removal from office; ill health; and emigration.
27. Clause 29 of the Bill provides for payment of retirement benefits in form of a lump sum and monthly or quarterly income drawdown.
28. Clause 30 of the Bill requires every member to provide particulars of his or her dependents to the administrator of the Fund. Clause 31 of the Bill provides that the Board shall have power to determine a dispute on nomination.
29. Clause 32 of the Bill provides for the benefits to be paid upon the death of a member in service and in retirement to the nominated beneficiaries.
30. **Part IV-Financial provisions.** Part IV of the Bill provides for the financial provisions. Clause 37 of the Bill provides that there is established the County Assemblies Pensions Scheme Fund which shall consist of among other monies, all monies which vest or accrue to the Scheme; and contributions from sponsors and members.
31. This Part also provides for the annual estimates; accounts and audit; the financial year; annual distribution of profits; and for the actuarial review of the Scheme.
32. **Part V-Miscellaneous Provisions. Part V of the Bill** provides for miscellaneous provisions which include the application of the provisions of the Retirement Benefits Act; protection for personal liability of the employees of the scheme; and offences which include willfully failing to remit contributions to the scheme and knowingly giving false information to the Scheme. Clause 53 of the Bill provides for the power of the Cabinet Secretary to make regulations for the better carrying into effect the provisions of the Act.

33. **Part VI-Savings and Transition. Part VI of the Bill** provides for the savings and transition provisions. Clause 54 of the Bill provides that a member of a county assembly who is a member of the Local Authorities Provident Fund; the Local Authorities Pension Trust; the local Authorities Pension Trust (Defined Benefits) Scheme and the Local Authorities Pension Trust (Umbrella) Retirement Fund shall be transitioned into the Scheme within one year upon commencement of the Act.
34. Clause 55 of the Bill provides for government guarantee and provides that county governments shall during the short term and medium term, guarantee the solvency of the Scheme for any payment that may be required under it.
35. The Schedule to the Bill provides for the conduct of the affairs of the Board.

## **PART FOUR**

### **4 PUBLIC PARTICIPATION/STAKEHOLDERS CONSULTATION**

36. Following the call for memoranda from the public through placement of adverts in the print media on 8<sup>th</sup> August 2025 and vide letters NA/DDC/SP/CORR/2025/060, NA/DDC/SP/CORR/2025/068, dated 21<sup>st</sup> and 22<sup>nd</sup> August 2025, respectively, inviting stakeholders for a meeting and requesting for their written submissions on the Bill.
37. The Committee received memoranda from: the Salaries and Remuneration Commission, the County Assemblies Forum, the State Department for Public Investments and Assets Management; and CPF Financial Services Limited that submitted as follows.

#### **4.1 THE SALARIES AND REMUNERATION COMMISSION (SRC)**

38. The Salaries and Remuneration Commission (SRC) reviewed the County Assemblies Pension Scheme Bill, 2024 and noted that the Bill was seeking to provide for a contributory pension scheme for members of County Assemblies and to establish a County Assemblies Pensions Fund for the payment or granting of pensions or retirement benefits to Members of County Assemblies.
39. The SRC also noted that the Bill was aligned to government policy as issued by the National Treasury and Economic Planning vide Circular Ref. No: TNT/ZZI0/09 "H" (16) dated 10<sup>th</sup> July, 2024 that required that all public service retirement benefits schemes seeking registration be Defined Contribution Schemes. SRC supported the provisions of the Bill, subject to the Bill providing that the members of the County Assemblies who join the scheme shall not benefit from both pension and gratuity benefits as set by SRC, for the period they will be members of pension scheme.

#### **4.2 THE COUNTY ASSEMBLIES' FORUM (CAF)**

40. The County Assemblies Forum (CAF) is the coordinating body of the 47 County Assemblies in Kenya. The primary mandate of CAF is to promote networking and synergy among the 47 County Assemblies, coordinate intergovernmental relations and enhance good practice in legislative development.
41. The County Assemblies Forum noted that the current pension arrangements for county assembly members were fragmented and inconsistent, often leading to disparities in benefits and lack of uniformity in the management of pension funds. Recognizing the critical role that members of county assemblies play in local governance, it had become imperative to establish a robust pension system that ensures financial security for the public servants upon their retirement.
42. The CAF supported the County Assemblies Pensions Scheme Bill, 2024, in its objective to secure the welfare and retirement security of members and staff of County Assemblies. It also noted that several provisions of the Bill mirrored elements previously declared unconstitutional in 'Okoti & 11 Others v County Governments Retirement Scheme & 164 Others.' Despite submitting a detailed memorandum to the Senate, key amendments, particularly those concerning the centralization of

powers in the National Treasury, the narrow definition of pensionable emoluments, and the mandatory transfer of vested assets, were not fully addressed. CAF therefore resubmitted its position for the National Assembly Departmental Committee on Social Protection to consider.

43. CAF noted that the Bill granted extensive control to the Cabinet Secretary (CS) for the National Treasury in the appointment, regulation, and removal of trustees, contrary to Articles 6, 174, and 186 of the Constitution of Kenya. The Okioti judgement (Paragraph 210 and Paragraph 250) expressly declared such provisions unconstitutional, as they allow the National Government to dominate county pension management.
44. The exclusion of allowances from pensionable emoluments unreasonably diminishes members' benefits, violating Articles 41 and 43(1)(e) of the Constitution. Members of County Assemblies depend heavily on allowances, which make up a substantial portion of their income. Further, section 3 the Parliamentary Pension Act defines the Pensionable Emoluments as follows: - "pensionable emoluments" include salary, responsibility allowance, constituency allowance, nominated member's allowance, ex officio member's allowance, house allowance, accommodation allowance and sitting allowance;"
45. The mandatory transfer of assets and membership from existing schemes (LAPFUND and LAPTRUST) to the new scheme without express consent contravenes Section 33 of the Retirement Benefits Act. The Okioti judgement held that pension funds were vested property and may not be transferred without member consent.
46. CAF stated that deletion of the exemption clause will expose Members and County Assembly Service Boards to double contributions, both to the new Scheme and the NSSF Tier II, until the RBA grants a contracting-out certificate. This is financially unsustainable and operationally impractical.

#### **4.3 THE STATE DEPARTMENT FOR PUBLIC INVESTMENTS AND ASSETS MANAGEMENT**

47. The State Department for Public Investments and Assets Management submitted that the Bill presented a significant step toward strengthening social protection for Members of County Assemblies, who play a pivotal role in our devolved governance framework. Treasury appreciated the intent of the Bill to provide a predictable, contributory, and sustainable retirement mechanism for MCAs, aligned with the national pension reform agenda.
48. The State Department noted that the National Treasury had issued key policy circulars to enhance the governance, equity, and sustainability of public service retirement benefits schemes — Treasury Circular No. 18 of 2010 and Treasury Circular No. 9 of 2024. These circulars collectively aimed to strengthen coordination, governance, and sustainability in the retirement benefits sector while ensuring old-age income security for all public service workers.
49. The Bill was seeking to establish the County Assemblies Pension Scheme, a defined contribution (DC) scheme for Members of County Assemblies, which aligned with the government's wider

pension reform architecture, particularly the transition from non-contributory to contributory pension systems. These ensure fiscal sustainability and individual ownership of retirement benefits.

50. The Scheme also proposes a robust governance structure through a Board of Trustees supported by professional fund managers, custodians, and administrators under RBA supervision.

### **Key Issues and Observations**

51. The National Treasury examined the key provisions of the Bill and drew the Committee's attention to several critical policy and implementation considerations —
- a) **Commencement and Alignment with Current Terms** The commencement date of the Act should allow the current MCA term to run its full course to avoid mid-term disruptions in remuneration structures. The scheme can therefore be operationalized at the start of the next county assembly cycle for clarity and administrative ease.
  - b) **Criminal Sanctions for non-remittance** The Bill proposes criminal penalties for sponsors (County Assembly Service Boards) who fail to remit contributions within 15 days. However, these Boards do not control budget releases directly — that function lies with the County Treasury. Consequently, imposing criminal penalties may be unduly harsh and counterproductive. Treasury recommends an administrative sanction regime or civil liability framework instead, complemented by interest penalties and enforceable within the RBA framework.
  - c) **Transition from LAPTRUST and LAPFUND** While the proposal to migrate members within one year is practical for harmonization, the mandatory transfer of accrued benefits may contravene the constitutional right to property. Treasury proposes that:
    - Members be given the option to either transfer accrued benefits to the new scheme or retain them in LAPTRUST/LAPFUND as deferred benefits.
    - The transition framework should therefore emphasize member choice, fund solvency, and actuarial fairness.
  - d) **Interest on Unremitted Contributions** the Bill currently prescribes 3% monthly compound interest for unremitted contributions. Treasury supports the principle but proposes that the rate be linked to the actual lost investment income declared by the fund - ensuring members are fairly compensated and sponsors are strongly incentivized to remit on time.
  - e) **Fund Solvency and County Guarantees** The proposed one-year solvency guarantee by County Governments is a prudent safeguard. However, Treasury recommends that the guarantee framework be formalized through intergovernmental fiscal arrangements to ensure enforceability and fiscal responsibility, especially given the varying fiscal capacities of counties.
52. In conclusion, the National Treasury supported the spirit and policy direction of the County Assemblies Pension Scheme Bill, 2024. However, for effective implementation, Treasury recommended the following—
- (a) Aligning the commencement date with the next MCA term.
  - (b) Replacing criminal sanctions with administrative or civil enforcement measures.
  - (c) Allowing member choice in the transfer of accrued benefits from LAPTRUST and LAPFUND.
  - (d) Pegging interest on delayed remittances to actual investment loss.
  - (e) Formalizing county solvency guarantees within intergovernmental fiscal frameworks.

53. These refinements will ensure that the Scheme is legally sound, financially sustainable, and member-centered, while complementing the broader national pension reform agenda.
54. The State Department for public investments and assets management by way of a **letter referenced TNT/PENS/15/3 VOL.IV/ (42) dated 23<sup>rd</sup> March 2026, further submitted as follows.**
55. **Affordability and Sustainability of the Proposed Scheme.** The State Department for public investments and assets management (the State Department) observes that Members of County Assemblies currently receive retirement benefits in the form of a gratuity payable at the end of each five-year electoral term, generally calculated at approximately 31% of basic salary for each completed year of service. In assessing the financial implications of the proposed contributory pension scheme, the Treasury projects that over three electoral cycles (fifteen years), the total cost under the current gratuity system would be approximately KSh 18.6 billion, whereas the proposed pension scheme would cost approximately KSh 9.0 billion. This represents an estimated fiscal saving of approximately KSh 9.6 billion over three election cycles, demonstrating that the scheme is financially sustainable.
56. **Implications for Division of Revenue.** The State Department notes that the proposed scheme does not fundamentally alter the division of revenue between the national and county governments, as county governments already bear the fiscal responsibility for retirement benefits for MCAs through gratuity payments. The Bill therefore primarily changes the structure and timing of these obligations, converting what was previously a large, deferred liability into predictable annual personnel expenditure. Accordingly, implementation of the Bill should not necessarily require additional allocations to county governments, provided counties appropriately budget for employer pension contributions. However, counties will need to restructure personnel budgets to accommodate regular contributions rather than end-term gratuity payments.
57. **Interaction with Existing Pension Arrangements.** County government employees currently participate in several retirement benefits schemes, including the County Pension Fund (CPF), LAPTRUST, and LAPFUND. The State Department observes that some MCAs may have accrued benefits in these schemes arising from prior public service or other employment. The Bill proposes the transition of MCAs currently contributing to existing schemes into the new scheme within one year. However, the State Department cautions that mandatory transfer of accrued benefits may raise legal concerns. Accrued pension benefits are protected as property rights under Article 40 of the Constitution, and existing pension schemes operate under trust structures with contractual protections. It is therefore advisable that the law provide members with the option to voluntarily transfer accrued benefits to the new scheme or retain them as deferred benefits in the originating scheme.

58. **Feasible Transitional Period.** The Bill proposes a transition period of one year from commencement. However, considering that the next General Election is scheduled for August 2027, the The State Department suggests that it may be prudent for the scheme to commence at the start of the next electoral cycle (2027-2032). This approach would avoid mid-term changes to employment terms, allow sufficient time for scheme establishment, and ensure that all members enter the scheme under uniform conditions. In hindsight, the State Department notes that reforms as significant as this may ideally be undertaken outside periods proximate to general elections.
59. **Criminal Penalties for Non-Remittance of Contributions.** The Bill creates a criminal offence for failure to remit pension contributions within fifteen days. While the objective of ensuring timely remittance is important, the State Department observes that criminal sanctions may not always be the most appropriate enforcement mechanism. County Assembly Service Boards, which are designated as scheme sponsors, may not always have direct control over county the State Department releases. Delays in remittances could therefore arise from budgetary or administrative processes beyond their immediate control. Moreover, the County Assembly Service Boards are public entities, and criminally sanctioning them for delayed remittances that they do not control directly may not be the default penalty. A more practical approach would involve graduated enforcement mechanisms, including administrative penalties, financial surcharges for delayed remittances, regulatory oversight by the Retirement Benefits Authority, and civil recovery procedures where necessary.
60. **Transition of Accrued Benefits.** The State Department reiterates that the Bill's provision for mandatory transfer of accrued benefits from existing schemes may create legal and constitutional challenges. International best practice supports voluntary portability of pension savings, allowing members to elect whether to transfer accrued benefits to a new scheme. Accordingly, it would be advisable to provide for voluntary transfer mechanisms rather than mandatory consolidation.
61. **Interest Rate on Unremitted Contributions.** The Bill prescribes compound interest of 3% per month on unpaid contributions. While intended to compensate the scheme for lost investment income, the State Department notes that the rate may exceed the typical returns earned by pension funds. It is therefore advisable that the legislation provide that interest on unremitted contributions be linked to the scheme's declared investment returns, subject to a minimum threshold. A possible formulation would be: "Interest on unremitted contributions shall be charged at not less than three percent per month or the declared investment return of the Scheme, whichever is higher."
62. **Sustainability of Pension Compared to Gratuity.** Under the current system, MCAs receive a single lump-sum gratuity at the end of their five-year term. While this approach is administratively simple, it does not provide long-term retirement income security. Under the proposed pension framework, contributions are accumulated and invested during the member's tenure and may be

accessed upon retirement in the form of lump sum withdrawals, income drawdowns, or annuity payments. Illustratively, assuming a basic salary of KSh 150,000, the estimated benefit after five years under the gratuity system is approximately KSh 2.79 million, while under the pension system (with investment returns) it is approximately KSh 2.5 to 2.8 million. While the monetary outcomes may be broadly comparable over a single term, the pension system additionally provides investment growth, survivor benefits, and long-term retirement income options.

63. **Additional Observations.** The State Department highlights that changes to retirement benefits for MCAs constitute a variation of terms and conditions of service and therefore require the concurrence of the Salaries and Remuneration Commission (SRC). Furthermore, the proposed pension scheme must be registered and regulated under the Retirement Benefits Act, and appropriate governance arrangements should be established to ensure prudent management of the pension fund.
64. **Conclusion.** The State Department supports the policy objective of establishing a structured and sustainable retirement benefits framework for Members of County Assemblies, including both elected and nominated members. The proposed contributory pension scheme has the potential to improve retirement income security for members, strengthen fiscal discipline within county governments, and convert large, deferred liabilities into predictable annual expenditure. However, careful attention should be given to timing of scheme commencement, transition arrangements, protection of accrued benefits, and appropriate enforcement mechanisms to ensure successful implementation. The State Department remains available to work together with the National Assembly in its consideration of the Bill.

#### 4.4 CPF FINANCIAL SERVICES

65. CPF Financial Services submitted a written memorandum proposing as follows.
- i. That the long title of the Bill be amended to delimit the application of the Act only to Members of County Assemblies. The reason for this is that employees of Employees in County Assemblies are already covered in the existing retirement benefits arrangements, that is CPF and LAPFUND.
  - ii. That the authority to appoint Trustees, which is vested in the Cabinet Secretary, should be aligned with the requirements of devolution under the Constitution of Kenya 2010. A comparable law, namely County Governments Retirement Scheme Act, 2019, was declared unconstitutional by Court in **Okoiti & 11 others v County Governments Retirement Scheme & 164 others; County Pension Fund Financial Services Limited & 8 others (Interested Parties) (Petition 213, 222 & 230 of 2019 & 36 of 2022 (Consolidated)) [2022] KEELRC 13584 (KLR)** vide a judgement dated 20th December 2022 where Court declared that it is unconstitutional for the national government to play a pervasive role in the running of pension schemes for county government employees and officers.

- iii. That Clauses 18, 19 and 23(2) are inconsistent with the Retirement Benefits Act as they infringe on the fiduciary powers of the Board of Trustees. It limits the Board to appoint a natural person only as the administrator of the Scheme, whereas the Board should exercise the option of choosing between in-house or external administration of the Scheme as provided for by the Retirement Benefits Act.
- iv. That the contribution rates to be varied to the rate of 31% (conversion of the current gratuity) and 12% Employer and Employee contributions respectively because the lower contribution under the Bill is a breach of labour rights of MCAs and a violation of S. 138 of the County Governments Act, 2012.
- v. That the Bill provides for Post Retirement Medical Benefits under the Bill. This is a requirement of all pension schemes under National Treasury Circular No. 9 of 2024.
- vi. That the transition provisions in the act to be aligned with requirements of RBA on transfer and amalgamation of schemes. Further, the already existing County State Officer (Umbrella) Pension Fund be transitioned under the proposed Act. No transfer of Assets would be required in the circumstances.
- vii. That the Bill provides for the following additional benefits, that is, post-retirement medical benefits (contributory); and post-retirement transport allowance (non-contributory).

## PART FIVE

### 5 COMMITTEE OBSERVATIONS

66. The Committee observed that a defined contribution scheme depends on contribution levels and investment performance.
67. The Committee further observed that a gratuity system provides immediate lump sum benefits but may raise sustainability concerns in the long term.
68. **Interest on Unremitted Contributions (Clause 24(5) & Clause 51(3)).** Clause 24(5) prescribes interest on late contributions but does not specify the rate. Clause 51(3) provides for “compound interest at the rate of three per cent per month”. The fixed 3% monthly compound interest may be punitive and may not reflect actual investment returns.
69. **Transition of Accrued Benefits (Clauses 54 & 55).** The Committee observed that Clause 54 of the Bill provides for the mandatory transfer of all funds, assets, rights, and liabilities from existing schemes including the Local Authorities Provident Fund, the Local Authorities Pension Trust, and the County State Officers (Umbrella) Pension Fund into the proposed Scheme within one year of commencement. The Committee notes that Section 33 of the Retirement Benefits Act (Cap. 197) requires the consent of a member before transferring accrued benefits from one registered scheme to another. Furthermore, the Employment and Labour Relations Court in *Okoti & 11 Others v County Governments Retirement Scheme & 164 Others* (Petition 213, 222 & 230 of 2019 Consolidated) [2022] KEELRC 13584 (KLR) held at paragraph 250 that pension funds constitute vested property rights protected under Article 40 of the Constitution, and any transfer without member consent is unconstitutional.
70. **Criminal Penalties for Non-Remittance (Clause 50(1)(a) & Clause 51).** The Bill creates a criminal offence for failing to remit contributions within fifteen days. Given that sponsors (County Assembly Service Boards) often rely on county treasury releases, criminal sanctions may be disproportionate and may not address administrative delays. The Committee observed a need to replace the criminal sanction with a graduated enforcement regime, including administrative penalties, financial surcharges, and civil recovery, while retaining criminal liability for fraudulent misappropriation.


## PART SIX

### 6 COMMITTEE RECOMMENDATIONS

71. The Committee considered and deliberated on the observations and made the following recommendations.
72. The Committee recommends that the Bill be amended to limit the role of the Cabinet Secretary to policy coordination only, while vesting appointment and removal powers in the Board, empowering the chairperson of the forum representing all county assemblies to appoint of the 3 members under clause 6(d)(i) subject to oversight by the Retirement Benefits Authority.
73. The Bill be amended to provide that exemption from Tier II contributions shall apply only upon issuance of a contracting out certificate by the Retirement Benefits Authority.
74. The Bill be amended to provide that the definition of pensionable emoluments include allowances only as approved by the Salaries and Remuneration Commission within three months of enactment.
75. The Bill be amended to replace the CEC Finance position with an independent trustee appointed by the CEC Finance who possesses at least five years of experience in pension or financial management. The appointment should occur through a competitive process within three months of commencement of the Act.
76. The Bill be amended to provide that the transitional clause shall require written consent of each affected member before transfer of accrued benefits. The consent process should be completed within twelve months of commencement of the Act.
77. The Bill be amended by adopting the suggested formulation from the State Department for public investments and assets, linking the interest to the higher of the scheme's declared investment return or a minimum floor, to ensure fairness and sustainability.
78. The Bill be amended to provide an option for voluntary transfer, allowing members to choose whether to transfer their accrued benefits or retain them as deferred benefits in their originating scheme.
79. The Bill be amended by replacing the criminal sanction with a graduated enforcement regime, including administrative penalties, financial surcharges, and civil recovery, while retaining criminal liability for fraudulent misappropriation.

- 80. The Bill be amended to allow the Trustees to exercise their fiduciary duties to appoint either a corporate administrator or a natural person to administer the Scheme, and to provide for the corporate trustees should the Trustees be unable to discharge their functions
- 81. Pursuant to standing 127, the Committee recommends that the Bill **proceeds** for Second Reading subject to incorporating the recommendations under Part Six of this Report

SIGNED: ..... *W. Wambui* ..... DATE: *12/03/2026* .....  
**HON. ALICE WAMBUI NG'ANG'A, CBS, M.P.**  
**(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION)**

 <b>THE NATIONAL ASSEMBLY</b> <b>PAPERS LAID</b>			
DATE: <b>16 APR 2026</b>			
<table border="1"> <tr> <td>DAY.</td> </tr> <tr> <td><i>TUE</i></td> </tr> </table>		DAY.	<i>TUE</i>
DAY.			
<i>TUE</i>			
TABLED BY:	<i>HON. ALICE WAMBUI</i>		
CLERK-AT THE-TABLE:	<i>WILLU OBIERO</i>		

## PART SEVEN

### 7 SCHEDULE OF PROPOSED AMENDMENTS

82. The Committee shall propose the following amendments to be considered by the House in the Committee Stage.

#### Clause 2

That clause 2 of the Bill be amended by inserting the following new definition in the appropriate alphabetical order—

“Pensionable emoluments” means the basic salary payable to a member of a county assembly and such allowances as may be approved by the Salaries and Remuneration Commission for purposes of pension within three months of the commencement of this Act;

#### Justification:

The amendment clarifies the basis for contributions and benefits by defining “pensionable emoluments” to include allowances only where the Salaries and Remuneration Commission has approved them as pensionable within three months of the Act coming into force. This ensures consistency with the constitutional mandate of the Commission on remuneration.

#### Clause 6

83. THAT, Clause 6 of the Bill be amended—

(a) in subclause (3) by—

(i) deleting paragraph (b) and substituting therefor the following new paragraph—

“(b) a county executive committee member responsible for matters relating to finance nominated by the Council of Governors;”;

(ii) in paragraph (c) by inserting the following words immediately after the word ‘Boards’—

“(c) selected through a competitive process prescribed in regulations;”;

(c) Inserting the following new paragraph immediately after subclause (e) —

“(g) Upon nomination and approval by the executive council of the Forum, the Chairman of the Forum shall appoint each Trustee in writing.”

(d) In subclause (6) by deleting the words “Cabinet Secretary” and substituting therefor the word “Authority”.

### **Justification**

The amendment serves to enhance the governance framework of the Scheme by clarifying that the Council of Governors is the appropriate nominating authority for the county executive committee member; and 2. Introducing a competitive selection process for nominees of County Assembly Service Boards to promote transparency and merit and oversight by the Retirement Benefits Authority.

### **Clause 7**

84. **THAT** the Bill be amended by:

- (a) inserting the expression (i) immediately before the words ‘A person’;
- (b) inserting the following clause immediately after subsection (1)—

“(2) Despite the provisions of subsection (1), a corporate trustee registered and approved by the Authority qualifies to be appointed as a trustee.”

85.

### **Justification**

The amendment strengthens governance by providing that alternative to appoint professional corporate trustees to manage the scheme especially where natural trustees are not suitable or are unable to perform their functions as required.

### **Clause 9**

86. **THAT** the Bill is amended by deleting the words “three years” and substituting therefor “five years”.

### **Justification**

The amendment strengthens governance by providing that the tenure of Trustees under the Retirement Benefits Act has been increased to 5 years renewable once.

### **Clause 10**

87. **THAT**, Clause 10 of the Bill be amended—

- (a) in subclause (1) by—

- (i) deleting the words “Cabinet Secretary” and substituting therefor the word “Authority” appearing in the opening statement.

- (ii) deleting paragraph (e) and substituting therefor the following new paragraph—

- “(e) absence from three consecutive meetings of the Board without the permission of the chairperson;”;

- (b) by deleting subclause (2) and substituting it with the following subclause —

"(IA) Where the Executive Committee of the Forum proposes to remove a Trustee under subsection (I), the Chairman of Council shall, in writing, inform the Trustee of the grounds for the proposed removal and afford the Trustee an opportunity to submit representations within fourteen days of receipt of the notice.";

### **Justification**

The amendment strengthens the accountability framework by increasing the threshold for removal due to absenteeism to three meetings and replacing imprecise language with "contravention of Chapter Six." It also introduces a formal procedure for written notice and representation before removal.

### **Clause 11**

88. **THAT**, Clause 11 of the Bill be amended in subclause (1) by deleting the words "Cabinet Secretary" and substituting therefor the word "Authority" appearing in the opening statement.

### **Justification**

The amendment proposes to replace the Cabinet Secretary with the retirement Benefits Authority to limit the role of the National government in devolution matters in accordance with court judgement in the case of Okoiti & 11 others v County Governments Retirement Scheme & 164 others; County Pension Fund Financial Services Limited & 8 others (Interested Parties) (Petition 213, 222 & 230 of 2019 & 36 of 2022 (Consolidated)) [2022] KEELRC 13584 (KLR)

### **Clause 12**

89. **THAT**, Clause 12 of the Bill be amended by deleting the words "Cabinet Secretary" and substituting therefor the word "Authority".

### **Justification**

The amendment proposes to replace the Cabinet Secretary with the retirement Benefits Authority to limit the role of the National government in devolution matters in accordance with court judgement in the case of Okoiti & 11 others v County Governments Retirement Scheme & 164 others; County Pension Fund Financial Services Limited & 8 others (Interested Parties) (Petition 213, 222 & 230 of 2019 & 36 of 2022 (Consolidated)) [2022] KEELRC 13584 (KLR)

### **Clause 13**

90. **THAT**, Clause 13 of the Bill be amended in paragraph (h) by deleting the words "Cabinet Secretary" and substituting therefor the word "Authority" appearing in the opening statement.

### **Justification**

The amendment proposes to replace the Cabinet Secretary with the retirement Benefits Authority to limit the role of the National government in devolution matters in accordance with court judgement in the case of Okoiti & 11 others v County Governments Retirement Scheme

& 164 others; County Pension Fund Financial Services Limited & 8 others (Interested Parties) (Petition 213, 222 & 230 of 2019 & 36 of 2022 (Consolidated)) [2022] KEELRC 13584 (KLR

## Clause 20

91. THAT, Clause 20 of the Bill be amended by inserting the following new subclause immediately after subclause (2)—
- "(3) The common seal of the Scheme shall be affixed to a document only—
- (a) in the presence of two Trustees, one of whom shall be the chairperson or vice-chairperson; and
  - (b) with the counter-signature of the secretary of the Board or any other person authorised in writing by the Board for that purpose."

### Justification

The amendment enhances corporate governance by establishing clear authentication requirements, requiring the presence of two Trustees for collective oversight, and mandating the CEO's counter-signature for a clear chain of accountability.

## Clause 24

92. THAT, Clause 24 of the Bill be amended by deleting subclauses (5) and (6) and substituting therefor the following subclauses—
- "(5) Any contribution not paid to the Scheme by a sponsor within ten days after the last day of the calendar month to which the contributions relate shall attract interest on the outstanding amount.
- (6) The interest payable under subsection (5) shall be charged at a rate equal to the higher of—
- (a) three percent per month, compounded monthly; or
  - (b) the annualized rate of return declared by the Scheme on its investments for the period during which the contribution remains unremitted, pro-rated monthly.
- (7) All unpaid contributions and interest thereon shall constitute a civil debt due from the sponsor to the Scheme and shall be recoverable summarily by the Board in any court of competent jurisdiction."

### Justification

The Bill creates a criminal offence for failing to remit contributions within fifteen days. Given that sponsors (County Assembly Service Boards) often rely on county treasury releases, criminal sanctions may be disproportionate and may not address administrative delays. The State

Department for public investments and assets recommends replacing the criminal sanction with a graduated enforcement regime, including administrative penalties, financial surcharges, and civil recovery, while retaining criminal liability for fraudulent misappropriation.

### **New Clause 24A**

That Clause 24 of the Bill be amended by inserting the following new clause—

#### **Exemption from Tier II contributions**

**24A.** (1) A member of the Scheme may apply to the Retirement Benefits Authority for a contracting out certificate exempting the member from Tier II contributions under this Act.

(2) The Retirement Benefits Authority may issue a contracting out certificate upon such terms and conditions as it may prescribe.

(3) Where a contracting out certificate is issued under subsection (2), the member shall be exempt from paying Tier II contributions and the sponsor shall be exempt from making Tier II contributions in respect of that member.

(4) For the purposes of this section, "Tier II contributions" means contributions to the Scheme in excess of the minimum contributions required under section 24(1) and (2).

### **Clause 33**

93. THAT, the Bill be amended by deleting Clause 33 and substituting therefor the following new clause—

#### **Death of a member in service**

**33.** (1) Upon the death of a member in service, the benefits accrued to the member shall be paid to the person validly nominated by the member in accordance with section 30.

(2) Where a member has not made a nomination, or where the nomination is invalid, the Board shall pay the benefits referred to in subsection (1) to the dependants of the deceased in such proportions as the Board shall determine, having regard to the degree of dependency.

(3) For the purposes of subsection (2), "dependant" includes a surviving spouse, children, and where there is no surviving spouse or children, the parents of the deceased member who were dependent on the member at the time of death.

(4) Where a dispute arises under this section, the Board shall consider any evidence presented before it and determine the rightful beneficiary, and the decision of the Board shall be final.

(5) The Board may, in determining the rightful beneficiary under subsection (4), request such additional information or documentation as may be necessary.

### **Justification**

The amendment establishes a clear hierarchy for benefit payments, provides a comprehensive definition of "dependant," and creates a dispute resolution mechanism to promote efficiency and protect family members.

## **Clause 50**

94. THAT, Clause 51 of the Bill be amended under subclause (3) —

- i. by deleting paragraph (a)
- ii. inserting the following new subclause—

“(4) Where a sponsor fails to remit contributions to the Scheme within the period prescribed under section 24(4) of this Act, the Board may, without prejudice to any civil recovery proceedings—

- (a) impose an administrative penalty of an amount not exceeding the total unremitted contributions;
- (b) refer the matter to the Retirement Benefits Authority for regulatory action; and
- (c) recover the outstanding contributions together with interest in accordance with section 51.”

### **Justification**

The Bill creates a criminal offence for failing to remit contributions within fifteen days. Given that sponsors (County Assembly Service Boards) often rely on county treasury releases, criminal sanctions may be disproportionate and may not address administrative delays. The State Department for public investments and assets recommends replacing the criminal sanction with a graduated enforcement regime, including administrative penalties, financial surcharges, and civil recovery, while retaining criminal liability for fraudulent misappropriation

## **Clause 51**

95. THAT, Clause 51 of the Bill be amended by deleting subclause (3) and substituting therefor the following subclause—

“(3) Any sum which is the subject of proceedings of summary recovery under this section shall attract interest at the rate determined under section 24(6) of this Act.”

### **Justification**

The Bill creates a criminal offence for failing to remit contributions within fifteen days. Given that sponsors (County Assembly Service Boards) often rely on county treasury releases, criminal

sanctions may be disproportionate and may not address administrative delays. The State Department for public investments and assets recommends replacing the criminal sanction with a graduated enforcement regime, including administrative penalties, financial surcharges, and civil recovery, while retaining criminal liability for fraudulent misappropriation.

#### **Clause 54**

96. THAT, Clause 54 of the Bill be amended—

(a) in subclause (1) by deleting the words " and Local Authorities Pension Trust (Umbrella) Retirement Fund shall be transitioned into the Scheme within one year upon the commencement of this Act" and substituting therefor the words " and Local Authorities Pension Trust (Umbrella) Retirement Fund County State Officers (Umbrella) Pension Fund shall, within six months of the commencement of this Act, be registered as a member of the Scheme and their accrued benefits shall be transferred in accordance with this section";

(b) by deleting subclause (2) and substituting therefor the following new subclause—

"(2) The funds, assets, records and other movable or immovable property which immediately before the commencement date were held by or on behalf of the existing schemes exclusively for the benefit of members of county assemblies shall, upon the transfer of members under subsection (1), vest in the Scheme.";

(c) by inserting the following new subclauses immediately after subclause (3)—

"(4) The transfer of members and assets under this section shall be completed within twelve months of the commencement of this Act, or within such extended period as the Authority may approve upon application by the Board.

(5) The Board shall, in consultation with the existing schemes, develop a transition plan setting out the detailed procedures for the transfer of members, records, and assets, which shall be submitted to the Authority for approval within three months of the commencement of this Act.

(6) Until the transfer of members and assets is completed under this section, the existing schemes shall continue to manage the accrued benefits of members of county assemblies in accordance with their respective rules and the Retirement Benefits Act.

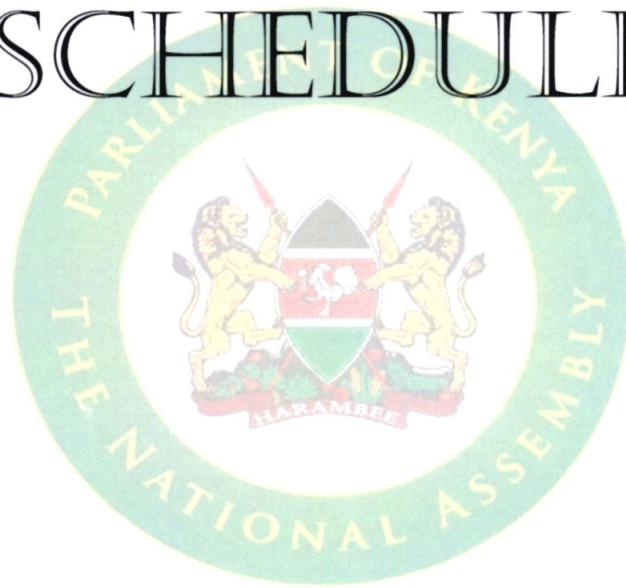
(7) For the avoidance of doubt, nothing in this section shall be construed to affect the accrued rights and benefits of members of county assemblies under the existing schemes prior to the transfer.";

(d) by renumbering the existing subclause (3) as subclause (8).

#### **Justification**

The amendment ensures a six-month timeframe for registration, protects the property rights of existing scheme members by only vesting assets held "exclusively" for county assemblies, and mandates a formal transition plan approved by the Authority to maintain continuity.

ANNEX ONE:  
REPORT  
ADOPTION  
SCHEDULE





THE REPUBLIC OF KENYA  
THE NATIONAL ASSEMBLY  
13<sup>TH</sup> PARLIAMENT – FIFTH SESSION – 2026  
DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION

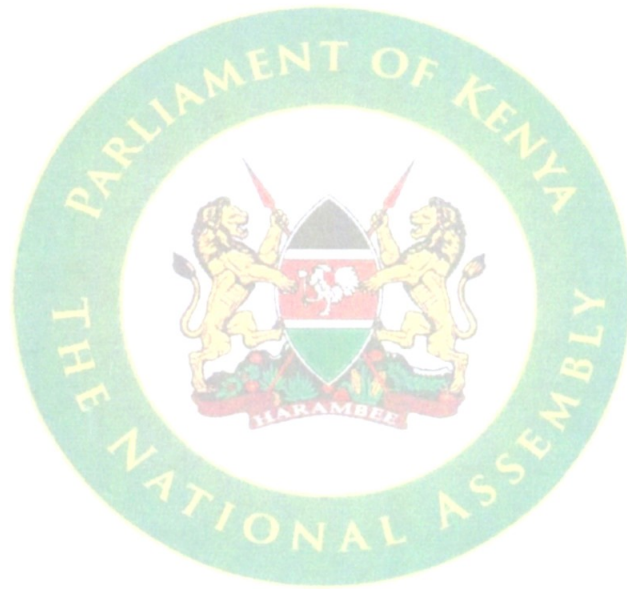
REPORT ADOPTION SCHEDULE

ADOPTION OF THE COUNTY ASSEMBLIES PENSIONS SCHEME BILL  
(SENATE BILL NO. 14 OF 2024)

Date: Thursday 12<sup>th</sup> March 2026

NO.	NAME	SIGNATURE
1	Hon. Alice Wambui Ngángá, CBS, MP Chairperson	
2	Hon. Hilary Kiplangat Kosgei, MP Vice-Chairperson	
3	Hon. Faith Wairimu Gitau, CBS, MP	
4	Hon. Owen Baya Yaa, CBS, MP	
5	Hon. Edith Nyenze, MP	
6	Hon. Timothy Wanyonyi Wetangula, MP	
7	Hon. Samuel Moroto, MP	
8	Hon. Paul Abuor, MP	
9	Hon. James Onyango Oyoo, MP	
10	Hon. Susan Nduyo, MP	
11	Hon. Agnes Mantaine Pareyio, MP	
12	Hon. Hussein Abdi Barre, MP	
13	Hon. Amina Dika, MP	
14	Hon. Zamzam Mohamed Chimba, MP	
15	Hon. Linet Chepkorir, MP	

ANNEX TWO:  
COMMITTEE  
MINUTES





## THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT-FIFTH SESSION-2026

DIRECTORATE OF DEPARTMENTAL COMMITTEES

**MINUTES OF THE 10<sup>TH</sup> SITTING OF THE DEPARTMENTAL, COMMITTEE ON SOCIAL PROTECTION HELD ON THURSDAY, 12<sup>TH</sup> MARCH, 2026 IN BUNGE TOWER, 2<sup>ND</sup> FLOOR, COMMITTEE ROOM II AT 11:30 A.M.**

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### **PRESENT**

1. **Hon. Alice Wambui Ng'ang'a, C.B.S M.P. - Chairperson**
2. **Hon. Hilary Kiplang'at Koskei, M.P - Vice Chairperson**
3. Hon. Edith Nyenze, M.P
4. Hon. Samuel Moroto, MP
5. Hon. Paul Abuor, M.P
6. Hon. Agnes Pareyio, M.P
7. Hon. Linet Chepkorir, M.P
8. Hon. Hussein Abdi Barre, MP

### **APOLOGIES**

1. Hon. Faith Wairimu Gitau, C.B.S, M.P
2. Hon. Owen Baya Yaa, C.B.S, M.P
3. Hon. Wetangula Timothy Wanyonyi, C.B.S, M.P
4. Hon. James Onyango Oyoo
5. Hon. Zamzam Mohamed Chimba, M.P
6. Hon. Susan Ngugi, M.P
7. Hon. Amina Abdullahi Dika, M.P

### **COMMITTEE SECRETARIAT**

1. Ms. Nuri Kitel - Clerk Assistant I
2. Mr. Ahmednoor Hassan - Clerk Assistant III
3. Ms. Fancy Lubanga - Legal Counsel
4. Ms. Grace Maneno - Research Officer
5. Ms. Naomi Onsomu - Public Relations Officer
6. Ms. Eva Kaare - Serjeant- At-Arms

## **AGENDA**

1. Prayers
2. Preliminaries/Introductions
  - a. Adoption of the Agenda
  - b. Remarks by the Chairperson.
3. Confirmation of Minutes/ Matters Arising
4. **Meeting to Consider and Adopt the Proposed Youth Bill, 2026 as a Committee Bill**
5. **Consideration and Adoption of the Report on the Public Service Superannuation Scheme (Amendment) Bill (National Assembly Bill No. 33 of 2025)**
6. **Consideration and Adoption of the County Assemblies Pension Scheme Bill (Senate Bill No. 14 of 2024)**
7. **Pending Business (enclosed)**
8. Adjournment /Date of the Next Meeting

### **MIN. NO. NA/DC-SP/2026/033: PRAYERS/PRELIMINARIES**

The Chairperson called the meeting to order with a word of prayer at 11.45 am.

### **MIN. NO. NA/DC-SP/2026/034: ADOPTION OF THE AGENDA**

The agenda was adopted having been proposed by Hon. Edith Nyenze, M.P. and seconded by Hon. Linet Chepkorir, M.P.

### **MIN.NO.NA/DC-SP/2026/035: MEETING TO CONSIDER AND ADOPT THE PROPOSED YOUTH BILL, 2026 AS A COMMITTEE BILL**

The Legal Counsel, Ms. Fancy Lubanga presented the brief as follows;

1. The Youth Bill, 2025 is a Legislative Proposal sponsored by the Cabinet Secretary for Youth Affairs, Creative Economy and Sports, Hon Salim Mvurya.
2. The principal object of the Legislative Proposal is to give effect to Article 55 of the Constitution; to promote youth development, participation and empowerment; to support youth-driven innovation, talent and entrepreneurship; to provide for the registration of youth organizations; and for connected purposes

#### **A. Part I —Preliminary**

3. **Clause 1 and 2** of the Legislative Proposal provides for preliminary provisions that is the **short title and interpretation of terms** as used in the Legislative Proposal.

4. **Clause 3 and 4** provides for the guiding principles and the Objects of the Legislative Proposal.
5. The Objects of the Legislative Proposal is to-
  - a) promote the holistic development of the youth
  - b) establish mechanisms for youth development, participation and empowerment;
  - c) provide for the registration of youth organizations;
  - d) support the development of youth innovation, talent, research and entrepreneurship; and
  - e) Provide special protection mechanisms for vulnerable youth.

#### **B. Part II—ADMINISTRATIVE PROVISIONS**

6. **Clauses 5 and 6** of the Legislative Proposal provides for the role of the Cabinet Secretary and the role of State Department.
7. The **Cabinet Secretary** shall—
  - a) formulate policies to enhance youth development;
  - b) establish cooperative frameworks for youth development;
  - c) issue guidelines for youth development initiatives implemented by both state and non-state actors;
  - d) promote collaboration among youth organizations at national and county levels for collective growth;
  - e) coordinate relevant government departments and agencies for effective implementation of this Act;
8. **Clause 6** provides for the role of the State Department. The State Department shall be responsible for the establishment of programs to strengthen youth capacity through targeted development initiatives amongst other roles.

#### **C. Part III— IMPLEMENTING THE RIGHTS OF THE YOUTH**

9. **Clause 7** of the Legislative Proposal provides for rights of the youths as guaranteed in the Constitution.

10. **Clause 8-16** provides for the initiatives that the State Department shall promote to ensure youth participation; youth volunteerism and civic engagement; promoting youth organizations, measures to ensure youth have access to decent sustainable livelihoods; rights to youth friendly services, rights to health, the right to leisure, recreation, sportive and cultural activities, measures to promote peace and nonviolence activities amongst the youth and the right to information. .

#### **D. Part IV- TARGETTED SUPPORT MEASURES FOR THE YOUTH**

11. Clause 17 provides for the measures that the state department shall undertake to eradicate poverty among the youth
12. Clause 18 provides for the support measures that the state department shall undertake to support youth not in education, employment or training.
13. Clause 19 provides for the measures that the state department shall promote amongst the youth to ensure sustainable environmental practices.
14. Clause 20 provides for the measures that the state department shall establish to promote and preserve cultural values, knowledge, and traditions amongst the youths.
15. Clause 21 provides for measures that the state department shall undertake to support youth engagement in a knowledge-based economy.
  
16. Clause 22 provides for measure the state department shall undertake to support the mobility and integration of youth abroad.
17. Clause 23 provides for the measures that the state department shall promote to eradicate gender-based violence among the youth.
18. Clause 24 provides for the measures that the State Department shall undertake to ensure equal opportunities and participation for youth with disabilities
19. Clauses 25 and 26 provides for the measures the state department shall undertake to eradicate harmful practices among the youth and support vulnerable youths.
20. Clauses 27 and 28 provides for the measure the state department shall undertake to promote youth talents and support in judicial system.
21. Clauses 29 and 30 provides for measures that the state department shall undertake to support youth who are out of school and youths who are out of work.
22. Clause 31 provides for the measures the state department shall undertake to promote sustainable livelihood among the youths.

23. Clauses 32 and 33 provide for the measure the state department shall undertake to equip youths with life skills and to support youth's enterprise development.
24. Clause 34 provides for the coordination of internships and attachments for youth in both public and private sectors to enhance employability by the state department.
25. That the Bill sought to establish Youth Fund with provisions on the establishment of the **youth fund**, the **purpose of the fund** and the **sources of the funds**.
26. Clause 38 provides for the management and administration of the fund. The Fund shall be administered by Board of Trustees, who shall be appointed in accordance with the Act. The Board shall comprise of a Chairperson appointed by the Cabinet Secretary in charge of youth affairs, representatives from the state department responsible for youth affairs, a representative from the private sector with experience in matters finance, two youths representative, a male and female who shall be appointed by the cabinet secretary in charge of youth affairs and any other member as maybe prescribed by regulations.
27. The Board shall be responsible for overseeing the management, investment and disbursement of the funds.
28. Clause 39 provides for the powers of the Board. The Board shall among other functions, make decisions regarding the allocation and management of Fund resources.
29. Clause 40 provides for records and audit of accounts.
30. Clause 41 provides that the Cabinet Secretary shall make regulations for the better management of the Fund.

#### E. Part VI- YOUTH EMPOWERMENT CENTRES

31. Clauses 42-44 provides for establishment of youth empowerment centers, management of the said centers and the funds of the centers. Funds of the centers shall originate from monies appropriated by the National Assembly, gifts, grants or donations and such other funds received by Youth Empowerment Centers in the performance of its functions.
32. The centers shall be managed and established across the country by the state department. The state department shall ensure effective and transparent administration of the centers amongst other responsibilities.

#### G. Part VII- REGISTRATION OF YOUTH ORGANIZATIONS

33. Clause 45 provides for the establishment of the Registrar of youth, who shall be responsible for registering youth organizations, mediating disputes between various youth

organizations, maintain a register of youth organizations and perform any other function as maybe prescribed under the Act or regulations.

34. Clauses 46 and 47 provides for prescribed manner of registration of youth organizations, eligibility and criteria for registration of youth organizations. The Registrar may refuse to register an organization if it does not meet the criteria set out in the Act or if its objectives are contrary to the interests of youth development or public welfare.

## **H. PART VIII- GENERAL PROVISIONS**

35. Clause 48 provides for the establishment of a National Youth Talent Award Scheme by the Cabinet Secretary. The purpose of the scheme is to develop a framework to identify talented youth across different disciplines; providing quality experiential activities to impart positive life skills and ethical values to youth; recommending criteria for conferring awards on talented youth amongst other functions.

36. Clause 49 provides for delegated function which empowers the Cabinet Secretary to make regulations for the better implementation of the Act.

The Legal Counsel made comparative analysis of the proposed Bill with legislations in other countries namely Uganda and South Africa. That the National Youth Council Act (CAP 319) of Uganda establishes a framework for youth participation, creating councils from village to National levels to organize, empower and represent young people between the ages of 18-30 years.

That South Africa enacted National Youth Development Agency Act No; 11 of 2024 whose aim was to create and promote co-ordination in youth development matters.

The Legal Counsel also brought to the attention of the Committee that there existed the National Youth Service Act (CAP 208), Laws of Kenya with the main object of establishing the National Youth Service as a body corporate conducting paramilitary training for the members/youth.

The Legal Counsel concluded by advising the Committee to proceed with the legislative proposal pursuant to Standing Order 114 of the National Assembly.

## **Deliberations**

1. The Committee questioned the difference between the Youth Fund, intended to be established by the proposed Bill and the Youth Enterprise Development Fund that was already in existence.
2. The Committee raised concerns on whether the proposed Bill was a duplication of legislations that were already in existence.

## **Committee Resolution**

The Committee noted that the proposed Bill was a needed legislation and that clarification on certain key issues were required and this could only be sought from key relevant stakeholders such as the State Department for Youth Affairs and Creative Economy.

The Committee resolved that proposed Bill be proceeded with pursuant to Standing Order 114 of the National Assembly.

## **MIN.NO.NA/DC-SP/2026/036: CONSIDERATION AND ADOPTION OF THE REPORT ON THE PUBLIC SERVICE SUPERANNUATION SCHEME (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 33 OF 2025)**

The Committee made the following Observations:

### **A. Governance and Board Composition**

1. **Representation of the disciplined services.** The Committee observed that the current composition of the Board of Trustees under Section 10 of the principal Act does not explicitly provide for representation from the National Police Service, Kenya Prisons Service, and National Youth Service (the Disciplined Services). Given the unique terms of service and the significant number of members from these services, this exclusion constitutes a democratic deficit. The proposed amendments in Clause 11 of the Bill, which introduce a nominee from the Disciplined Services on a rotational basis, are a necessary correction to this anomaly.
2. **Nomination authority for commission representatives.** The Committee noted that there was a submission by the Public Service Commission (PSC) regarding Clause 11 of the Bill. The PSC observed that the Bill proposes that nominees to the Board be appointed by the “Secretary” to the respective Commissions. The Committee agrees with the PSC that nominations should be made by the Commissions themselves (that is, the corporate bodies)

rather than by individual Secretaries, in order to preserve the institutional autonomy of the nominating bodies and uphold the principle of collective responsibility.

3. **Independence of the chairperson.** The Committee observed that elevating the appointment of the Board Chairperson from the Cabinet Secretary to the President, as proposed in Clause 11, enhances the independence and stature of the office. This change insulates the Chairperson from direct executive influence and aligns with governance standards applicable to public pension funds.
4. **Trustee accountability.** The Committee noted that there was a proposal in Clause 12 to reduce the absenteeism threshold for trustees from three consecutive meetings to two. The Committee observes that this stricter standard is necessary to ensure active participation and diligence by trustees who bear significant fiduciary responsibilities over members' savings.

## **B. Member Rights and Benefits**

5. **Immediate vesting of benefits.** The Committee observed that the current staggered vesting of employer contributions under Section 25 of the principal Act is out of step with modern pension practices and is perceived as punitive to members who leave public service prematurely. The proposal for immediate vesting, as provided in Clause 16, represents a fundamental shift that recognizes employer contributions as deferred compensation and strengthens the property rights of members under Article 40 of the Constitution. The Committee supports this progressive reform.
6. **Portability of savings.** The Committee observed that the principal Act is silent on the transfer of benefits to other registered schemes. The introduction of portability under Clause 23 (new Section 33A) is a welcome development that enhances labour mobility and aligns the PSSS with the Retirement Benefits Act. This provision gives members greater control over their retirement savings.
7. **Conversion of gratuities for contract staff.** The Committee noted the proposal to allow contract employees to remit monthly accrued gratuities into their pension accounts. The Committee observes that this aligns with Treasury Circular No. 9 of 2024 and provides a mechanism for non-pensionable staff to benefit from the compounding returns of the Fund rather than receiving a one-off taxable payment upon contract completion. This promotes a culture of saving and financial inclusion.

### **C. Employer Obligations and Contributions**

8. **Definition of “employer” and remittance obligations.** The Committee observed that the principal Act’s interchangeable use of the terms “Government” and “Cabinet Secretary” creates ambiguity regarding which entity bears the ultimate responsibility for remitting contributions. The amendments in Clause 4, which strengthen penalties for late remittance, and Clause 7, which inserts a new Section 8A on the obligation of the employer, clarify these roles. The Committee particularly supports the proposal that the penalty for late remittance should be pegged to the rate of return of the Fund for the previous year, thereby ensuring that members are compensated for the loss of investment growth.
9. **Participating employers.** The Committee observed that the current Act limits membership to specific government commissions. The proposed amendments to Clause 2, introducing the definitions of “participating employer” and “adherence agreement,” will allow other public entities and State corporations to join the Fund. This expansion will increase the asset base of the Fund, leading to economies of scale and potentially higher returns for all members.

### **D. Financial Management and Operational Autonomy**

10. **Exemption from the State Corporations Act.** The Committee carefully considered the submission by the Salaries and Remuneration Commission (SRC), which expressed concern that exempting the Scheme from the State Corporations Act would remove it from government control. The Committee also considered the National Treasury’s view that such exemption is necessary for operational agility. The Committee observes that while the SRC’s concern regarding accountability is valid, the Scheme will remain subject to robust oversight by the Retirement Benefits Authority (RBA) and the proposed Annual General Meeting (AGM). The unique nature of a pension fund, which requires swift investment decisions, necessitates freedom from the procurement and budgetary constraints of the State Corporations Act. The Committee therefore supports the exemption as proposed in Clause 40.

11. **Nomenclature: “Fund” versus “Scheme”.** The Committee noted the submissions from the Public Service Superannuation Fund and the justification in the Schedule of Amendments regarding the consistent use of the term “Fund” instead of “Scheme.” The Committee observes that “Fund” more accurately describes a pooled corpus of assets requiring active investment and fiduciary management. This aligns with regional nomenclature such as NSSF and LapFund and has been confirmed as acceptable by the Retirement Benefits Authority.
12. **Capping of administrative expenses.** The Committee observed that the proposal to cap administrative expenses at one per cent of total Scheme assets under Clause 28 is a critical consumer protection measure. It provides certainty to members that their savings will not be eroded by excessive administrative fees and aligns with global best practices for pension fund governance.
13. **Internal management of assets.** The Committee considered the proposal in the Schedule of Amendments (Clause 25) to allow the Board to internally manage up to fifteen per cent of the Fund’s assets. The Committee observes that this provision, already practiced by large funds such as the National Social Security Fund, will enable the Fund to reduce reliance on external managers and save on management fees, thereby increasing net investment income available to members.

#### **E. Legacy Benefits and Transitional Provisions**

14. **Clarity on Pre-2021 Benefits.** The Committee observes that the current Section 50 of the principal Act is ambiguous regarding the administration and payment of benefits for service rendered before 1<sup>st</sup> January 2021. Submissions from the National Treasury highlighted this ambiguity. The Committee supports the comprehensive replacement of Section 50 as proposed in the Schedule of Amendments (Clause 35), which will—**a.** explicitly obligate the National Treasury to determine, revalue, and issue recognition letters for these benefits; **b.** provide a mechanism for the National Treasury to transfer these accrued benefits to the Fund for consolidated administration; and **c.** ensure that the five per cent annual revaluation is a minimum threshold rather than a ceiling, thereby protecting members against inflation.

#### **F. Stakeholder Concerns Not Addressed by the Bill**

15. **NSSF Exemption.** The Committee noted the strong opposition from the National Social Security Fund (NSSF) regarding Clause 41 of the Bill, which seeks to exempt PSSS members

- from both Tier I and Tier II NSSF contributions. The NSSF argued that this undermines its constitutional mandate as the first pillar social security scheme and contravenes the National Retirement Benefits Policy, 2023. The Committee observes merit in this argument. While the Schedule of Amendments does not explicitly include an amendment to Clause 41, the Committee recommends that this matter be addressed to avoid double contributions and legal ambiguity regarding the pensionable earnings cap.

The Committee made recommendations on the Bill as follows:

- 1. Recommendation on governance and board composition.** The Committee recommends that the House adopts Clause 11 of the Bill with an amendment to provide that nominees to the Board from the Teachers Service Commission, Public Service Commission, and National Police Service Commission shall be nominated by the Commissions themselves rather than by their respective Secretaries, in order to ensure institutional representation.
- 2. Recommendation on definitions and employer participation.** The Committee recommends that the House adopts the proposed amendments to Clause 2 of the Bill to
  - introduce the definitions of “participating employer” and “adherence agreement”; and
  - clarify the categories of “employer”. These amendments will expand the membership base of the Fund and provide a legal framework for new entities to join.
- 3. Recommendation on the establishment and naming of the Fund.** The Committee recommends that the House adopts the amendments to Part II of the Bill to:
  - rename the entity consistently as the Public Service Superannuation Fund throughout the Act; and establish the Fund with clear provisions for contributions, investments, and payments as set out in the new Part II in the Schedule of Amendments.
- 4. Recommendation on employer contribution remittances.** The Committee recommends that the House adopts the amendments to Clause 4 of the Bill to
  - strengthen the penalty for late remittance of contributions by pegging it to the Fund’s rate of return for the previous financial year; and
  - clarify that employer contributions are a charge on the Consolidated Fund for members whose salaries are so charged, or a direct payment for self-financing entities.

5. **Recommendation on benefits for contract employees.** The Committee recommends that the House adopts New Clause 4A introducing Section 6A, which allows contract employees to remit monthly accrued gratuities into the Fund.
6. **Recommendation on member contributions and flexibility.** The Committee recommends that the House adopts the amendment to Clause 7 of the Bill to provide members with flexible methods of remitting additional voluntary contributions beyond payroll deductions.
7. **Recommendation on immediate vesting and portability.** The Committee recommends that the House adopts Clause 16 and Clause 23 of the Bill to provide for immediate vesting of all retirement savings and the portability of benefits to other registered schemes.
8. **Recommendation on protection of benefits from attachment.** The Committee recommends that the House adopts the amendment to Clause 19 of the Bill to align Section 30 of the principal Act with Section 36 of the Retirement Benefits Act, prohibiting the attachment or assignment of retirement benefits except as approved by the Retirement Benefits Authority.
9. **Recommendation on internal management of assets.** The Committee recommends that the House adopts the amendment to Clause 25 of the Bill to permit the Board to internally manage up to fifteen per cent of the Fund's assets.
10. **Recommendation on administrative expense cap.** The Committee recommends that the House adopts Clause 28 of the Bill to cap administrative expenses at one per cent of the total assets of the Fund.
11. **Recommendation on legacy benefits (Pre-2021 Service).** The Committee recommends that the House adopts the comprehensive replacement of Clause 35 (new Section 50) as set out in the Schedule of Amendments.
12. **Recommendation on expanded retirement products.** The Committee recommends that the House adopts the amendment to Clause 36 of the Bill to empower the Board to establish a post-retirement medical fund, a mortgage facility, and other retirement products, subject to approval by the Retirement Benefits Authority.

13. **Recommendation on NSSF Contributions (Clause 41).** The Committee recommends that the House further interrogates Clause 41 of the Bill regarding the exemption of PSSS members from NSSF contributions. The Committee recommends that the National Treasury, the Retirement Benefits Authority, and the National Social Security Fund undertake further consultations to resolve the conflict between the proposed exemption and the NSSF's mandate as a first-tier social security scheme.

14. **General recommendation.** The Committee recommends that the House **approves** the Public Service Superannuation Scheme (Amendment) Bill (National Assembly Bill No. 33 of 2025) with the amendments set out in the Schedule of Proposed Amendments contained in Part Seven of the Report.

The Report on the Public Service Superannuation Scheme (Amendment) Bill (National Assembly Bill No. 33 of 2025) was adopted having being proposed by Hon. Hussein Abdi Bare, MP and seconded by Hon. Edith Nyenze, MP.

#### **MIN.NO.NA/DC-SP/2026/037: CONSIDERATION AND ADOPTION OF THE COUNTY ASSEMBLIES PENSION SCHEME BILL (SENATE BILL NO. 14 OF 2024)**

The Committee made the following Observations:

1. The Committee observed that a defined contribution scheme depends on contribution levels and investment performance.
2. The Committee further observed that a gratuity system provides immediate lump sum benefits but may raise sustainability concerns in the long term.
3. **Interest on Unremitted Contributions (Clause 24(5) & Clause 51(3)).** Clause 24(5) prescribes interest on late contributions but does not specify the rate. Clause 51(3) provides for "compound interest at the rate of three per cent per month". The fixed 3% monthly compound interest may be punitive and may not reflect actual investment returns.
4. **Transition of Accrued Benefits (Clauses 54 & 55).** The Committee observed that Clause 54 of the Bill provides for the mandatory transfer of all funds, assets, rights, and liabilities from existing schemes including the Local Authorities Provident Fund, the Local Authorities Pension Trust, and the County State Officers (Umbrella) Pension Fund into the

proposed Scheme within one year of commencement. The Committee notes that Section 33 of the Retirement Benefits Act (Cap. 197) requires the consent of a member before transferring accrued benefits from one registered scheme to another. Furthermore, the Employment and Labour Relations Court in *Okoiti & 11 Others v County Governments Retirement Scheme & 164 Others* (Petition 213, 222 & 230 of 2019 Consolidated) [2022] KEELRC 13584 (KLR) held at paragraph 250 that pension funds constitute vested property rights protected under Article 40 of the Constitution, and any transfer without member consent is unconstitutional.

5. **Criminal Penalties for Non-Remittance (Clause 50(1)(a) & Clause 51).** The Bill creates a criminal offence for failing to remit contributions within fifteen days. Given that sponsors (County Assembly Service Boards) often rely on county treasury releases, criminal sanctions may be disproportionate and may not address administrative delays. The Committee observed a need to replace the criminal sanction with a graduated enforcement regime, including administrative penalties, financial surcharges, and civil recovery, while retaining criminal liability for fraudulent misappropriation.

The Committee made the following Recommendations:

1. The Committee considered and deliberated on the observations and made the following recommendations.
2. The Committee recommends that the Bill be amended to limit the role of the Cabinet Secretary to policy coordination only, while vesting appointment and removal powers in the Board, empowering the chairperson of the forum representing all county assemblies to appoint of the 3 members under clause 6(d)(i) subject to oversight by the Retirement Benefits Authority.
3. The Bill be amended to provide that exemption from Tier II contributions shall apply only upon issuance of a contracting out certificate by the Retirement Benefits Authority.
4. The Bill be amended to provide that the definition of pensionable emoluments include allowances only as approved by the Salaries and Remuneration Commission within three months of enactment.

5. The Bill be amended to replace the CEC Finance position with an independent trustee appointed by the CEC Finance who possesses at least five years of experience in pension or financial management. The appointment should occur through a competitive process within three months of commencement of the Act.
6. The Bill be amended to provide that the transitional clause shall require written consent of each affected member before transfer of accrued benefits. The consent process should be completed within twelve months of commencement of the Act.
7. The Bill be amended by adopting the suggested formulation from the State Department for public investments and assets, linking the interest to the higher of the scheme's declared investment return or a minimum floor, to ensure fairness and sustainability.
8. The Bill be amended to provide an option for voluntary transfer, allowing members to choose whether to transfer their accrued benefits or retain them as deferred benefits in their originating scheme.
9. The Bill be amended by replacing the criminal sanction with a graduated enforcement regime, including administrative penalties, financial surcharges, and civil recovery, while retaining criminal liability for fraudulent misappropriation.
10. The Bill be amended to allow the Trustees to exercise their fiduciary duties to appoint either a corporate administrator or a natural person to administer the Scheme, and to provide for the corporate trustees should the Trustees be unable to discharge their functions
11. Pursuant to standing 127, the Committee recommends that the Bill **proceeds** for Second Reading subject to incorporating the recommendations under Part Six of this Report

The Report on the County Assemblies Pension Scheme Bill (Senate Bill No. 14 of 2024) was adopted having being proposed by Hon. Linet Chepkorir, MP and seconded by Hon. Agnes Pareyio, MP.

**MIN. NO. NA/DC-SP/2026/038: ADJOURNMENT**

The meeting was adjourned at 1:30 p.m. and the next meeting will be held on 16<sup>th</sup> March 2026 at 9:00 am.

Signed..........Date..........

**HON. ALICE WAMBUI NGÁNGÁ, CBS, M.P.**

**(Chairperson)**

ANNEX THREE:  
NEWSPAPER  
ADVERTISEMENT  
ON PUBLIC  
PARTICIPATION





**THE NATIONAL ASSEMBLY**  
**THIRTEENTH PARLIAMENT - FOURTH SESSION (2025)**

IN THE MATTER OF ARTICLE 118(1) (b) OF THE CONSTITUTION  
AND  
IN THE MATTER OF CONSIDERATION BY THE NATIONAL ASSEMBLY OF—  
(1) THE COUNTY ASSEMBLIES PENSIONS SCHEME BILL (SENATE BILL NO. 14 OF 2024); AND  
(2) THE NATIONAL POLICY ON WOMEN'S ECONOMIC EMPOWERMENT

**INVITATION TO SUBMIT MEMORANDA**

**WHEREAS**, Article 118(1) (b) of the Constitution requires Parliament to facilitate public participation and involvement in the legislative and other business of Parliament and its Committees and Standing Order 127(3) of the National Assembly Standing Orders requires House Committees considering Bills to facilitate public participation;

**AND WHEREAS** the **County Assemblies Pensions Scheme Bill (Senate Bill No. 14 of 2024)** was read a First Time on 31<sup>st</sup> July 2025 and referred to the Departmental Committee on Social Protection for consideration and reporting to the National Assembly;

**FURTHER, WHEREAS** the **National Policy on Women's Economic Empowerment** was submitted to the National Assembly and referred to the Departmental Committee on Social Protection for consideration and reporting to the House;

**IT IS NOTIFIED** that—

- (1) The **County Assemblies Pensions Scheme Bill (Senate Bill No. 14 of 2024)** is a Bill sponsored by the **Senate Majority Leader** that seeks to establish a contributory pension scheme for Members of County Assemblies. The Bill, among others:
- (a) requires each member of the forty-seven county assemblies to contribute not less than seven point five per cent of their pensionable emoluments to the County Assemblies Pension Scheme;
  - (b) requires each of the forty-seven County Assembly Service Boards to contribute, from public funds, an amount not less than fifteen per cent of the pensionable emoluments of each County Assembly Member, together with amounts necessary to cover the premiums for insured benefits;
  - (c) requires each of the forty-seven County Assembly Service Boards to take out and maintain a life insurance policy, inclusive of disability benefits, in favour of each county assembly Member with a minimum cover equivalent to three times the member's annual pensionable emoluments; and
  - (d) vests all benefits derived from contributions by a County Assembly Member and by their respective County Assembly Service Board immediately.
- (2) The **National Policy on Women's Economic Empowerment** seeks to—
- (a) enhance gender equality and women's economic empowerment in line with national development priorities;
  - (b) provide a comprehensive and logical empowerment framework premised on contribution to and from socio-economic development for women in Kenya, with a focus on efficiency, human rights and multi-sectoral approaches to ensure equity, inclusiveness and non-discrimination for empowerment of women and girls; and
  - (c) expand the means of increasing women's productivity and place more emphasis on recognizing women's contributions in various economic sectors.

**NOW THEREFORE**, in compliance with Article 118(1) (b) of the Constitution and Standing Order 127(3) the Clerk of the National Assembly hereby invites the public and stakeholders to submit memoranda on the Bill and/ or the Policy to the Departmental Committee on Social Protection.

Copies of the Bill and the Policy are available at the National Assembly Table Office, Main Parliament Buildings and on <https://www.parliament.go.ke/the-national-assembly/house-business/bills> and on <http://www.parliament.go.ke/the-national-assembly/house-business/paper-laid> respectively.

The memoranda on the Bill and the Policy may be forwarded to the **Clerk of the National Assembly, P.O. Box 41842- 00100, Nairobi**; hand-delivered to the **Office of the Clerk, Main Parliament Buildings, Nairobi**; or emailed to [cna@parliament.go.ke](mailto:cna@parliament.go.ke) to be received on or before **Friday, 12<sup>th</sup> September, 2025 at 5.00p.m.**

**S. NJORGE, CBS**  
**CLERK OF THE NATIONAL ASSEMBLY**

**29<sup>th</sup> August 2025**

ANNEX FOUR:  
LETTERS SEEKING  
STAKEHOLDERS'  
SUBMISSIONS



CAPS B



THE NATIONAL ASSEMBLY  
OFFICE OF THE CLERK

P. O. Box 41842-00100  
Nairobi, Kenya  
Main Parliament Buildings

Telephone: +254202848000 ext. 3300  
Email: [cna@parliament.go.ke](mailto:cna@parliament.go.ke)  
[www.parliament.go.ke/the-national-assembly](http://www.parliament.go.ke/the-national-assembly)

When replying, please quote:

REF: NA/DDC/SP/CORR/2025/075

25<sup>th</sup> November, 2025

**Dr. Hosea Kili, MBS**  
**Chief Executive Officer/ Group Managing Director**  
CPF Financial Services  
CPF House, 7th Floor  
Haile Selassie Avenue  
**NAIROBI**

Dear

**RE: MEETING WITH THE NATIONAL ASSEMBLY DEPARTMENTAL  
COMMITTEE ON SOCIAL PROTECTION**

The Departmental Committee on Social Protection is established under National Assembly Standing Order 216 which mandates it to amongst others "*study and review all legislation referred to it*".

**The County Assemblies Pensions Scheme Bill (Senate Bill No. 14 of 2024)** was read a First Time in the National Assembly, and was thereafter referred to the Departmental Committee on Social Protection for consideration and reporting to the House. The Bill, which is sponsored by the Senate Majority Leader, primarily seeks to establish a contributory pension scheme for Members and staff of County Assemblies.

Additionally, **the Public Service Superannuation Scheme (Amendment) Bill (National Assembly Bill No. 33 of 2025)** was also referred to the Committee for consideration and reporting to the National Assembly. The Bill, which is sponsored by Hon. Kimani Ichung'wah, MP (the Leader of the Majority Party), seeks to amend the Public Service Superannuation Scheme Act in order to streamline the governance and administration of the Scheme.

Article 118(1)(b) of the Constitution requires Parliament to facilitate public participation and involvement in the legislative and other business of Parliament and its Committees. Further, Standing Order 127(3) of the National Assembly Standing Orders requires House Committees considering Bills to facilitate public participation.

In this regard therefore, the Departmental Committee on Social Protection wishes to invite you to make your submissions on the two Bills (*copies of which are enclosed herewith*) on **Tuesday, 2<sup>nd</sup> December, 2025** in **Bunge Tower, 3<sup>rd</sup> Floor, Committee Room 16** at **11.30am**.

Soft copies of the submission are to be emailed to the clerk of the National Assembly through email address [cna@parliament.go.ke](mailto:cna@parliament.go.ke), while twenty (20) hardcopies of each Bill's submission are to be availed during the Meeting.

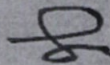
The liaison officer for this activity is Mr. Finlay Muriuki who may be contacted on Tel. no. **0722 687468** or email address [ddc@parliament.go.ke](mailto:ddc@parliament.go.ke) for any clarification or additional information.

Yours

**JEREMIAH W. NDOMBI, MBS**  
**For: CLERK OF THE NATIONAL ASSEMBLY**

//Encl.

Copy to: **Mr. Maurice Nduranu**  
**Chairperson, CPF Group**  
CPF Financial Services  
CPF House, 7th Floor  
Haile Selassie Avenue  
**NAIROBI**



CA P S B



**THE NATIONAL ASSEMBLY  
OFFICE OF THE CLERK**

P. O. Box 41842-00100  
Nairobi, Kenya  
Main Parliament Buildings

Telephone: +254202848000 ext. 3300  
Email: [cna@parliament.go.ke](mailto:cna@parliament.go.ke)  
[www.parliament.go.ke/the-national-assembly](http://www.parliament.go.ke/the-national-assembly)

When replying, please quote:

**REF: NA/DDC/SP/CORR/2025/068**

**21<sup>st</sup> October, 2025**

**Dr. Hosea Kili, MBS**

LAPTRUST Group Managing Director/ CEO  
Local Authorities Pensions Trust  
CPF House, 1st Floor  
Haile Selassie Avenue  
**NAIROBI**

Dear

**RE: SUBMISSION OF WRITTEN MEMORANDA ON THE COUNTY  
ASSEMBLIES PENSION SCHEME BILL, 2024**

The Departmental Committee on Social Protection is established under National Assembly Standing Order 216 which mandates it to amongst others "*study and review all legislation referred to it*".

**The County Assemblies Pensions Scheme Bill (Senate Bill No. 14 of 2024)** was read a First Time in the National Assembly and thereafter committed to the Departmental Committee on Social Protection for consideration and reporting to the House.

The Bill, which is sponsored by the Senate Majority Leader, primarily seeks to establish a contributory pension scheme for Members and staff of County Assemblies.

Article 118(1)(b) of the Constitution requires Parliament to facilitate public participation and involvement in the legislative and other business of Parliament and its Committees. Further, National Assembly Standing Order 127(3) requires House Committees considering Bills to facilitate public participation.

In this regard, you are invited to forward written submissions on the said Bill (*copy attached*). It will be appreciated if the written submissions reach the Office of the Clerk of the National Assembly by **Tuesday, 25<sup>th</sup> November 2025 at 5.00 pm**. You may email the soft copies to the Office through [cna@parliament.go.ke](mailto:cna@parliament.go.ke) and copy the Committee's Liaison Officer through the below mentioned email address.

The Committee's Liaison Officer for this meeting is **Mr. Finlay Muriuki**, who may be contacted on **Tel No. 0722687468** or email: [ddc@parliament.go.ke](mailto:ddc@parliament.go.ke)


Yours

**JEREMIAH W. NDOMBI, MBS**  
**For: CLERK OF THE NATIONAL ASSEMBLY**

//Encl

Copy to:

**Ms. Winfred Syombua**  
Chairperson, LAPTRUST Board of Trustees  
Local Authorities Pensions Trust  
CPF House, 1st Floor  
Haile Selassie Avenue  
**NAIROBI**

A handwritten signature in black ink, appearing to be 'W. Syombua', is written to the right of the recipient's address.

CAPSR



THE NATIONAL ASSEMBLY  
OFFICE OF THE CLERK

P. O. Box 41842-00100  
Nairobi, Kenya  
Main Parliament Buildings

Telephone: +254202848000 ext. 3300  
Email: [cna@parliament.go.ke](mailto:cna@parliament.go.ke)  
[www.parliament.go.ke/the-national-assembly](http://www.parliament.go.ke/the-national-assembly)

When replying, please quote:

REF: NA/DDC/SP/CORR/2025/060

22<sup>nd</sup> October, 2025

**Mr. Cyrell Odede Wagunda**  
**Principal Secretary**  
State Department for Public Investments and Assets Management  
The National Treasury Building  
Harambee Avenue  
**NAIROBI**

**Mr. Charles Machira**  
**Chief Executive Officer**  
Retirement Benefits Authority  
Rahimtulla Tower, 13th Floor  
Upper Hill Road, Opp UK High Commission  
**NAIROBI**

Dear *Mr. Wagunda*

**RE: INVITATION TO SUBMIT MEMORANDUM ON TWO BILLS**

The Departmental Committee on Social Protection is established under National Assembly Standing Order 216 which mandates it to amongst others ***"study and review all legislation referred to it"***.

**The County Assemblies Pensions Scheme Bill (Senate Bill No. 14 of 2024)** was read a First Time in the National Assembly, and was thereafter referred to the Departmental Committee on Social Protection for consideration and reporting to the House. The Bill, which is sponsored by the Senate Majority Leader, primarily seeks to establish a contributory pension scheme for Members and staff of County Assemblies.

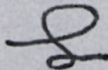
Additionally, **The Public Service Superannuation Scheme (Amendment) Bill (National Assembly Bill No. 33 of 2025)** was also referred to the Committee for consideration and reporting to the National Assembly. The Bill, which is sponsored by Hon. Kimani Ichung'wah, MP (The Leader of the Majority Party), seeks to amend the Public Service Superannuation Scheme Act in order to streamline the governance and administration of the Scheme.

Article 118(1)(b) of the Constitution requires Parliament to facilitate public participation and involvement in the legislative and other business of Parliament and its Committees. Further, Standing Order 127(3) of the National Assembly Standing Orders requires House Committees considering Bills to facilitate public participation.

In this regard therefore, the Departmental Committee on Social Protection wishes to invite you to make your submissions on the two Bills (*copies of which are enclosed herewith*) on **Thursday, 20<sup>th</sup> November 2025** in **Bunge Tower, 5<sup>th</sup> Floor, Committee Room 26** at **11.30am**.

Softcopies of the submission are to be emailed to **Mr. Finlay Muriuki** (Committee Clerk) through email address [finlay.muriuki@parliament.go.ke](mailto:finlay.muriuki@parliament.go.ke), while twenty (20) hardcopies of each Bill's submission are to be availed during the Meeting. The officer may be contacted on Tel. no. **0722 687468** for any clarification or additional information.

Yours



**JEREMIAH W. NDOMBI, MBS**  
**For: CLERK OF THE NATIONAL ASSEMBLY**

**Copies to: Hon. CPA John Mbadi Ngóngo, CBS, EGH**  
**Cabinet Secretary**  
The National Treasury and Economic Planning  
Treasury Building  
Harambee Avenue  
**NAIROBI**

**CPA Dr. Aurelia C. Rono, CBS**  
**Principal Secretary**  
State Department for Parliamentary Affairs  
Office of the Prime Cabinet Secretary and Ministry of Foreign and  
Diaspora Affairs  
Executive Office of the President  
Railways Building  
Haile Sellasie Avenue  
**NAIROBI**

**Mr. Nelson Havi**  
**Chairman, Board of Directors**  
Retirement Benefits Authority  
Rahimtulla Tower, 13th Floor  
Upper Hill Road, Opp UK High Commission  
**NAIROBI**

//Encl.



THE NATIONAL ASSEMBLY  
OFFICE OF THE CLERK

P. O. Box 41842-00100  
Nairobi, Kenya  
Main Parliament Buildings

Telephone: +254202848000 ext. 3300  
Email: [cna@parliament.go.ke](mailto:cna@parliament.go.ke)  
[www.parliament.go.ke/the-national-assembly](http://www.parliament.go.ke/the-national-assembly)

When replying, please quote:

REF: NA/DDC/SP/CORR/2025/060

22<sup>nd</sup> October, 2025

**Mr. Cyrell Odede Wagunda**  
**Principal Secretary**

State Department for Public Investments and Assets Management  
The National Treasury Building  
Harambee Avenue  
**NAIROBI**

**Mr. Charles Machira**  
**Chief Executive Officer**

Retirement Benefits Authority  
Rahimtulla Tower, 13th Floor  
Upper Hill Road, Opp UK High Commission  
**NAIROBI**

Dear *Mr. Machira*

**RE: INVITATION TO SUBMIT MEMORANDUM ON TWO BILLS**

---

The Departmental Committee on Social Protection is established under National Assembly Standing Order 216 which mandates it to amongst others ***“study and review all legislation referred to it”***.

**The County Assemblies Pensions Scheme Bill (Senate Bill No. 14 of 2024)** was read a First Time in the National Assembly, and was thereafter referred to the Departmental Committee on Social Protection for consideration and reporting to the House. The Bill, which is sponsored by the Senate Majority Leader, primarily seeks to establish a contributory pension scheme for Members and staff of County Assemblies.

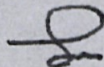
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Yours



**JEREMIAH W. NDOMBI, MBS**  
**For: CLERK OF THE NATIONAL ASSEMBLY**

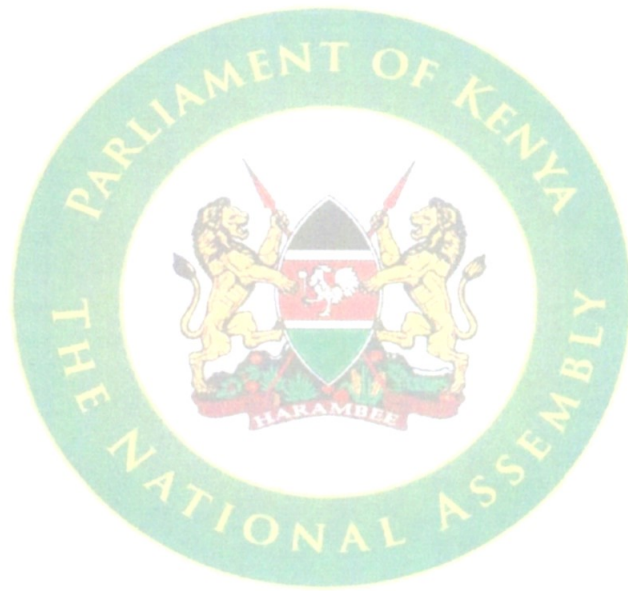
**Copies to: Hon. CPA John Mbadi Ngóngo, CBS, EGH**  
**Cabinet Secretary**  
The National Treasury and Economic Planning  
Treasury Building  
Harambee Avenue  
**NAIROBI**

**CPA Dr. Aurelia C. Rono, CBS**  
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**Mr. Nelson Havi**  
**Chairman, Board of Directors**  
Retirement Benefits Authority  
Rahimtulla Tower, 13th Floor  
Upper Hill Road, Opp UK High Commission  
**NAIROBI**

**//Encl.**

ANNEX FIVE:  
SUBMISSIONS BY  
STAKEHOLDERS





REPUBLIC OF KENYA  
THE NATIONAL TREASURY

STATE DEPARTMENT FOR PUBLIC INVESTMENTS AND ASSETS MANAGEMENT

Telegraphic Address: 22921  
Finance - Nairobi  
FAX NO.310833  
Telephone: 2252299

THE PENSIONS DEPARTMENT  
THE NATIONAL TREASURY  
P.O. Box 20191 -00200  
NAIROBI

When replying please quote

[pspublicinvestment@treasury.go.ke](mailto:pspublicinvestment@treasury.go.ke)

Ref. No. TNT/PENS/15/3 VOL.IV/(42)

Date: 23<sup>rd</sup> March, 2026

Mr. Samuel Njoroge, CBS  
Clerk of the National Assembly  
Parliament Buildings  
NAIROBI

Dear Clerk,

THE COUNTY ASSEMBLIES PENSION SCHEME BILL, 2024 (SENATE BILL NO. 24 OF 2024)

I refer to your letter No.NA/CAN/2026 (195) of 25<sup>th</sup> February, 2026 requesting the views of the National Treasury on the County Assemblies Pension Scheme Bill, 2024, currently under consideration by the National Assembly.

The Bill proposes the establishment of a contributory retirement benefits scheme for Members of County Assemblies (MCAs) and the creation of a dedicated pension fund to provide retirement benefits for members upon exit from office.

The National Treasury has reviewed the proposed legislation and provides the following observations and policy guidance in response to the issues raised.

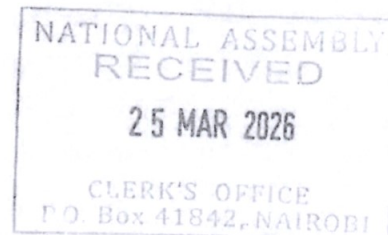
1. AFFORDABILITY AND SUSTAINABILITY OF THE PROPOSED SCHEME

Currently, Members of County Assemblies – both elected and nominated members - receive retirement benefits in the form of a gratuity payable at the end of the five-year electoral term. The gratuity is generally calculated at approximately 31% of basic salary for each completed year of service.

*Ms Nuri N.  
Mr. Enky Mwangi  
Please note  
26/3/26*

*① DLS/DDG  
This is a very  
comprehensive proposal  
brief the committee on  
social protection, notes  
as well as job notes  
for the CPF Forum.  
CMA  
26/3/26.*

*cc:  
Mrs. J.  
Mwangi  
DLS  
CMA  
26/3.*



While administratively simple, this arrangement creates a large lump-sum fiscal obligation payable at the end of each electoral cycle. The proposed Bill introduces a contributory Defined Contribution pension scheme, under which:

- (i) Members contribute 7.5% of pensionable earnings, and
- (ii) County Assembly Service Boards contribute 15% of pensionable earnings.

For purposes of policy analysis, the National Treasury has modelled the fiscal implications based on the following planning assumptions. The number of MCAs includes both elected ward representatives and nominated members appointed under Article 177 of the Constitution to meet gender balance and representation of marginalized groups.

Parameter	Assumption
Total MCAs (elected and nominated)	Approx. 2,222
Average Basic Salary	KSh 150,000
Pensionable Salary Base	KSh 150,000
Employer Contribution	15%
Current Gratuity Rate	31%
Term Length	5 years

#### Cost Under Proposed Pension Scheme

- (i) Employer contribution per member per month :  $15\% \times 150,000 = \text{KSh } 22,500$
- (ii) Annual employer contribution per member :  $22,500 \times 12 = \text{KSh } 270,000$
- (iii) Total annual cost for all MCAs :  $270,000 \times 2,222 = \text{KSh } 599.9 \text{ million}$
- (iv) Total cost over one electoral cycle : Approximately KSh 3.0 billion

#### Cost Under Current Gratuity System

- (i) Annual gratuity accrual per member :  $31\% \times 150,000 \times 12 = \text{KSh } 558,000$
- (ii) Over a five-year term :  $558,000 \times 5 = \text{KSh } 2.79 \text{ million per member}$
- (iii) Total gratuity cost per electoral cycle : Approximately KSh 6.2 billion

#### Comparative Fiscal Impact

System	Estimated Cost per Electoral Cycle
Current Gratuity System	KSh 6.2 Billion
Proposed Pension Scheme	KSh 3.0 Billion

The proposed pension system therefore reduces overall employer liability while spreading the cost over the service period.

### Projection Over Three Electoral Cycles

System	Total Cost (15 years)
Gratuity	KSh 18.6 Billion
Pension	KSh 9.0 Billion

This represents an estimated fiscal saving of approximately KSh 9.6 billion over three election cycles, demonstrating that the scheme is financially sustainable.

### 2. IMPLICATIONS FOR DIVISION OF REVENUE

The proposed scheme does not fundamentally alter the division of revenue between the national and county governments. This is because county governments already bear the fiscal responsibility for retirement benefits for MCAs through gratuity payments. The Bill therefore primarily changes the structure and timing of these obligations, converting what was previously a large deferred liability into predictable annual personnel expenditure.

Accordingly:

- a) Implementation of the Bill should not necessarily require additional allocations to county governments, provided counties appropriately budget for employer pension contributions.
- b) Counties will however need to restructure personnel budgets to accommodate regular contributions rather than end-term gratuity payments.

### 3. INTERACTION WITH EXISTING PENSION ARRANGEMENTS

County government employees currently participate in several retirement benefits schemes including:

- (i) County Pension Fund (CPF)
- (ii) LAPTRUST
- (iii) LAPFUND

Some MCAs may also have accrued benefits in these schemes arising from prior public service or other employment. The Bill proposes the transition of MCAs currently contributing to existing schemes into the new scheme within one year. However, mandatory transfer of accrued benefits may raise legal concerns, including:

- a) Accrued pension benefits are protected as property rights under Article 40 of the Constitution.
- b) Existing pension schemes operate under trust structures with contractual protections.

It is therefore advisable that the law provide members with the option to voluntarily transfer accrued benefits to the new scheme or retain them as deferred benefits in the originating scheme.

#### 4. FEASIBLE TRANSITIONAL PERIOD

The Bill proposes a transition period of one year from commencement. However, considering that the next General Election is scheduled for August 2027, it may be prudent for the scheme to commence at the start of the next electoral cycle (2027–2032).

This approach would:

- (i) Avoid mid-term changes to employment terms,
- (ii) Allow sufficient time for scheme establishment, and
- (iii) Ensure that all members enter the scheme under uniform conditions.

*NB. In hindsight, reforms as significant as this may ideally be undertaken outside periods proximate to general elections.*

#### 5. CRIMINAL PENALTIES FOR NON-REMITTANCE OF CONTRIBUTIONS

The Bill creates a criminal offence for failure to remit pension contributions within fifteen (15) days.

While the objective of ensuring timely remittance is important, criminal sanctions may not always be the most appropriate enforcement mechanism.

County Assembly Service Boards, which are designated as scheme sponsors, may not always have direct control over county treasury releases. Delays in remittances could therefore arise from budgetary or administrative processes beyond their immediate control. Besides, the County Assembly Service Boards are public entities and criminally sanctioning them for delayed remittances that they don't control directly may not be the default penalty.

A more practical approach would involve graduated enforcement mechanisms, including:

- (i) Administrative penalties,
- (ii) Financial surcharges for delayed remittances,
- (iii) Regulatory oversight by the Retirement Benefits Authority, and
- (iv) Civil recovery procedures where necessary.

#### 6. TRANSITION OF ACCRUED BENEFITS

The Bill proposes mandatory transfer of accrued benefits from existing schemes. As noted earlier, compulsory transfer may create legal and constitutional challenges.

International best practice supports voluntary portability of pension savings, allowing members to elect whether to transfer accrued benefits to a new scheme.

Accordingly, it would be advisable to provide for voluntary transfer mechanisms rather than mandatory consolidation.

## 7. INTEREST RATE ON UNREMITTED CONTRIBUTIONS

The Bill prescribes compound interest of 3% per month on unpaid contributions. While intended to compensate the scheme for lost investment income, the rate may exceed the typical returns earned by pension funds.

It is therefore advisable that the legislation provide that interest on unremitted contributions be linked to the scheme's declared investment returns, subject to a minimum threshold.

A possible formulation would be:

*Interest on unremitted contributions shall be charged at not less than three percent per month or the declared investment return of the Scheme, whichever is higher.*

## 8. SUSTAINABILITY OF PENSION COMPARED TO GRATUITY

Under the current system, MCAs receive a single lump-sum gratuity at the end of their five-year term. While this approach is administratively simple, it does not provide long-term retirement income security.

Under the proposed pension framework, contributions are accumulated and invested during the member's tenure and may be accessed upon retirement in the form of:

- (i) Lump sum withdrawals,
- (ii) Income drawdowns, or
- (iii) Annuity payments.

Illustratively, assuming a basic salary of KSh 150,000:

System	Estimated Benefit After 5 Years
Gratuity	Approximately KSh 2.79 Million
Pension (with investment returns)	Approximately KSh 2.5 – 2.8 Million

While the monetary outcomes may be broadly comparable over a single term, the pension system additionally provides:

- (i) Investment growth,
- (ii) Survivor benefits, and
- (iii) Long-term retirement income options.

## 9. ADDITIONAL OBSERVATIONS

The National Treasury wishes to highlight that:

1. Changes to retirement benefits for MCAs constitute a variation of terms and conditions of service, and therefore require the concurrence of the Salaries and Remuneration Commission (SRC).
2. The proposed pension scheme must be registered and regulated under the Retirement Benefits Act.
3. Appropriate governance arrangements should be established to ensure prudent management of the pension fund.

In Conclusion, the National Treasury supports the policy objective of establishing a structured and sustainable retirement benefits framework for Members of County Assemblies, including both elected and nominated members.

The proposed contributory pension scheme has the potential to:

- (i) Improve retirement income security for members,
- (ii) Strengthen fiscal discipline within county governments, and
- (iii) Convert large deferred liabilities into predictable annual expenditure.

However, careful attention should be given to timing of scheme commencement, transition arrangements, protection of accrued benefits, and appropriate enforcement mechanisms to ensure successful implementation.

The National Treasury remains available to work together with the National Assembly in its consideration of the Bill.

Yours *Sincerely*

  
Cyrell Odede Wagunda  
PRINCIPAL SECRETARY



Salaries & Remuneration  
Commission

Rewarding productivity

Ref. No: SRC/TS/8 Vol. II (73)

30<sup>th</sup> September, 2025

**Mr. Samuel Njoroge, CBS**  
Clerk of the National Assembly  
National Assembly  
Parliament Buildings  
P.O Box 41842- 00100  
**NAIROBI**

Dear *Mr. Njoroge,*

**INVITATION TO SUBMIT MEMORANDUM ON THE COUNTY ASSEMBLIES PENSION SCHEME BILL, 2024**

Reference is made to your letter Ref. No: NA/DDC/SP/CORR/2025/034 dated 28<sup>th</sup> August, 2025 on the above subject.

The Salaries and Remuneration Commission (SRC) has reviewed the County Assemblies Pension Scheme Bill, 2024 and notes that the Bill seeks to provide for a contributory pension scheme for Members of County Assemblies and to establish a County Assemblies Pensions Fund for the payment or granting of pensions or retirement benefits to Members of County Assemblies.

The SRC has examined the Bill and notes that it is aligned to government policy as issued by the National Treasury and Economic Planning vide Circular Ref. No: TNT/ZZ10/09"H"(16) dated 10<sup>th</sup> July, 2024 (copy attached) that requires that all public service retirement benefits schemes seeking registration be Defined Contribution Schemes. The Commission supports the provisions of the Bill subject to the Bill providing that the Members of the County Assemblies who join the scheme **shall not benefit from both pension and gratuity benefits as set by SRC, for the period they will be Members of Pension Scheme.**

The purpose of this letter therefore, is to submit the SRC's views on the Bill, for your consideration.

The Commission appreciates your continued cooperation and support as we discharge our respective mandates.

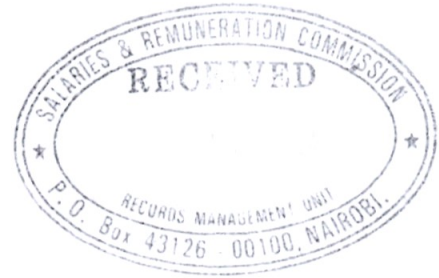
Yours

  
**CPA. Margaret Njoka**  
**AG. COMMISSION SECRETARY/CEO**



REPUBLIC OF KENYA  
THE NATIONAL TREASURY AND ECONOMIC PLANNING

Telegraphic Address: 22921  
FINANCE – NAIROBI  
Fax No. 315779  
Telephone: 2252299



THE NATIONAL TREASURY  
P.O. Box 30007 - 00100  
NAIROBI  
KENYA

When replying please quote

Ref: TNT/ZZ 10/09 "H" (16)

JULY 10, 2024

**TREASURY CIRCULAR NO. 9 / 2024**

**To: Principal Secretaries/Accounting Officers**  
**The Controller of Budget**  
**The Auditor-General**  
**The Clerk, National Assembly / The Senate**  
**The Chief Registrar, Judiciary**  
**All Chief Executive Officers, Commissions/State Corporations**  
**All County Secretaries, County Governments**  
**All Clerks, County Assemblies**

**RE: REGISTRATION AND MANAGEMENT OF PUBLIC SERVICE  
RETIREMENT BENEFITS SCHEMES**

---

On 24<sup>th</sup> November 2010, the National Treasury issued Treasury Circular No. 18/2010 to guide the registration and management of public service retirement benefits schemes and ensure equity in sharing the cost of funding scheme benefits between the employer and employees in the public sector.

While the Circular has served the intended purpose well, the emergence of new trends in the retirement benefits sector has necessitated a relook of the Circular to incorporate the emerging needs and address challenges as identified in the National Retirement Benefits Policy that was approved by the Cabinet on 13<sup>th</sup> November 2023. The policy provides a framework to guide the coordination, good governance, development and growth of the retirement benefits sector to ensure old age income security for all workers.

Considering the new developments, Treasury Circular No. 18/2010 is hereby replaced with this Circular. The Circular should be read in conjunction with the Retirement Benefits Act, Regulations, and Guidelines.

The Circular guides the registration and management of public service retirement benefits schemes as follows:

**1. Establishment of Public Service Retirement Benefits Schemes**

- a) Any new scheme established by public sector institutions shall seek clearance from the Secretary/Director of Pensions, National Treasury before registration by the Retirement Benefits Authority.
- b) All retirement benefits schemes seeking registration will be Defined Contribution (DC) schemes.

**2. Defined Benefit (DB) Schemes**

- a) All DB schemes shall maintain the minimum statutory 100% funding level stipulated under the Retirement Benefits Act and Regulations.
- b) All DB schemes must make provision for funding of any scheme deficit.
- c) All closed DB schemes shall remain operational until payment of the last beneficiary.

**3. Eligible Employees:**

- a) All employees will be eligible to join a scheme if they are appointed on permanent and pensionable terms of service and are over eighteen (18) years.
- b) Employees on fixed contract terms of service can voluntarily join and contribute to retirement benefits schemes set up by their employers.
- c) Employers may remit monthly accrued gratuities to retirement benefits schemes on behalf of their employees. These benefits shall be payable in accordance with the scheme rules and upon expiry of the contract term.
- d) An employee shall be eligible for either a pension or a gratuity but not both benefits.
- e) Schemes shall make the necessary amendments to their rules to accommodate employees on fixed-term contracts.

**4. Pensionable emoluments (PE):** - The pensionable emoluments (PE), is the salary used to determine pension, as determined by the employer.

**5. Rates of Contribution:-**

The following rates will apply to all DC schemes:-

- a) The employer contribution rate shall not exceed two (2) times the employee's contribution rate or 20% of the PE whichever is lower.

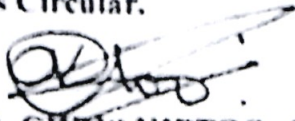
b) The employee contribution rate shall not be less than 6% of the PE.

Illustration

<u>Employee contribution</u>	<u>Employer contribution</u>
6%	12%
7.50%	15%
10%	20%

6. **Death in Service Benefit:** This benefit will be provided through an insurance policy purchased from a registered insurance company and shall be a minimum of three (3) times the member's annual PE.
7. **Disability Benefit:** This benefit will be provided through an insurance policy purchased from a registered insurance company. It shall be a minimum of three (3) times the member's annual PE.
8. **Retirement Age:** The Normal Retirement Age shall be 60 years, or such age as may be stipulated from time to time in the relevant statutes. Early retirement age shall not be less than 50 years.
9. **Commutation of pension:** A pension scheme shall allow partial commutation of benefits at retirement, i.e. conversion of part of the pension into a lump sum benefit. The amount of pension commuted will not exceed 1/3<sup>rd</sup> of total accrued benefits as provided in the Retirement Benefits Act and Regulations.
10. **Pension Increase:** - The pension increase rate for DB schemes shall be a minimum of 3% per annum, but subject to the scheme's funding level.
11. **Scheme Expenses:** -
  - a) All scheme expenses shall be met out of the scheme fund.
  - b) The employer shall meet the costs of setting up a new scheme.
12. **Post-retirement Medical Fund:-**
  - a) All schemes shall make provisions in the scheme rules to allow its members to contribute towards funding a post-retirement medical fund.
  - b) An employee, employer or both may make contributions to a post-retirement medical fund in accordance with the post-retirement medical fund rules
13. **Conversion of Provident Funds to Pension Schemes:-** All existing public service provident funds shall be required to convert to pension schemes within five (5) years from the date of this Circular.

The Retirement Benefits Authority and the Secretary/Director of Pensions are responsible for ensuring adherence to this Circular with effect from the date of this Circular.



**DR. CHRIS KIPTOO, CBS**  
**PRINCIPAL SECRETARY/NATIONAL TREASURY**

cc Chief Executive Officer,  
Retirement Benefits Authority

Secretary / Director of Pensions



# COUNTY ASSEMBLIES FORUM (CAF)

Flamingo Towers, 5th Floor Wing B, Mara Road, Upper Hill P.o Box 73552- 00200 Nairobi Kenya Tel: 0701 046 933  
Email: communication@countyassembliesforum.org www.countyassembliesforum.org

## CAF MEMORANDUM ON THE COUNTY ASSEMBLIES PENSION BILL (SENATE NO. 14 OF 2024)

**TO:** Mr. Samuel Njoroge, CBS  
Clerk of the National Assembly, Parliament of Kenya.

**FROM:** County Assemblies Forum

**DATE:** 06<sup>th</sup> November 2025 .

**SUBJECT:** CAF Memorandum on the County Assemblies Pensions Bill, 2024



## **1.0 INTRODUCTION**

1. The County Assemblies Forum (CAF) is the coordinating body of the 47 County Assemblies in Kenya. The primary mandate of CAF is to promote networking and synergy among the 47 County Assemblies, coordinate intergovernmental relations and enhance good practice in legislative development. Our Mission is to provide effective leadership and coordination of the 47 County Assemblies and through policy and legislative action, promote a conducive working environment for all its members, and in that way deliver quality services to the people.
2. As one of the pillars of the devolved government system, CAF is committed to engage in processes that lead to the provision of the social welfare of Members of County Assemblies

## **2.0. BACKGROUND**

- 2.1. The County Assemblies Pensions Scheme Bill, 2024, seeks to establish the County Assemblies Pension Scheme (CAPS) as a defined contribution scheme for Members and staff of County Assemblies. It provides for governance through a Board of Trustees, contributions by members and sponsors, vesting and payment of benefits, and transitional arrangements from existing pension schemes such as LAPFUND and LAPTRUST (Umbrella) Retirement Fund..
- 2.2. The current pension arrangements for county assembly members are fragmented and inconsistent, often leading to disparities in benefits and lack of uniformity in the management of pension funds. Recognizing the critical role that members of county assemblies play in local governance, it has become imperative to establish a robust pension system that ensures financial security for these public servants upon their retirement.
- 2.3. The Bill proposes the establishment of the County Assemblies Pensions Scheme, which will be inclusive of all members of county assemblies and open to other public officers and individuals approved by the Board of Trustees. This scheme aims to provide a range of benefits including lump sum payments, periodic pension payments, and income draw-downs, thereby offering a comprehensive solution to retirement funding.
- 2.4. The Bill also sets forth the administrative framework of the scheme, including the appointment and roles of the Fund Manager, Custodian, and Administrator (Chief



Executive Officer), and delineates the processes for membership, vesting of benefits, and withdrawal provisions. It further includes financial provisions for the management of the County Assemblies Pensions Scheme Fund, investment strategies for surplus funds, and requirements for a reserve account to ensure sustainability.

- 2.5. General provisions within the Bill safeguard the rights and duties of the Board and its employees, outline penalties for non-compliance, and provide for the recovery of deductions from employers. Moreover, the Bill empowers the Board to make necessary regulations in consultation with the Cabinet Secretary and exempts scheme members from contributing to other statutory schemes.

### 3.0. CAF's POSITION

- 3.1. The County Assemblies Forum (CAF) applauds the intention to develop the County Assemblies Pensions Scheme Bill, however, we wish to note that the bill may not serve the pension needs of Members of County Assemblies, as the current gratuity framework is much better compared to the pensions benefits provided in this bill.
- 3.1. It is important to note that a similar Act for County Governments staff was enacted in 2019, however due to several issues being declared unconstitutional in *Okoiti & 11 Others v County Governments Retirement Scheme & 164 Others*.
- 3.2. It is in our opinion therefore that the Committee considers our proposals below to avoid legal implications and to better serve the pensions needs of our members
- a) Amend the Bill to address the issues raised in Okoiti's Judgment.
  - b) Amend the Bill to increase contribution made by the employee (MCA) and the employer (County Assemblies) from 7.5% and 15% respectively to 12% and 31% respectively.
  - c) Amend the Bill to exclude MCAs from paying NSSF Tier ii contributions while under the Pension Scheme.
  - d) Amend the Bill to provide post medical retirement scheme for MCAs.
  - e) Amend the Bill to set the age of retirement from 55 to 45 years for MCAs
  - f) Amend the Bill to define pensionable emoluments to include allowances as defined in section 3 of the Parliamentary Pensions Act.
- 3.3. Further, despite submitting a detailed memorandum to the Senate raising the issues, key



amendments, particularly those concerning the centralization of powers in the National Treasury, the narrow definition of pensionable emoluments, and the mandatory transfer of vested assets, were not fully addressed. CAF therefore respectfully resubmits its position for this Committee's consideration.

- 3.4. The Bill grants extensive control to the Cabinet Secretary (CS) for the National Treasury in the appointment, regulation, and removal of trustees, contrary to Articles 6, 174, and 186 of the Constitution of Kenya. The *Okoiti* judgement (Paragraph 210 and Paragraph 250) expressly declared such provisions unconstitutional, as they allow the National Government to dominate county pension management.
- 3.5. The exclusion of allowances from pensionable emoluments unreasonably diminishes members' benefits, violating Articles 41 and 43(1)(e) of the Constitution. Members of County Assemblies depend heavily on allowances, which make up a substantial portion of their income. Further, section 3 the Parliamentary Pension Act defines the Pensionable Emoluments as follows:-  
  
*"pensionable emoluments" includes salary, responsibility allowance, constituency allowance, nominated member's allowance, ex officio member's allowance, house allowance, accommodation allowance and sitting allowance;"*
- 3.6. The mandatory transfer of assets and membership from existing schemes (LAPFUND and LAPTRUST) to the new Scheme without express consent contravenes Section 33 of the Retirement Benefits Act. The *Okoiti* judgment held that pension funds are vested property and may not be transferred without member consent.
- 3.7. The deletion of the exemption clause will expose Members and County Assembly Service Boards to double contributions, both to the new Scheme and the NSSF Tier II, until the RBA grants a contracting-out certificate. This is financially unsustainable and operationally impractical.
- 3.8. CAF reiterates that MCAs should be treated equitably with other State officers in terms of retirement benefits, including access to comprehensive post-service medical cover, similar to that available to Members of Parliament and retired National Government officers.

4.0 SUMMARY MATRIX OF THE PROPOSED AMENDMENTS.

	CLAUSE	AMENDMENT	JUSTIFICATION
1.	<b>Clause 2-Interpretation</b>	Amend the Clause by adding the following clause:- <i>" The Principal Secretary means Principal Secretraty under the State Department of Devolution</i>	Noting the amendment under Clause 6(6) kindly recognize the Principal Secretary of the State Department of Devolution.  We propose this positions to replace the Cabinet Secretary for National Treasury.
2.	Clause 2 <i>"early retirement age" means such age as may be prescribed but which shall not be less than fifty years;"</i>	Amend the Clause by adding the following clause:- <i>"early retirement age" means such age as may be prescribed but which shall not be less than forty five years;"</i>	The Forum proposes the retirement age to be the same as the Members of Parliament of forty five years old as provided in the Parliamentary Pensions Act.
3.	Clause 2	Amend the Clause by deleting the definition of the Cabinet Secretary of National Treasury	The Forum wishes the committee to take note of the caselaw of

	<p><i>"Cabinet Secretary" means the Cabinet Secretary responsible for the National Treasury;"</i></p>	<p>and replace it the following definition:-  <i>"The Forum Chairperson means the Chairman of the County Assemblies Forum"</i></p>	<p><i><b>Okoti &amp; 11 others v County Governments Retirement Scheme &amp; 164 others; County Pension Fund Financial Services Limited &amp; 8 others (Interested Parties) (Petition 213, 222 &amp; 230 of 2019 &amp; 36 of 2022 (Consolidated)) [2022] KEELRC 13584 (KLR) where it was held that it is unconstitutional for the national government to play a pervasive role in the running of pension schemes for county government employees and officers.</b></i></p>
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2.	<p>Clause 2</p> <p><i>“pensionable emoluments” means basic salary excluding housing, transport and any other allowances or fluctuating emoluments;”</i></p>	<p>Amend the Clause by deleting the definition and replacing it with the follows:</p> <p><i>““pensionable emoluments” includes salary, responsibility allowance, constituency allowance, nominated member’s allowance, ex officio member’s allowance, house allowance, accommodation allowance and sitting allowance;”</i></p>	<p>Given that MCAs' base salaries are relatively low, incorporating these allowances into pensionable emoluments will address salary insufficiencies and provide them with greater financial security and stability, particularly after retirement.</p> <p>This amendment follows similar precedence to the Parliamentary Pension Act which defines pensionable emoluments to included allowances.</p> <p>(check paragraph 212 and 222 of Okoiti’s Judgment)</p>
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3..	<p>Clause 6</p> <p><b>Board of Trustees of the Scheme</b></p> <p><i>“The Board shall consist of –</i></p> <p><i>(a) the chairperson elected by the Trustees from among the members under paragraphs (c) and (d);</i></p> <p><i>(b) a county executive committee member responsible for matters relating to Finance nominated by the County Council of Governors;</i></p> <p><i>(c) two people nominated by County Assembly Service Boards;</i></p> <p><i>(d) five persons nominated by the forum representing all the county assemblies in the country of whom at least two shall not be of the same gender as follows –</i></p> <p><i>(i) two representatives of members of county assemblies contemplated in Article 177(a) of the Constitution;</i></p> <p><i>(ii) a representative of members of county</i></p>	<p>Amend by removing the CEC finance from the Board of Trustees.</p>	<p>a) Further, we propose you delete the position of CEC Finance since there is no justifiable role to be played in governance of County Assemblies Pension Scheme.</p>
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	<p><i>assemblies contemplated in Article 177(b) of the Constitution; and</i></p> <p><i>(iii) a representative of members of county assemblies contemplated in Article 177(c) of the Constitution;</i></p> <p><i>and</i></p> <p><i>(f) the Chief Executive Officer who shall be an ex officio member and the secretary to the Board with no voting rights....."</i></p>		
4.	<p>Clause 6 (5)</p> <p><i>(5) The Cabinet Secretary shall ensure that not more than two thirds of the members of the Board are of the same gender.</i></p>	<p>Amend the clause by deleting the "Cabinet Secretary" as it appears in subclause 5 and therefore replace with "Chairperson of County Assemblies Forum"</p>	<p>See the decision in <i>Okoiti &amp; 11 others v County Governments Retirement Scheme &amp; 164 others; County Pension Fund Financial Services Limited &amp; 8 others (Interested Parties)</i> (Petition 213, 222 &amp; 230 of 2019 &amp; 36 of 2022 (Consolidated)) [2022] KEELRC 13584 (KLR)</p>
5.	<p>Clause 6 (6)</p> <p><i>(6) The Cabinet Secretary shall appoint the persons nominated under subsection (2) by notice in the gazette."</i></p>	<p>Amend the clause by deleting the "Cabinet Secretary" as it appears in subclause 6 and therefore replace with "Principal Secretary"</p>	<p>See point 4</p>

6.	<p>Clause 10,-13</p> <p>Powers of removal and oversight</p>	<p>Amend the clause by deleting the “<i>Cabinet Secretary</i>” as it appears in clause 10 and 13 therefore replace with “<i>Chairperson of County Assemblies Forum or Pricipal Secretary of Devolution</i>”</p>	<p>See point 4</p>
9.	<p><b>Clause 24 (1) and (2)</b></p> <p><b>Contributions</b></p> <p><i>“(1) A member shall, so long as the member is a member of a county assembly, contribute not less than seven nought five percent (7.5%) of that member’s pensionable emoluments to the Scheme.</i></p> <p><i>(2) Every sponsor shall contribute to the Scheme not less than fifteen per cent of the pensionable emoluments of a member of the Scheme plus the amounts necessary to cover the premiums for insured benefit.”</i></p>	<p>Amend sub clause(1) and (2) to with the following subheading:-</p> <p><b><i>“Contributions for Member of County Assemblies</i></b></p> <p><i>(1) Every Member of County Assemblies shall, so long as he or she remains in the employment of a sponsor, contribute not less than twelve per cent (12%) of his or her pensionable emoluments to the Scheme.”</i></p> <p><i>(2) Every sponsor shall contribute to the Scheme not less than thirty one per cent (31%) of the pensionable emoluments of a member of the Scheme plus the amounts necessary to cover the premiums for insured benefits.”</i></p> <p>Further add as clause 24 A (1) and (2) with the following sub heading:-</p>	<p>The proposed amendment to sub-clauses (1) and (2) is essential to ensure that Members of County Assemblies (MCAs) receive adequate pension benefits given their limited term of service, which is typically only five years. The current contribution rates—7.5% from members and 15% from sponsors—are insufficient to efficiently finance the MCAs' pensions and fall short when compared to the current gratuity system. By increasing the members' contribution rate to not less than twelve percent (12%) and the sponsors' contribution rate to not less than thirty-one percent (31%), the</p>

		<p><b><i>“Contributions for Members of staff of the County Assemblies</i></b></p> <p><i>(1) Members of staff of the county assemblies shall, so long as the member is a staff of a county assembly, contribute not less than seven nought five percent (7.5%) of that member’s pensionable emoluments to the Scheme.</i></p> <p><i>(2) Every sponsor shall contribute to the Scheme not less than fifteen per cent of the pensionable emoluments of a member of the Scheme plus the amounts necessary to cover the premiums for insured benefit.”</i></p>	<p>amendment seeks to provide MCAs with a more substantial and sustainable pension. This change will help bridge the gap between the limited service period and the need for long-term financial security, ensuring that MCAs are better supported after their term in office. The proposed rates will also ensure that the pension scheme remains competitive and more attractive than the current gratuity system, thereby encouraging better financial planning and stability for MCAs post-service.</p> <p>The proposed amendment to sub-clauses (1) and (2) ensures a fair and sustainable pension system for county assembly staff, who are permanent and pensionable employees. The contribution rates of 7.5% from the staff and 15% from the</p>
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			sponsors are sufficient given their long-term employment, allowing adequate accumulation of pension funds. This balanced approach ensures comprehensive coverage and financial security upon retirement while maintaining the sustainability of the pension fund.
10.	<b>Clause 53</b>	Amend the Clause to Include a new clause(Clause 54) after Clause 53 to provide the following:- <i>"The sponsors and members of the Scheme shall be exempt from making contributions to the Social Security Fund"</i>	In accordance with best practices in the administration of pension schemes it usually expected that members of a pension scheme are exempted from making tier ii contributions to the social security fund.  Further, Under the NSSF Act, No. 45 of 2013, Tier II contributions may only be redirected to an approved

			occupational scheme upon issuance of a "contracting-out certificate" by the Retirement Benefits Authority (RBA). Without a statutory exemption, employees remain liable for Tier II contributions to NSSF.
11.	<p>Clause 54</p> <p>(1) A member of the Local Authorities Provident Fund, the Local Authorities Pension Trust, the Local Authorities Pension Trust (Defined Benefits) Scheme, and the Local Authorities Pension Trust (Umbrella) Retirement Fund shall be transitioned into the Scheme within one year upon the commencement of the Act.</p> <p>(2) Vesting of Assets The funds, assets, and other movable or immovable property held by or on behalf of the existing funds—the Local Authorities</p>	Amend the clause to provide for member consent before transfer.	Section 33 of the Retirement Benefits Act, 1997, provides that "statutory contributions" can only be transferred with the consent of the employee. In <i>Okoiti</i> , the court held at paragraph 230 that "such funds can therefore only be transferred with the consent of the employee," and that failure to obtain consent renders the transfer unlawful.

<p>Provident Fund, the Local Authorities Pension Trust, the Local Authorities Pension Trust (Defined Benefits) Scheme, and the Local Authorities Pension Trust (Umbrella) Retirement Fund—immediately before the commencement date for the members of county assemblies shall vest in the Scheme.</p> <p>(3) Vesting of Records All records of members of county assemblies held by the Local Authorities Provident Fund, the Local Authorities Pension Trust, the Local Authorities Pension Trust (Defined Benefits) Scheme, and the Local Authorities Pension Trust (Umbrella) Retirement Fund shall vest in the Scheme</p>		
<p><b>ADDITIONAL AMENDMENTS TO BE INCLUDED IN THE BILL</b></p>		

	<p><b>Introduce a new clause to provide the following:-</b></p> <p><b>a) Medical Insurance</b></p>	<p>The clause should read:-  <i>“ a retired Member of County Assembly and spouse shall during his or her lifetime be entitled to Full medical cover.”</i></p>	<p>The pension scheme should provide a medical insurance cover similar to that provided to other retired state officers in National Government.</p>
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Thank you.  
Yours sincerely,

HON. SETH MWATELA KAMANZA  
CHAIRPERSON CAF

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**FINANCIAL  
SERVICES**

**Our Ref: CPF1/1/2**

**Your Ref: NA/DDC/SP/CORR/2025/068**

7<sup>th</sup> November, 2025

Jeremiah W. Ndombi, MBS  
Clerk of the National Assembly  
Clerk's Chambers  
Parliament Buildings  
**NAIROBI.**

Dear *Jeremiah,*



**RE: SUBMISSION OF WRITTEN MEMORANDA ON THE COUNTY ASSEMBLIES' PENSIONS BILL, 2024.**

We refer to the above matter and your letter dated 21<sup>st</sup> October 2025 under Ref No. NA/DDC/SP/CORR/2025/068.

CPF Financial Services Limited is a leading administrator of retirement benefits schemes in Kenya. It is the current administrator of Laptrust DB Scheme, County Pension Fund, Public Service Superannuation Scheme, CPF Individual Pension Scheme, County State Officers (Umbrella) Pension Fund, Waspa (Umbrella) Pension Fund among other retirement benefits schemes in both the public and private sectors.

We, based on our experiences and expertise in the pension sector, wish to note the following in respect of the captioned Bill:

1. Members of County Assemblies currently subscribe to the following schemes:
  - (a) County State Officers (Umbrella) Pension Fund, a pension scheme established purposefully for members of the County Assemblies.
  - (b) CPF Individual Pension Fund, an individual pension plan established for private individuals who would wish to secure their future by making voluntary individual pension contributions. This Scheme caters for Members of County Assemblies and enables them to convert their pension to gratuity in line with the Income Tax Act, Cap 470.

(c) Lapfund, a provident fund established under the Local Authorities Provident Fund Act, Cap 272. The Scheme provides benefits in terms of lumpsum payments to members of the defunct local authorities.

2. CPF is the Administrator of the two of the Schemes mentioned in para. 1 above, namely County State Officers (Umbrella) Pension Fund and CPF Individual Pension Scheme.
3. Members of County Assemblies are by law entitled to Gratuity at the rate of 31% of the employee's basic salary. Under CPF Individual Pension Scheme and County State Officers (Umbrella) Pension Scheme, gratuity of a member is remitted to the Scheme and converted to pension pursuant to section 5 (4) (g) of the Income Tax Act, Cap 470 Laws of Kenya. Under the said Scheme, Members can benefit from investment income, tax incentives, among other benefits when they join the mentioned pension schemes.
4. County State Officers (Umbrella) Pension Fund is a pension scheme established exclusively for Members of County Assemblies and is specially designed to cater for the interests peculiar to Members of County Assemblies.
5. We note that based on comparable standards and equity, we advise that Members of County Assemblies should enjoy benefits which are proportionate and their pension scheme ought to have an equivalent or comparable design and structure to that of the Parliamentary Pensions Act, Cap 196.
6. It is advisable that a pension scheme for Members of County Assemblies should provide, among other things, for benefits structures for a member who serves 1 term and those who go for more than two terms and how they shall access their benefits. Further, we recommend reconsideration of the following:
  - (a) The benefits structure befitting members of county assemblies;
  - (b) The contribution structure to fund the said benefits;
  - (c) Retirement age; and
  - (d) Issues of break in service, etc.

We attach herewith a Memorandum with specific recommendations and justifications for consideration by the National Assembly.

Yours



**DR. HOSEA K. KILI, MBS**  
**GROUP MANAGING DIRECTOR / CEO.**

**PROPOSED AMENDMENTS TO THE COUNTY ASSEMBLIES' PENSIONS BILL, 2024 (SENATE BILLS NO. 14 OF 2024)**

Clause	Current status	Comments
Long title	An Act of Parliament to: provide for a contributory pension scheme for members and staff of county assemblies; establish a county assemblies pensions fund for payment or granting of pensions or retirement benefits to Members of county assemblies; and other related matters.	Amend to provide exclusively for Members of County Assemblies.  Employees in County Assemblies are already covered in the existing retirement benefits arrangements, that is Laptrust, CPF and Lapfund.
Appointing Authority	The appointing authority is Cabinet Secretary responsible for the National Treasury who is empowered to do the following under the proposed law.  (a) Clause 6 (5) – Ensuring that not more than 2/3 of trustees are from the same gender.	Amend to provide for appointment of trustees by the Chairperson, Council of Governors.  The Court in <i>Okoti &amp; 11 others v County Governments Retirement Scheme &amp; 164 others; County Pension Fund Financial Services Limited &amp; 8 others (Interested Parties) (Petition 213, 222 &amp; 230 of 2019 &amp; 36 of 2022 (Consolidated)) [2022] KEELRC 13584 (KLR)</i> vide a judgement dated 20 <sup>th</sup> December 2022 declared that it is unconstitutional for the national government to play a pervasive role in the running of pension schemes for county government employees and officers. The learned judge stated thus, in part – <i>209. To my understanding, pensions are employment benefits to be managed by employers under private contracts. The national government</i>

	<p>(b) Clause 6 (6)- Appointing trustees of the Scheme.</p> <p>(c) Clause 10 – removal of trustees.</p> <p>(d) Clause 11 – receiving resignations.</p> <p>(e) Clause 12 – filling of casual vacancy in the Board.</p>	<p><i>is therefore only under the obligation to make provision for pensions for its employees within the context of private employment contracts.</i></p> <p><i>210. For these reasons I agree with the Petitioners that the decision of the government to get involved in the management of pensions for county government employees is a violation of not only the Fourth Schedule to the Constitution but also Article 6 of the Constitution which provides that the government at the national and county levels are distinct and interdependent and shall conduct their mutual relations on the basis of consultation and cooperation.</i></p> <p><i>211. By regulating pension for county government employees the National Government enters into the realm of regulating terms and conditions of service of employees of county governments. This is incompatible with the provisions of Article 6 of the Constitution and the overarching principle of devolution as espoused in the Constitution.</i></p>
<p><b>Establishment</b></p>	<p>Clause 4 (1) provides for the establishment of a new Scheme for County Assemblies.</p> <p>Clause 4 (2) provides for establishment of the Scheme as a body corporate with perpetual succession and a common seal.</p>	<p>We recommend that the Bill be amended to anchor and/or adopt the <b>County State Officers' (Umbrella) Pension Fund, RBA Registration No.01761</b> which, though relatively new, is already existing, registered and serves the Members of County Assemblies. This shall serve to eliminate duplication and / or fragmentation within county governments pension arrangements.</p> <p>We propose that the Board of Trustees be established as a body corporate as opposed to the Scheme itself. The Board shall then be registered under the Trustees (Perpetual Succession) Act, Cap 164.</p> <p>The rationale for this proposal is to protect and maintain the independence of the board, its fiduciary responsibilities and comply with the</p>

		requirements of the Retirement Benefits Act and the common law of trusts.
<b>Role of the Scheme in providing Social Security</b>	Clause 4(3) of the Bill provides that the Scheme shall be a defined contribution scheme providing social security benefits.	Amend to delete the term " <i>social security</i> " and replace therefor the term " <i>retirement benefits</i> ".  Social security in my view would be reckoned with reference to Articles 43 of the Constitution. Article 43(1)(e) specially refers to the role of the government to be the provider of appropriate social security to persons who are unable to support themselves and their dependents. The envisaged Scheme is a funded Scheme, funded by its members (the Members of County Assemblies) and the respective county governments.
<b>Administration of the Scheme</b>	<p>Clause 18 – provides for internal administration of the Scheme through a CEO.</p> <p>Clause 19 – provides for the staff of the Scheme (Secretariat).</p> <p>Clause 23 – provides that the Scheme shall be administered by an administrator appointed by the Board.</p>	<p>We propose that clause 18, 19 and 23(2) be amended to allow the Trustees appoint an Administrator for the Scheme as required by law.</p> <p><i>The Retirement Benefits Act defines an administrator as follows:</i>  <i>"administrator" means the person appointed under a written instrument by the trustees of a scheme to manage the administrative affairs of the scheme;</i></p> <p><i>25B. Requirements for registration of administrators</i>  <i>No applicant for registration as a scheme administrator shall be registered unless such applicant—</i></p> <p><i>(a) is a limited liability company incorporated under the Companies Act (Cap. 486), whose liability is limited by shares and whose main objective is to render administrative services to schemes;</i>  <i>(b) has such minimum paid up share capital as may, from time to time, be prescribed;</i></p>

	<p>Clause 23 (2) – provides that the administrator shall be an employee of the Board.</p>	<p>(c) is capable of meeting the obligations to members and sponsors specified in the scheme rules;</p> <p>(d) has the professional and technical capacity and adequate operational systems to perform its functions;</p> <p>(e) has never been an administrator of any scheme fund which has been either deregistered, wound up or placed under an interim administrator due to any fault, either fully or partially, of the administrator;</p> <p>(ee) has in its Board of Directors and top management such number of persons as may be prescribed who are academically and professionally qualified in matters relating to administration of schemes, insurance, law, accounting, actuarial science, economics, banking, finance or investment of scheme funds;</p> <p>(eb) has at least thirty three percent of its paid up share capital owned by Kenyan citizens unless the applicant is a bank or an insurance company;</p> <p>(f) meets such additional requirements as may, from time to time, be prescribed</p>
<p><b>Contribution rates</b></p>	<p>Clause 24 provides for contribution rates of members of the Scheme and states as follows.</p> <p><i>A Member of County Assembly shall contribute not less than seven nought five percent (7.5%) of the Member's pensionable emoluments.</i></p> <p>(2) <i>A sponsor shall contribute not less than fifteen percent (15%) of the pension emoluments.</i></p> <p><i>Pensionable emoluments is defined under clause 2 to mean basic salary excluding housing, transport and any other allowances or fluctuating emoluments.</i></p>	<p>Similar provision in the CGRS Act, 2019, which reduces contribution rates thus disadvantaging Members has been <u>declared unconstitutional, null and void</u> by Court in <i>Okoti &amp; 11 others v County Governments Retirement Scheme &amp; 164 others; County Pension Fund Financial Services Limited &amp; 8 others (Interested Parties) (Petition 213, 222 &amp; 230 of 2019 &amp; 36 of 2022 (Consolidated)) [2022] KEELRC 13584 (KLR)</i> for being contrary to the requirements of fair labour practice and a violation of Article 41 of the constitution.</p> <p>The same is inconsistent with the Retirement Benefits Act requirement that benefits to a member should not be reduced to the detriment of a member.</p> <p>Also inconsistent with Section 138 (a) and (c) of the County Government Act, 2012 which state as follows:</p>

		<p>(a) the officer's terms of service including remuneration, allowances and pension or other benefits shall not be altered to the officer's disadvantage; and</p> <p>(b).....</p> <p>(c) the officer's terms and conditions of service may be altered to office's advantage.</p> <p>We propose a contribution rate of 31% (already provided for under the gratuity costing ) and 15.5% Employer and Employee contributions respectively.</p> <p>These contributions shall be converted into pension in terms of section 5 (4) (g) of the Income Tax Act, Cap 470 and applied to the following proposed sub-funds:</p> <ul style="list-style-type: none"> <li>(i) 31%: Pension Fund</li> <li>(ii) 6%: Post – Retirement Medical Fund</li> <li>(iii) 5% Group Life Fund; and</li> <li>(iv) 5.5%: Security and Car Maintenance Fund;</li> </ul> <p>Viewed against other state officers of comparable positions, this proposal shall bring equity and eliminate any perceived of discrimination. These contributions are also supported by the short period of contributions ie 5 years unless one is reelected.</p>
<p><b>NSSF Mandatory Contributions</b></p>	<ul style="list-style-type: none"> <li>▪ Clause 52 provides that the sponsors and members may be exempt from making Tier II contributions to NSSF.</li> </ul>	<p>In view of the judgment delivered by the Supreme Court on February 21, 2024, in <i>Supreme Court Petition (Application) No. E002 And E004 of 2023: Kenya Tea Growers Association; Agricultural Employers Association &amp; County Pensioners Association:-</i></p>

Tier 2

		<p>(a) The NSSF Act 2013 remains unconstitutional, null, and void.</p> <p>(b) No contributions may be made to, and /or received by NSSF on account of the NSSF Act, 2013.</p>
<b>Transition</b>	<p>Clause 53(2) provides for transfer of funds, assets and other property from Lapfund and Laptrust (Umbrella) to the Scheme.</p> <p>Clause 53 (3) provides for transfer of records of Members to the Scheme administrator.</p>	<p>We propose that the clauses be deleted for the following reasons:</p> <p>Members of County Assemblies are not members of the County Pension Fund (previously, Laptrust (Umbrella) Pension Fund).</p> <p>Assets in the Scheme are not divisible and attributable to individual members.</p> <p>There is a process under the Retirement Benefits Act and the Trust Deeds of the respective schemes for transfer of members from one scheme to another. The proposed law should accord to the said provisions of the RBA Act.</p>









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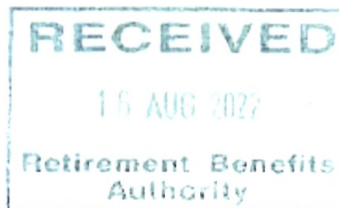


1/1/2/21

Dated this <sup>22<sup>ND</sup></sup> .....day of .....JULY.....2022

**TRUST DEED**

**Between**



**COUNTY ASSEMBLIES FORUM**

**("the Founder/Sponsor")**

**And**

**THE TRUSTEES OF COUNTY STATE OFFICERS (UMBRELLA) PENSION FUND**

**(NAMESLY: NATBANK TRUSTEE & INVESTMENTS SERVICES LIMITED)**

**("the Trustee")**

**ESTABLISHING**

**COUNTY STATE OFFICERS (UMBRELLA) PENSION FUND**

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**THIS TRUST DEED** is made the 22<sup>nd</sup> day of JULY Two Thousand and Twenty Two **BETWEEN COUNTY ASSEMBLIES FORUM**, a society established under the Societies Act, Laws of Kenya and of P.O Box 73552 - 00200 Nairobi (hereinafter referred to as "*the Founder*" which expression shall where the context so admits include its successors and assigns) of the one part AND

**THE TRUSTEES OF COUNTY STATE OFFICERS (UMBRELLA) PENSION FUND**, namely **NATBANK TRUSTEE & INVESTMENTS SERVICES LIMITED** of P.O. Box Number 40401 - 00100 Nairobi, Kenya (hereinafter referred to as "*the Trustee*" which expression shall where the context so admits include its successors and assigns.

**WHEREAS:**

- (A) The Founder have resolved to establish under irrevocable trusts the **COUNTY STATE OFFICERS (UMBRELLA) PENSION FUND** (hereinafter called "*the Scheme*") to provide retirement and other benefits to eligible members/ employees of adhering employers organisations who may be admitted to the Scheme in the manner set out in this Trust Deed and rules and relief for the dependants of the deceased members.
- (B) The Trustee named herein has agreed to act as the corporate trustee of the scheme and has by execution hereof has been duly appointed as the Trustee of the Scheme.

**NOW THIS DEED WITNESSETH AND IT IS HEREBY AGREED AND DECLARED as follows:-**

**1. Definitions**

In this Deed and in the Rules, unless the context otherwise requires the following words and expressions have the following meanings:

- 1.1. "**Act**" means the Retirement Benefits Act and Regulations made thereunder as well as the Guidelines issued by the Authority and any subsequent modification to the Act and the Regulations and Guidelines thereto.
- 1.2. "**Accumulated Credit**" means in relation to a particular Member at a particular date the balance of the Member's Account excluding any accumulated Post-Retirement Medical Fund. The words "accrued benefits" shall have the same meaning.
- 1.3. "**Active Member**" means an Eligible Member / Employee who has been admitted to Membership of the Scheme and who is still in the Pensionable Service of an Adhering Employer; in respect of whom Contributions are currently being made to the Scheme;
- 1.4. "**Actuary**" means a person who is a Fellow of the Institute of Actuaries in England, or the Faculty of Actuaries in Scotland, or the Canadian Institute of Actuaries, or the Society of Actuaries of the United States of America or the Institute of Actuaries of Japan or the Institute of Actuaries

of Australia or a person holding such equivalent qualification as the Board may, by notice in the Gazette, prescribe.

- 1.5. **"Additional Voluntary Contributions"** shall mean a contribution made by a Member over and above the compulsory contributions and may be suspended, reduced, increased, or terminated by member after issuing notice to trustees.
- 1.6. **"Adhering Employer"** means a body corporate, organization, association, partnership, limited liability partnership or other legal entity registered in Kenya which has executed a Deed of Adherence under the terms of which its Eligible Member / Employees have been admitted to Membership of the Scheme and which binds itself hereto as provided for herein and which continues to adhere to the Scheme;
- 1.7. **"Adequate Security"** means (a) a first mortgage on the immovable property in respect of which the Facility is granted, or in the case of rural housing, where a first mortgage may not be easily obtained, suitable security acceptable to the Institution and (b) an assignment to the Scheme by the Eligible Member / Employee concerned of the Prescribed Proportion to which the Eligible Member / Employee is entitled to under the Rules of the Scheme.
- 1.8. **"Administrator"** means a person appointed under an instrument by the Trustee to manage the administrative affairs of the Scheme. Provided Always that the Administrator shall not be, whether directly or indirectly and whether as principal, shareholder, director, employee, agent, consultant, partner or otherwise, related to the Fund Manager of the Scheme.
- 1.9. **"Annuity"** means a series of payments made at certain intervals by an insurance company under a contract agreement (also known as a policy) and the word "Pension" shall have the same meaning.
- 1.10. **"Approved Issuer"** means an insurance company registered under the provisions of the Insurance Act or any other issuer approved in writing under the provisions of the Capital Markets Authority Act or under any other written law and appointed by the Trustee to provide the services of Approved Issuer.
- 1.11. **"Auditor"** means such firm, person or persons as shall from time to time be appointed to hold office as auditor of the Scheme under the Rules and in compliance with the Retirement Benefits Act and Regulations **Provided That** the person appointed shall be a member of the Institute of Certified Public Accountants of Kenya and shall not be a Member, Trustee or Sponsor of the Scheme;
- 1.12. **"Authority"** means the Retirement Benefits Authority established under Section 3 of the Act;
- 1.13. **"Beneficiary"** means any person who becomes entitled under the Rules to receive a benefit consequent upon the death or incapacity of a Member.
- 1.14. **"Board"** means the Board of Trustees provided for under Rule 11.

- 1.15. **“Capital Markets Act”** means Capital Markets Authority Act Chapter 485A Laws of Kenya or any statutory restatement or re-enactment or amendment thereof and any rules and regulations issued under the Capital Markets Authority Act.
- 1.16. **“Chartered Financial Analyst”** means a person recognized and registered as a member of the Chartered Financial Analyst Institute and approved to hold office as such by the Authority.
- 1.17. **“Chief Executive Officer”** means the Chief Executive Officer of the Authority appointed under Section 11 of the Act.
- 1.18. **“Child”** means any person under the age of eighteen years born of or legally adopted by the member, or upon whom the member has assumed parental responsibility and includes any human being conceived but not yet born (as long as that human being is subsequently born alive).
- 1.19. **“Closed fund”** means a fund of an adhering employer into which no new members are allowed to join or be registered into, but which otherwise operates normally for the continuing members notwithstanding that an adhering employer has ceased contributions to the scheme.
- 1.20. **“Continuous Service”** means the period during which an Employee has been continuously or uninterruptedly in the service of the Sponsor from the date of confirmation of his employment with the Sponsor and shall include all authorised leave of absence whether or not the Employee is in receipt of a salary during such absence and such leave of absence of not more than 9 (nine) months shall not be regarded as breaks in service by the Sponsor for the purposes of the Scheme.
- 1.21. **“Commencement Date”** means 1<sup>st</sup> AUGUST, 2022.
- 1.22. **“Commissioner”** means the Commissioner General or such other officer that may be appointed to administer the collection of income tax under the provisions of the Income Tax Act.
- 1.23. **“Compulsory Contributions”** means fixed contributions payable to the Scheme in terms of this Trust Deed and the Rules and the terms of the Deed of Adherence as shall be signed by an Adhering Employer.
- 1.24. **“Contributions”** means contributions payable to the Scheme in terms of this Trust Deed and the Rules and includes **“Compulsory Contributions”** and **“Additional Voluntary Contributions”**.
- 1.25. **“Contributory Scheme”** means a scheme arrangement, whether Pension Fund or Provident Fund, where both the Employer and its Employees make contributions to the Scheme.
- 1.26. **“Corporate Trustee”** means a limited liability company incorporated under the Companies Act, 2015, which is, for the time being, empowered under any written law, its charter, memorandum of association, deed of settlement or other instrument constituting it or defining its powers to mainly undertake trusts, and includes a trust corporation;
- 1.27. **“Custodian”** means a person registered as a custodian by the Authority and appointed as such by the Trustees under the provisions of the Act whose business includes taking responsibility for the safe custody of the

scheme funds, securities, financial instruments and documents of title of the assets of the scheme fund.

- 1.28. **"Deed of Adherence"** means an instrument in writing between an Employer, the Trustee and the Founder / Sponsor in which the Employer binds itself to the trusts of the Scheme upon which the Sponsor and the Trustee in reliance thereon have admitted the Employer to join and participate in the provision of retirement benefits to its Eligible Employees Members on the terms expressed in the Scheme Rules;
- 1.29. **"Deferred Member"** means a member who has left the Pensionable Service of an Employer and who has left all or part of his Accrued Benefits in the Scheme;
- 1.30. **"Deferred Member's Account"** means the account of a Deferred Member in which is recorded the portion of the Deferred Member's Accrued Benefit which was not withdrawn or transferred from the Scheme when or after the Member left Pensionable Service and which continues to be credited with amounts representing distribution of investment yield and debited with amounts representing apportionment of investment loss and expenses of the Scheme;
- 1.31. **"Defined Contribution Scheme"** means a scheme in which members' and employers' contributions are fixed as a percentage of pensionable earnings or as a shilling amount and a member's retirement benefit has a value equal to those contributions, accumulated in an individual account with investment return and any surpluses or deficits as determined by the trustees of the scheme net of expenses including where applicable premiums paid for insurance of death or disability risks.
- 1.32. **"Dependant"** in relation to a particular Member means or includes the Member's Spouse who shall be the wife or husband to whom the Member is married immediately before his death by any ceremony (whether monogamous or not) which would be recognised by a Court of Law in Kenya, children or adopted children living at the time of the Member's death and such other persons as were, in the opinion of the Trustees, immediately before the Member's death is substantially dependent on the Member (whether alone or with others) for the provision of the necessities of life provided that the class of Dependants shall be closed on the Member's death except that it shall include persons *en ventre sa mere* who if born before the Member's death would have been Dependants;
- 1.33. **"Deposit Administration Policy"** means an insurance contract entered into by the Trustees to administer and invest whole or part of the Scheme assets with an Approved Issuer;
- 1.34. **"Eligible Child"** means a child of a Member and shall include a posthumous child, a stepchild or a legally adopted child.
- 1.35. **"Eligible Employee/Member"** means a Member of the County Assembly or a person appointed to a county assembly office and who has attained eighteen years and has not reached the retirement age of the adhering employer. In respect to an adhering employer, it shall have the meaning

defined in the special rules of an adhering employer; and where none, the meaning in these rules apply.

- 1.36. **"Employee"** means a person appointed or elected to a county assembly office.
- 1.37. **"Employer"** shall mean a county assembly within a county government in the Republic of Kenya and shall have the same meaning as "Adhering Employer";
- 1.38. **"Employer's Portion"** means in relation to each Member at any particular date an amount equal to the aggregate of the Contributions made by the Employer towards the Member's retirement benefit plus the Employer's Portion of any transfer payment received in respect of the Member, increased or decreased by the same rate applied by the Trustees to the Member's Portion.
- 1.39. **"Entry Date"** means the first day of the calendar month coincident with or immediately following the date of election or appointment of an Eligible Employee / member to the employment of an Adhering Employer provided that the qualifying period for Membership of the Scheme shall not be more than one year from the date of election or appointment;
- 1.40. **"Facility"** means a retirement benefits mortgage facility or house ownership loan arrangement;
- 1.41. **"Financial Year"** for the Scheme means the period of twelve calendar months ending on 31<sup>st</sup> December each year;
- 1.42. **"Founder"** means the County Assemblies Forum respectively.
- 1.43. **"Guaranteed Fund"** means an asset class;
- a) issued by an approved issuer, whereby the approved issuer, guarantees the accumulated capital of the scheme fund together with the investment income thereof in accordance with the terms of the guaranteed fund contract entered into between the approved issuer and the scheme; or
  - b) which is referred to as the retirement benefits fund established as a statutory fund within the meaning of the provisions of the Insurance Act in which the capital of the scheme fund together with investment income thereof is guaranteed by the approved issuer in accordance with the terms of the policy of insurance issued to the scheme by the approved issuer;
- 1.44. **"Ill-health"** means a circumstance where a member is permanently incapacitated and cannot perform his normal gainful employment or any other occupation for which the member is reasonable suited by education, training, or experience.
- 1.45. **"Income Drawdown"** means a programme whereby a member having retired opts instead of or in addition to purchasing an Annuity to transfer all or part of his Retirement benefit to a registered Income Drawdown Fund and draw down his benefit directly from the Income Drawdown Fund in periodical instalments over a period of not less than ten (10) years;

- 1.46. **"Income Tax Act"** means Chapter 470 of the Laws of Kenya or any statutory restatement or re enactment thereof or any rules made there under.
- 1.47. **"Independent Trustee"** means a Trustee who has been nominated by the Sponsor and appointed by the Founder and does not have a material or pecuniary relationship with the scheme and employers or employees.
- 1.48. **"Institution"** means a bank, mortgage or financial institution licenced under the Banking Act, a building society licenced under the Building Societies Act, a microfinance institution established and registered under the Microfinance Act, the National Housing Corporation or any other institution, including an issuer of a tenant purchase arrangement that is specifically approved by the Authority for the purpose of providing a Facility and any other entity offering a Residential House for sale;
- 1.49. **"Investment Manager"** means a manager registered by the Authority and appointed by instrument by the Trustees to be the Investment Manager for the Scheme;
- 1.50. **"Married"** means married by any ceremony (whether monogamous or not) that would be recognised by a Court of Law in Kenya.
- 1.51. **"Management Committee"** means a committee that shall be formed by an Adhering Employer in accordance with the provisions and Rules herein;
- 1.52. **"Medical Cover Provider"** means: -
- 1.52.1. a post-retirement medical fund;
  - 1.52.2. the National Hospital Insurance Fund established by the National Hospital Insurance Fund Act, 1998; or
  - 1.52.3. an insurer, broker or medical insurance provider registered under the Insurance Act
- 1.53. **"Medical Fund Rules"** means rules relating to the establishment, administration, and management of post-retirement medical funds. The words **"post-retirement medical fund rules"** shall have the same meaning
- 1.54. **"Member"** means an Eligible Employee / Employee of the Sponsor who has been duly admitted to membership of the Scheme and has not ceased to be a member in terms of the Rules and includes any person who is entitled to or receiving a benefit under a retirement benefits Scheme.
- 1.55. **"Member's Account"** means the account of each Member in which is recorded the Member Portion and the Employer Portion plus the Member's Post-Retirement Medical Fund and monies transferred to the Fund on behalf of the Member in accordance with this Deed together with all appropriations of investment income or investment loss.
- 1.56. **"Member's Portion"** means in relation to each Member at any particular date an amount equal to the aggregate of the Contributions made by the Member towards the Member's retirement benefit plus the member portion of any transfer payment received in respect of the member, increased or decreased at such rate that the scheme trustees, in

consultation with the investment manager (or such other qualified person as the Scheme Trustees may determine), shall in their reasonable discretion from time to time declare, at least annually, having regard to the income on the scheme's assets.

- 1.57. **"Membership"** means the fact of having been admitted as a Member of the Scheme and a Member's period of Membership shall for the purposes of determining the Member's entitlement to access his benefits upon resignation or termination of service be deemed to include his period of membership of other registered retirement benefits schemes in respect of which benefits have been transferred into the Scheme in accordance with the provisions of this Deed;
- 1.58. **"Mortgage"** means a facility for consideration for the purposes of furnishing a guarantee by the scheme, in favour of an Institution, in respect of a loan granted or to be granted to a member under the Act.
- 1.59. **"National Hospital Insurance Fund"** means the fund established under the National Hospital Insurance Fund Act, No. 9 of 1998 and/or any Act amending or replacing the same and the initials "NIIIF" shall have the same meaning;
- 1.60. **"Nominated Beneficiary"** means a person nominated in writing by a Member as the person or one of several persons who should receive the benefits payable under the Rules upon the death of the Member;
- 1.61. **"Nomination form"** means such form or document as maybe prescribed by the Trustees from time to time utilised by a member to nominate beneficiaries and shall include a letter of grant in place of a written will.
- 1.62. **"Non-Contributory Scheme"** means a Retirement Benefits Scheme in which only the Employer makes contributions to the scheme.
- 1.63. **"Pension"** means a benefit comprising a series of periodical payments in terms of the Rule;
- 1.64. **"Pensionable Salary"** means Pensionable Salary as may be defined by the Salaries and Remuneration Commission from time to time.
- 1.65. **"Pensionable Service"** of a Member shall, solely for the purposes of this Trust Deed, be his period of service with either arm of a County Government;
- 1.66. **"Person"** includes a company, corporation or other body having a legal personality.
- 1.67. **"Personal Representatives"** means the executors or administrators of a deceased person's estate;
- 1.68. **"Pooled Fund"** means a fund established by a limited liability company other than an Approved Issuer for purposes of pooling retirement benefits scheme funds for collective investment;
- 1.69. **"Post-retirement medical fund"** means a fund established within the scheme or under the Act into which contributions are made and from which costs of medical benefits can be met in accordance with the medical fund rules;

- 1.70. **"Public Service"** means service under the Government of Kenya, both national and county governments, or any such service declared as public service for purposes of the Pensions Act, Chapter 189 of the Laws of Kenya.
- 1.71. **"Registered Insurer"** means an insurance company authorised to carry on long-term business as such under the Insurance Act;
- 1.72. **"Retirement Benefits Scheme"** means an Occupational Retirement Benefits Scheme or an Individual Retirement Benefits Scheme or an Umbrella Retirement Benefits Scheme or such other scheme as registered under the Retirement Benefits Act and Regulations and the Income Tax Act;
- 1.73. **"Residential House"** means a dwelling built wholly or in part for the provision of residential accommodation in urban or rural areas and **'House'** shall have the same meaning as Residential House;
- 1.74. **"Retirement"** means the event of the Member's becoming eligible to Retire upon the end of at least a term of service with either arm of the county government or otherwise with entitlement to an immediate Retirement Benefit in terms of the Rules. The term **"Retire"** shall be interpreted accordingly;
- 1.75. **"Retirement Benefit"** means any benefit by way of lump sum, annuity or income drawdown secured by a Member's Accumulated Credit;
- 1.76. **"Rules"** means the Rules set out in the Schedules and any modifications or additions thereto for the time being in force;
- 1.77. **"Scheme"** means County State Officers (Umbrella) Pension Fund;
- 1.78. **"Scheme Fund"** means all monies from time to time held by or on account of the Trustees and subject to the terms and provisions of the Trust Deed and the Rules and the investments for the time being representing the same;
- 1.79. **"Special Rules"** means the Rules contained in the Deed of Adherence executed by each Adhering Employer and which are applicable only to the Members whose Membership derives from being Eligible Member / Employees of that Adhering Employer with any modifications thereof or additions thereto for the time being in force;
- 1.80. **"Sponsor"** means a county assembly who subscribe their state and public officers in, and make contributions on their behalf to the Scheme;
- 1.81. **"Spouse"** means the wife or husband to whom the Member is married immediately before his death by any ceremony (whether monogamous or not) which would be recognised by the Laws in Kenya;
- 1.82. **"Trivial Pension"** means the amount, from time to time determined by the Authority, which shall not be less than fifty per cent of the average of the minimum wage prescribed by the Cabinet Secretary for the time being responsible for matters relating to labour in the year in which the benefit becomes due;
- 1.83. **"Trust Corporation"** means a company incorporated under the Companies Act having a subscribed capital of not less than ten million

shillings and which is for the time being empowered (by or under any written law, its charter, memorandum of association, deed of settlement or other instrument constituting it or defining its powers) to undertake trusts. Provided that such company does not by any prospectus, circular, advertisement or other document issued by it or on its behalf, state or hold out that any liability attaches to the Public Trustee or to the Consolidated Fund in respect of any act or omission of that company when acting as an executor or administrator. Provided that at least one director of the company must have been vetted by the Authority to undertake trust services.

- 1.84. "Trust Deed"** means this Trust Deed together with all subsequent deeds expressed to be supplemental thereto;
- 1.85. "Trustees"** means trustees for the time being of the Scheme appointed under the provisions of the Trust Deed and shall include a Corporate Trustee.
- 1.86. "Unclaimed benefits"** means the benefits of a Member that have become payable or distributable and have not been claimed for two (2) years and the member has not accepted any payment in respect thereof, communicated concerning the benefits, or otherwise indicated any other interest as evidenced by a record prepared by the Trustees.
- 1.87. "Unclaimed Financial Assets Act"** means the Unclaimed Financial Assets Act No. 40 of 2011 and any statutory amendments or additions thereto or substitutions therefor.

In this Deed and in its schedules, unless the context otherwise requires:

- a) The singular includes the plural and vice versa and the masculine includes the feminine and vice versa.
- b) The list of contents in the Trust Deed and the Rules and the short titles to Clauses and Rules are not to be considered in interpretation.
- c) Punctuation is not to be considered in interpretation.
- d) Unless the contrary is expressly stated in the Trust Deed and the Rules the Trust Deed prevails over the Rules.
- e) References to statutes and Acts include amendments to them.
- f) References to a person include a company, corporation or other body having a legal personality.
- g) References to the Deed and Rules include amendments to them.
- h) Where a word or phrase is given a particular meaning other parts of speech and grammatical forms of that word or phrase have corresponding meanings and
- i) The paragraph, schedule, headings, and bold print are included for ease of reference only and shall not affect the interpretation of this Deed

## **2. NAME OF THE SCHEME**

The name of the Scheme shall be County State Officers (Umbrella) Pension Fund (CSPOF).

**3. COMMENCEMENT OF THE SCHEME**

The Scheme shall be deemed to have commenced on the Commencement Date

**4. DECLARATION OF TRUST**

The Scheme shall be deemed to have been established in the Republic of Kenya under irrevocable trusts hereby declared with effect from the Commencement Date.

**5. MAIN PURPOSE OF THE SCHEME**

The main purpose of the Scheme is to provide pension and other benefits for Members on retirement from the County Government at a specified time or event and relief for the Dependants of deceased Members of the scheme.

**6. COMPOSITION OF SCHEME**

The Scheme assets shall consist of:

- 6.1. The Contributions to the Scheme made since the Commencement Date by the Employers and by the Members and the investments for the time being representing the same;
- 6.2. Amounts transferred to the Scheme from another Registered Retirement Benefits Scheme in respect of a member, subject to such consents as may be required;
- 6.3. The investments for the time being representing such Contributions and sums transferred; and
- 6.4. The income from such investments and the investments representing accumulations of such income, reduced by the costs, levies, benefits and other outgoings to be paid from the Scheme
- 6.5. Lumpsum voluntarily contributions added into the Scheme by a Member.

**7. SPONSOR'S COVENANTS**

The Founder / Sponsor hereby covenants with the Trustee and the Adhering Employers as follows:

- 7.1. To observe and comply with the provisions of the Retirement Benefits Act and Regulations and the Scheme Trust Deed and Rules in force from time to time;
- 7.2. To take all steps necessary to establish and preserve the Scheme as required under the provisions of the Retirement Benefits Act and Regulations;
- 7.3. To ensure that the Scheme is registered for tax exemption under the provisions of the Income Tax Act and Rules and to take all steps necessary to ensure that nothing is done by any party which would in any way endanger that registration;
- 7.4. To select and appoint the Trustees and ensure that their appointment is maintained in accordance with the requirements of the Retirement Benefits Act and Regulations.

**10. EXPENSES OF ADMINISTRATION AND MANAGEMENT**

The Scheme shall pay all charges and expenses incurred by the Trustees in connection with the administration of the Scheme, including but not limited to the professional fees of an Investment Manager, Custodian, Actuary, Administrator, Accountant and any other providers of professional services and all levies imposed on the Scheme by the Act. Provided that the Post-Retirement Medical Fund shall bear its own expenses.

**11. THE BOARD OF TRUSTEES**

**11.1** The Board shall exist as a body corporate by registration under the Trustees (Perpetual) Succession Act with perpetual succession and common seal and shall, in its corporate name, be capable of-

(a) suing and being sued;

(b) acquiring, holding, charging and disposing of moveable and immovable property;

(c) borrowing money;

(d) entering into contracts;

(e) doing or performing all other things or acts necessary for the proper performance of its functions under this Act, which may lawfully be done or performed by a body corporate.

**11.2** Subject to the powers of the Founder /Sponsor to appoint a sole corporate trustee under Clause 14 hereof, the number of Trustees shall be nine (9) where:

**11.1.1.** Four (4) of the Trustees (hereinafter called "the Sponsor-nominated Trustees") shall be appointed and may be removed by at its sole discretion provided that two (2) of them (hereinafter called "the Independent Sponsor-nominated Trustees") shall not be employees or directors of or have any business relationship with the Sponsor. The Independent Sponsor-nominated Trustees shall have a membership in good standing with a relevant professional body and be approved by the Authority; and

**11.1.2.** Four (4) of the Trustees (hereinafter called "the Management Committee-nominated Trustees") shall be appointed by the Sponsor after having been nominated by Adhering Employers from among the members of the Management Committees following a selection procedure which shall have been adopted by the Trustees and may be removed as Trustees following a procedure which shall have been adopted by the Trustees.

**11.1.3.** One (1) Trustee who is independent of the employees, employers, Founder, and Sponsor to be appointed by the Sponsor from outside the scheme.

(a) The Independent Trustee act as the Chairman of the Board of Trustees; and

(b) Shall possess relevant leadership qualities and experience in the pension or financial sector.

**11.2.** A person seeking to be elected or nominated as Trustee shall demonstrate the following qualifications:

- 11.2.1. leadership and integrity;
- 11.2.2. commitment and devotion to duty including the ability to explain clearly why he wants to be a Trustee and what he believes that he can contribute to the governance of the Scheme;
- 11.2.3. prudence; and
- 11.2.4. good character as determined through a generally accepted certification process.

11.3. The Board of Trustees shall have a broad mix of skills and competencies and shall include at least one (1) Trustee who shall be professionally qualified in any matter related with finance as may be recognised by a relevant industry body;

11.4. The composition of the Board of Trustees shall take into account gender balance, and the age and experience of Trustees;

11.5. The tenure of Trustees shall be staggered so that not more than one-third of the Trustees shall simultaneously retire.

11.6. The Trustees shall comply with the stipulations from time to time of the Authority in relation to the certification and approval of Trustees.

## **12. REMOVAL OF TRUSTEES**

12.1. A Trustee shall cease to be a Trustee of the Scheme if such Trustee becomes guilty of any disqualifying conditions set out in the Retirement Benefits Act and Regulations or any statutory amendment thereto or re-enactment thereof and if

- 12.1.1. he is adjudged bankrupt or makes an arrangement or composition with his creditors generally; or
- 12.1.2. he becomes of unsound mind; or
- 12.1.3. was previously involved in the management or administration of a scheme which was deregistered for any failure on the part of the management or the administration thereof;
- 12.1.4. he fails to attend two consecutive meetings of the Trustees in any twelve months period; or
- 12.1.5. he resigns by notice in writing; or
- 12.1.6. he is forbidden to act as a Trustee pursuant to any law; or
- 12.1.7. he is removed by the Founder /Sponsor pursuant to the provisions hereof;
- 12.1.8. his term of office expires; or
- 12.1.9. he is a Trustee of more than three registered retirement benefits schemes.
- 12.1.10. fails to comply with practice notes and guidelines issued by the Authority
- 12.1.11. he dies

12.2 Where the Trustee is a Corporate Trustee, shall cease to be a Trustee if any of any disqualifying conditions set out set out in the agreement between the Trust Corporation and the Founder / Sponsor, the Retirement Benefits Act and Regulations or any statutory amendment thereto or re-enactment thereof and in particular if:

- 12.2.1 It becomes insolvent;
- 12.2.2 Being a corporation goes into liquidation or has enters into an arrangement with creditors;
- 12.2.3 it resigns by notice in writing; giving not less than four weeks' notice in writing to the Founder / Sponsor; or
- 12.2.4 it is forbidden to act as a Trustee pursuant to any law; or
- 12.2.5 it is removed by the Founder / Sponsor pursuant to the provisions hereof; or
- 12.2.6 its term of office expires.
- 12.2.7 fails to comply with practice notes and guidelines issued by the Authority.

12.3 Upon removal of a Trustee such Trustee shall forthwith do all things necessary for vesting the trust property or any part thereof jointly in the continuing Trustees and any new Trustees all the Scheme Fund subject to the trusts hereof, shall be executed or done.

12.4 Each Trustee may be removed by the Founder / Sponsor pursuant only to a resolution of the Founder except a Trustee appointed pursuant to a nomination of the management committee who may be removed in accordance with Clause 13 hereof. A copy of such resolution certified by the Secretary to the Board, or any person authorized by the Board shall be sufficient evidence thereof.

12.5 In the event of death or removal of a Trustee resulting in the number of Trustees being less than four (4) the Trustees shall ensure that a new Trustee is appointed in line with the provisions of the scheme rules within a reasonable time but in any case, within six months from the date of the death or removal. **PROVIDED THAT** all acts and proceedings of the continuing trustees pending the filling of the vacancy shall be valid and binding.

#### 12.5 TERM OF OFFICE

12.5.1 A Trustee shall hold office for a period of not more than three (3) years but shall be eligible for re-appointment by the Founder / Sponsor for one further term of a period not exceeding 3 years provided that:

12.5.1.1 the Founder / Sponsor may in its sole discretion remove any Sponsor-nominated Trustee before expiry of his term of office

12.5.1.2 The Management Committee may revoke the nomination of any Management Committee nominated Trustee before expiry of his term of office through a removal procedure to be adopted by the Trustees in which case the Founder / Sponsor shall remove such Trustee.

12.5.2 Subject to Clause 12.6 above, if the appointment of any Sponsor-nominated Trustee is directly linked to that Trustee's tenure in an executive position

with a Sponsor being a position of paid employment either full-time or part-time or a non-executive position with a Sponsor / Founder being a position of any other service relationship remunerated or otherwise such appointment as a Trustee shall determine upon such Trustee's leaving such executive or non-executive position for any reason;

- 12.5.3** The appointment of a Management Committee-nominated Trustee shall determine upon such Trustee's ceasing to be a Member of the Management Committee.

## **12.6 REMUNERATION OF TRUSTEES**

- 12.6.1** Trustees shall not be entitled to receive a salary or honorarium for the services they offer to the Scheme.
- 12.6.2** Notwithstanding the provisions of paragraph (A), Trustees may be paid sitting allowance and reimbursed for reasonable expenses incurred in the course of rendering services to the Scheme.
- 12.6.3** The Board of Trustees shall ensure that there is an approved Trustees remuneration policy in place that sets out the approved sitting allowances and rates of reimbursement for expenses.
- 12.6.4** The Trustees remuneration policy shall not be discriminatory towards the different categories of Trustees.
- 12.6.5** The Trustees remuneration policy shall require that any remuneration paid to the Trustees by the Founder / Sponsor are disclosed and that Trustees do not draw separate remunerations for the same meeting.
- 12.6.6** The implementation of the Trustees remuneration policy shall be in compliance with the provisions of the Act and any other relevant written law.
- 12.6.7** In respect of a sum payable as remuneration the Trustees shall deduct from such sum the income tax and shall be liable to the Commissioner for the payment.
- 12.6.8** Notwithstanding the provisions herein, Trustees may be remunerated out of the Scheme in respect of his services as Trustees provided that any remuneration paid to a Trustee shall be in accordance with a Trustee Remuneration Policy that shall be disclosed and approved by the Members in an Annual General Meeting after every 3 years. Where approval shall not have been granted, the policy prevailing at the time shall continue to apply until the Authority makes a determination regarding the proposed new policy.

## **12.7 TRUSTEE PROFESSIONAL CHARGING IN CONFLICT OF INTEREST**

No Trustee being an advocate, accountant or other person engaged in any profession or business shall be engaged in professional services done by him or his firm in connection with the Scheme.

## **13 APPOINTMENT AND REMOVAL OF THE MANAGEMENT COMMITTEE**

- 13.1 Each Adhering Employer together with its Employees, who are Members of the Scheme, shall nominate a maximum of three Members to form a Management Committee.
- 13.2 Each Management Committee shall keep its corresponding Adhering Employer and Members informed regarding matters and activities of the Scheme
- 13.3 A member of a Management Committee shall cease to be a member if such member resigns by a notice in writing or becomes guilty of any disqualifying conditions set out by the Trustees from time to time and in particular on any of the following grounds:
- 13.3.1 he becomes of unsound mind,
  - 13.3.2 he leaves employment of the Adhering Employer sponsoring his Membership in the Scheme,
  - 13.3.3 he is subject to any conflict of interest which cannot be remedied,
  - 13.3.4 he fails to attend two consecutive meetings of the Committee when called in any twelve months period,
  - 13.3.5 he is removed from membership of the Management Committee by the body which appointed him
- 13.4 The Trustees shall prepare the terms of reference of the Management Committee, which as a minimum shall include procedures for convening the Management Committee meetings, procedures for filling vacancies in the Management Committee and general functions of the Management Committee.
- 13.5 The Management Committee shall meet for dispatch of business at least two (2) times each financial year at dates agreed in advance provided that the interval between consecutive meetings shall not exceed six (6) months.
- 13.6 Each Management Committee shall from time to time appoint from among its members a Chairperson and a Secretary (hereinafter referred to as "the Management Committee Secretary"). If the Chairperson is absent from any meeting, the members present shall elect a Chairperson for that meeting from the persons attending that meeting;
- 13.7 The Management Committee Secretary on being requested at any time by the Management Committee Chairperson shall convene a meeting of the Committee by giving fourteen (14) days' notices before the meeting date unless due to urgency a lesser period shall suffice.

#### **14 POWER TO APPOINT A CORPORATE TRUSTEE**

- 14.1 Notwithstanding the provisions of Clause 11 hereof, the Founder / Sponsor may appoint a Trust Corporation to be the sole Trustee hereof upon such terms as to remuneration as at or prior to its appointment, may be agreed in writing between such Trust Corporation and the Founder or in default of such agreement in accordance with the Trust Corporation's published terms and conditions as to acceptance of trusts from time to time and the Founder / Sponsor may also remove such Trust Corporation in a similar

manner. The Scheme shall bear the cost of the remuneration of a Trust Corporation.

**14.2** Where the Founder / Sponsor have appointed a sole Corporate Trustee the stipulations of this Trust Deed relating to the frequency and conduct of Trustees' meetings shall apply to the board of directors of the Corporate Trustee or such other organ of the Corporate Trustee as that board of directors shall decide.

## **15 TRUSTEES ADMINISTRATIVE ARRANGEMENTS**

**15.1** In the event of there being Trustees who are natural persons, the following provisions shall apply:

**15.1.1** The Trustees shall on their first meeting or on expiry of the term of the chairperson, confirm the appointment of a Chairperson who has been appointed as per these Rules. If the Chairman is absent from any meeting, the Trustees present shall elect a Chairman for that meeting from the Trustees attending that meeting. Neither the Administrator of the Scheme, the Chief Executive Officer, or a holder of a similar ranking position of a Sponsor / Founder (or employer) nor the Chairman of the Board of Directors of the Sponsor organizations may be elected Chairman.

**15.1.2** The Chairman so appointed shall not simultaneously hold a similar position in more than two Boards of Trustees of registered schemes.

**15.1.3** The Trustees may appoint a Trust Secretary who may be a body corporate or a person possessing a law qualification, or certified public secretary, or has the relevant experience as Trust Secretary or from the staff of the Administrator of the Scheme on agreed terms and conditions of appointment and remuneration and to carry out the specific roles listed in the letter of appointment ("the Trust Secretary").

**15.1.4** The quorum necessary for the transaction of business shall be one half of the Trustees (or the whole number nearest to one half) provided that any decisions taken at such a meeting touching upon the exercise of the Trustees' power to make or amend the Scheme's Prudent Investment Policy, or dispose of any of the Scheme's assets or to wind up the scheme or amend the Trust Deed shall require all the Trustees in attendance or their ratification.

**15.1.5** The Trustees shall meet together, physically or virtually via any suitable and secure video conferencing means, or other virtual channels for the dispatch of business at least two times in each year at dates agreed in advance by them provided that the interval between consecutive meetings shall not exceed six months and they may adjourn and otherwise regulate their meetings. The Trust Secretary on being requested at any time by any Trustee shall convene a meeting of the Trustees upon fourteen (14) days written notice to the Trustees. The agenda of the meeting and any other relevant document shall be issued to the Scheme Trustees at least seven (7) days before the date of the meeting. The requirement for notice may be waived in a quorate meeting of the Trustees.

- 15.1.6** A resolution in writing signed by two or more Trustees shall be as valid and effectual as a resolution properly passed at a duly convened meeting of the Trustees and may consist of one or more documents in similar form each signed by one or more of the Trustees.
- 15.1.7** The Trustees may act by a majority of votes on a show of hands of those present and voting so that the majority shall bind the minority and in any equality of votes the Chairman shall have a second or casting vote in addition to his deliberative vote.
- 15.1.8** The Trustees shall meet at least two (2) times in every calendar year and not more than six months shall elapse between the date of one meeting and the date of the next meeting.
- 15.1.9** The Administrator shall sit in on the meetings of the Board of Trustees but shall have no vote on decisions of the Board of Trustees.
- 15.1.10** The Trustees shall convene an annual general meeting in each financial year by issuing at least fourteen-day notice of the meeting to all Members at a venue agreed by the Scheme Trustees and shall determine the agenda for such meeting. **Provided that** the agenda be provided to the Members at least fourteen days before the date of the annual general meeting and shall include but not be limited to:
- 15.1.11** any changes in Scheme benefits or Contribution's structure,
  - 15.1.12** a report on the investments,
  - 15.1.13** A report on the audited accounts
  - 15.1.14** A report on Trustee remuneration and
  - 15.1.15** questions from members.
- 15.2** Where a sole corporate Trustee shall be appointed pursuant to Clause 14 the following provisions shall apply; -
- 15.2.1** The Trustee shall through its Board of Directors or such other organ as it shall establish for the purpose meet either physically or virtually via any suitable and secure video conferencing means or other virtual channels for the dispatch of the business of the Scheme at least two times in each year at dates agreed in advance provided that the interval between consecutive meetings shall not exceed six months and may adjourn and otherwise regulate the meetings.
- 15.2.2** The Trustee shall from time to time appoint a Chairman who shall be a duly authorised officer of the Trust Corporation and a Secretary (hereinafter referred to as "the Trust Secretary") who may be a body corporate. If the Chairman is absent from any meeting, the Trustee shall elect a Chairman for that meeting from the persons attending that meeting. The Trust Secretary on being requested at any time by the Trustee shall convene a meeting of the Trustee upon fourteen days written notice to the Trustee.

- 15.2.3** The Trust Secretary shall take and keep minutes of all the meetings of the Trustees and the exercise by the Trustees of all powers and discretion vested in them and the passing of resolutions shall be recorded in such minutes. A document certified by the Trust Secretary and or the Chairperson to be a true copy of a resolution of the Trustees shall be sufficient evidence thereof.
- 15.2.4** A resolution in writing signed by all of the duly authorised officers of the Trustee shall be as valid and effectual as a resolution properly passed at a duly convened meeting of the Trustee and may consist of one or more documents in similar form each signed by one or more of the Trustee.
- 15.2.5** The Trust Secretary shall cause to be made and kept minutes of all meetings of the Trustees and of the exercise by the Trustees of all powers and discretions vested in them and the passing of resolutions shall be recorded in such minutes and signed by the Chairman as a true record. A document certified by the Trust Secretary or the Chairman to be a true copy of a resolution of the Trustees shall be sufficient evidence thereof.
- 15.2.6** The Trustees shall meet at least two (2) times in every calendar year and not more than six months shall elapse between the date of one meeting and the date of the next meeting.
- 15.2.7** The Trustees shall update the Sponsor / Founder at least quarterly during each Financial Year on matters regarding the Scheme.
- 15.3** In addition to the above;
- 15.3.1** The Trustees shall make such banking arrangements as they shall think fit Provided Always That cheques drawn on the moneys of the Scheme or other documents relating thereto may be signed by Trustee or a duly authorized representative mandated by a resolution of the Trustees or by a Corporation or other corporate trustee if it shall be a sole trustee.
- 15.3.2** Contracts and other documents shall be signed by all the Trustees (unless resolved otherwise by a resolution of the Trustees) or by a Corporation if it shall be a sole Trustee or by a person vested by the Trustees with power of attorney.
- 15.3.3** Scheme Trustees shall establish a code of conduct of the Scheme as prescribed by the Authority, that shall set the values and ethical standards, corporate governance values and standards of integrity to be applied in the management of the Scheme. Each Scheme Trustee shall sign a copy of the Scheme code of conduct as a commitment to principles established by this guideline.
- 15.3.4** Scheme Trustees may organise Members' days and retirement planning seminar for Members to address and educate Members on their rights, obligations, benefits calculation and financial management.

**15.3.5** The Chairperson of the Board of Trustees shall provide overall leadership to the Board of Trustees, ensure efficient and timely conduct of the Board of Trustees' business and act as the spokesperson of the Scheme in respect of the Scheme's policies. In addition to the general qualifications to be a member of a Board of Trustees the Chairperson shall possess the following qualities to be appointed as a chairperson:

- a) Effective leadership and governance skills;
- b) Prudent judgement and effective decision making;
- c) The ability to develop a coherent and effective team among the trustees including ensuring that all trustees are treated equally;
- d) Effective communication skill;
- e) The ability to mentor newly appointed trustees; and
- f) Sociable, reliable, dependable and nonpartisan.

**15.3.6** Scheme Trustees shall prepare a Board of Trustees Charter, annual work plan and calendar of meetings to guide its business. Each Scheme Trustee shall sign a copy of the Scheme Board of Trustees Charter, annual work plan and calendar of meetings as a commitment to principles established by this guideline.

## **16 TRUST VACANCY**

**16.1** Whenever a vacancy arises in the number of Trustees a new Trustee shall be appointed within six (6) months following the vacancy in the manner set out in this Deed, to fill the vacancy provided that all acts and proceedings of the continuing Trustees pending the filling of the vacancy shall be valid and binding notwithstanding the vacancy.

**16.2** If the appointment of a sole Corporate Trustee shall expire having served the allowable two (2) terms of three (3) years each, the Founder shall without fail appoint a replacement Trustee or Trustees as at such expiry date.

## **17 TRUSTEES' POWERS AND DUTIES**

**17.1** In addition to having responsibility for the general and exclusive management and administration of the Scheme and for the specific duties mentioned herein, the Trustees shall have and be entitled to exercise all the powers, rights, discretions and privileges vested in them in accordance with the Trust Deed and the Rules. Such powers, rights, discretions and privileges shall be exercised in conformity with The Trustee Act, the Retirement Benefits Act and Regulations and the Income Tax Act and Rules and any other relevant legislation. In addition, the Trustees shall:

**17.1.1** Determine whether or not any person claiming a benefit from the Scheme is entitled thereto in accordance with the Rules;

**17.1.2** Ensure the correctness of and pay or provide for the payment of the benefits prescribed by the Rules;

**17.1.3** Ensure that proper control systems are employed by them or on their behalf by their agents;

**17.1.4** Ensure that contributions are paid in good time to the Scheme Custodian or Approved Issuer in accordance with the Rules and the provisions of the Retirement Benefits Act and Regulations and the Income Tax Act and Rules;

**17.1.5** Ensure that adequate and appropriate information is communicated to Members informing them of their rights, benefits and duties in terms of the Rules.

**17.2** The Trustees shall adopt by resolution such policies as may be prescribed in the Retirement Benefits Act and Regulations time to time as well as policies on any matter that they consider appropriate for the conduct of the business and administration of the Scheme. After adoption of such a policy, the Trustees shall comply with the terms of the policy (as amended from time to time) until such time as the policy is revoked.

**17.3** The Trustees shall keep the Sponsor / Founder and adhering employers informed on the Scheme affairs by submitting regular reports in a format and frequency to be agreed upon between the Trustee and the Sponsor / Founder including the signed minutes of each Trustee meeting.

**17.4** The Trustees shall do whatever is necessary to expedite for the maintenance and preservation of the Scheme and the rights of members under the Scheme.

## **18 TRUSTEES' POWER TO INVEST**

**18.1** The Trustees shall prepare, maintain and, at intervals of not more than three years, revise a written statement of investment principles governing decisions about investments for the purposes of the Scheme Fund (the "Prudent Investment Policy Statement"). In preparing or revising the Prudent Investment Policy Statement, the Trustees shall obtain and consider the written advice of a manager or other independent professional as required by the Retirement Benefits Act and Regulations. A copy of the Prudent Investment Policy Statement and each revision thereof shall be submitted to the Authority.

**18.2** The Trustees shall invest contributions made into a Retirement Medical Fund in accordance with the Prudent Investment Policy Statement of the Scheme provided that where the value of the Retirement Medical Fund is at least Kshs. 50,000,000 (Kenya Shillings fifty million) the Trustees shall be required to prepare a separate Prudent Investment Policy Statement for that sub fund

**18.3** Subject to being in conformity with the Retirement Benefits Act and Regulations and the Prudent Investment Policy Statement agreed by the Trustees from time to time, the Trustees shall have power to invest any monies forming part of the Scheme Fund and not immediately required for the payment of benefits and other outgoings in or upon the security of such stocks shares debentures or other investments or property of whatsoever nature and wheresoever situate and with the like power of varying such investments from time to time as the Trustees shall think fit to the intent that they shall have the same powers of investment and varying

investments in all respects as if they were absolutely and beneficially entitled thereto.

- 18.4 The Trustee shall have the power to raise or borrow any money by way of loan or to mortgage or charge any interest in land forming part of the Fund's assets. Provided that the Trustee shall exercise this power in consultation with the Founder.
- 18.5 The Trustees shall have power to lease, exchange or sell any interest in land forming part of the Fund's assets.
- 18.6 The Trustees may from time to time invest all or part of the Fund with a Pooled Fund on terms acceptable to the Trustees provided always that the Pooled Fund shall be established and managed in conformity with the provisions of the Retirement Benefits Act and Regulations and that the investments of such Pooled Fund are compliant with the Scheme's Prudent Investment Policy Statement and that the terms of the Pooled Fund are in conformity with the trusts hereby declared and that the Pooled Fund has been registered with the Commissioner for its income to be exempt from taxation
- 18.7 The Trustees may invest the whole or part of the Scheme Fund with an Approved Issuer under a contract or policy of insurance with the Approved Issuer on terms acceptable to the Trustees and such contract or policy may provide for investment in a Guaranteed Fund of the Approved Issuer but provided always that the terms of such contract or policy and Guaranteed Fund shall be in conformity with the terms of the trusts hereby described and with the Retirement Benefits Act and Regulations and the Income Tax Act and Rules. The Trustees may also at any time terminate such contract or policy of insurance and make such other arrangements for the provision of the benefits to be provided in terms hereof as are consistent with this Deed and the Retirement Benefits Act and Regulations and the Income Tax Act and Rules.
- 18.8 The Trustees may in their sole discretion offer investment options on such terms and conditions as they may determine with the intention that individual Members or groups of Members in the employ of an Adhering Employer may select an investment option which they deem suited to their investment and risk appetite.

## 19 PROTECTION OF TRUSTEES

19.1 No decision or exercise of duty, power or discretion by a Trustee shall be invalidated or questioned because the Trustee had a direct or other personal interest in the manner or result of such decision or exercise of such duty, power or discretion under the Trust provided that,

19.1.1 If there is a Conflict-of-Interest Policy adopted by the Scheme, the Trustee shall act in all material aspects in accordance with the provisions of that Policy;

19.1.2 If there is no Conflict-of-Interest Policy, the Trustee shall;

19.1.2.1 Inform the Trustees of the direct or other personal interest;

19.1.2.2 Agree with the other Trustees what steps (if any) should be taken to manage any potential or actual conflicts of interest or duty; and

19.1.2.3 Complies with those agreed steps.

19.2A Trustee will be entitled to retain any benefits arising from his or her membership in the Scheme.

19.3A Trustee shall not be victimised, discriminated against, or removed from office by the Sponsor or Employer for any act in the performance of his duties in accordance with this trust or the Retirement Benefits Act and Regulations without due process of the Law.

## **20 PROTECTION AGAINST FINANCIAL LOSS**

The Trustees may take such steps as they deem appropriate to protect the Scheme and the individual assets comprising the same against any manner of insurable risk or financial loss which might arise out of the negligence or default (willful or otherwise) of the Trustees, officers, administrator, manager or custodian or other professional advisers either by way of guarantee provided by the Sponsor / Founder or by way of such insurance and in such amount as the Trustees shall determine.

## **21 POWERS CONFERRED ON TRUSTEES BY LAW**

In addition to any power or provision for indemnity or otherwise for the protection of Trustees conferred by or contained in the Trust Deed or the Rules the Trustees shall be entitled to exercise any power conferred by law on Trustees if and in so far as a contrary intention is not expressed in the Trust Deed or the Rules and to have the benefit of any indemnity or other protection given by law to Trustees.

## **22 LIABILITY OF TRUSTEES AND INDEMNITY**

22.1A Trustee shall not be responsible, chargeable, or liable in any manner whatsoever, except:

22.1.1 In the case of a Trustee who holds himself out as providing professional trustee services to retirement benefits schemes, for any wilful failure to exercise due care and diligence in the discharge of his functions in respect of the Scheme; and

22.1.2 In the case of a Trustee not within 19.1.1, for any act or omission in respect of the Scheme undertaken with a deliberate and culpable disregard of the interests of the Members (or any of them) or in personal conscious bad faith.

22.2 The Sponsor / Founder may agree to indemnify each of the Trustees appointed under Clause 11 against all liabilities incurred by them in the execution of the trusts of the Scheme and in the management and administration of the Scheme, other than liabilities arising from:

22.2.1 In the case of a Trustee who holds himself out as providing professional trustee services to retirement benefits schemes, for any wilful failure to exercise due care and diligence in the discharge of his functions in respect of the Scheme; and

**22.2.2** In the case of a Trustee not within 21.2.1, any act or omission in respect of the Scheme undertaken with a deliberate and culpable disregard of the interests of the Members (or any of them) or in personal conscious bad faith.

**22.3** To the extent that the Sponsor / Founder do not indemnify a Trustee in accordance with this Clause, the Trustee shall be indemnified to that extent directly out of the Scheme Fund.

### **23 POWER TO DELEGATE**

The Trustees may, in addition to the powers conferred upon them by law, but without power to delegate any of their discretionary powers, delegate any of their functions or any business relating to the Scheme to any one or more from amongst themselves or to any duly contracted service provider.

### **24 APPOINTMENT OF SERVICE PROVIDERS /ADVISORS**

#### **24.1 Appointment of an Approved Issuer**

Where the Scheme is invested in a Guaranteed Fund the Trustee shall appoint in writing an Approved Issuer to be responsible for acquiring and for disposing of investment assets, to prepare quarterly reports on the investment performance of the Scheme and to perform such other functions as are required to be performed by an Approved Issuer under the Retirement Benefits Act and Regulations or any other laws. The terms and conditions of appointment shall be set out in the relevant written instrument. The Trustees shall inform the Authority of the appointment and removal of the Approved Issuer and the appointment of a new Approved Issuer.

#### **24.2 Appointment of Investment Manager**

If the Scheme is not invested 100% in a Guaranteed Fund the Trustees shall appoint in writing an Investment Manager or Investment Managers, to advise on investment matters. The Investment Manager shall be responsible for acquiring and for disposing of investment assets, preparing quarterly reports on the investment performance of the Scheme and to perform such other functions as are required to be performed by an Investment Manager under the Retirement Benefits Act and Regulations or otherwise. The terms and conditions of appointment shall be set out in the relevant written instrument. The Trustees shall inform the Authority of the appointment and removal of the Investment Manager and the appointment of a new Investment Manager.

#### **24.3 Appointment of Custodian**

If the Scheme is not invested 100% in a Guaranteed Fund the Trustees shall appoint in writing a Custodian or Custodians to receive and keep in safe custody the title documents, securities and cash of the Scheme Fund, to transfer, exchange or deliver, in the prescribed form, securities held by the Custodian upon receipt of proper instructions from the Investment Manager and to perform such other functions as are required to be performed by a Custodian under the Retirement Benefits Act and Regulations or otherwise. The terms and conditions of appointment shall be set out in the relevant written instrument. The Trustees shall inform the Authority of the appointment and removal of the Custodian and the appointment of a new Custodian.

#### **24.4 Appointment of Administrator**

The Trustee shall appoint in writing an Administrator or Administrators to administer the affairs of the Scheme in accordance with the provisions of the Retirement Benefits Act and Regulations, the Trust Deed and Rules, any other relevant legislation in force, other legal documents related to the Scheme and the instrument of appointment of the Administrator and to perform such other functions as are otherwise required to be performed by an Administrator. The terms and conditions of appointment shall be set out in the relevant written instrument. The Trustees shall inform the Authority of the appointment and removal of an Administrator and the appointment of a new Administrator.

#### **24.5 Appointment of Auditor**

The Trustees shall with the approval of the Authority appoint in writing an Auditor to carry out an audit of the Scheme's books of account and financial records at the end of every Financial Year. The Auditor shall perform the audit in compliance with internationally accepted auditing standards and with the requirements of the Retirement Benefits Act and Regulations, the Income Tax Act and Rules and any other statutory requirements. The terms and conditions of the appointment of the Auditor shall be set out in the relevant written instrument.

- 24.6** The Trustees shall as necessary appoint, and may remove and appoint a replacement for, legal advisers, professional advisers, consultants, and other appropriate providers of professional or expert services.
- 24.7** The terms and conditions for each appointment shall be set out in the relevant written instrument and shall conform to the requirements of the Retirement Benefits Act and Regulations.
- 24.8** Subject to the Medical Fund Rules, the Scheme Trustees may appoint a new service provider for the Post-Retirement Medical Fund or may retain the service providers already appointed for the Scheme.
- 24.9** Where the Board of Trustees appoints service providers or advisors in accordance with this clause, the Board of Trustees shall retain the ultimate accountability for the management and supervision of the affairs of the Scheme.

#### **25 TRUSTEES TO KEEP RECORDS**

- 25.1** The Trustees shall cause to be kept books of account recording the financial position of the Scheme. The books of account shall record all the financial transactions of the Scheme and shall be kept in accordance with International Accounting Standards and the prescriptions of the Retirement Benefits Act and Regulations and the Income Tax Act and Rules. As soon as possible after the end of every Financial Year the Trustees shall cause to be prepared Financial Statements, which shall include a Statement of Income and Expenditure and a Statement of Assets and Liabilities and shall cause these to be audited by the Auditor. The assets of the Scheme Fund shall be valued at market values current at the end of the Financial Year.
- 25.2** The audited Financial Statements shall be sent to the Authority within three months of the end of the Scheme Financial Year or such other period as may be prescribed by the Authority and shall also be sent to the Commissioner of Income Tax within six months of the end of the Scheme Financial Year or such other period as may be prescribed by the Commissioner, and all

Members shall be notified of their availability for inspection at the registered office of the Scheme not later than thirty days from the date of approval by the Trustees of the audited accounts.

**25.3** The Trustees shall within six (6) months from the end of each Financial Year issue to each Member a statement giving details of his Member's Account together with a summary of the audited accounts.

**25.4** Subject to maintaining of confidentiality with the limits of the law, the Scheme Trustees shall ensure that information shared with Members is accurate, clear, relevant, and understandable. Members who are challenged or otherwise unable to use or comprehend written communication because of a disability shall be suitably accommodated. Electronic communication may be used to communicate with Members if a member wishes to receive information in electronic form and notifies the Scheme of this desire in writing.

**25.5** The Scheme Trustees shall retain and store information in accordance with the provisions of the Act and other written laws of Kenya.

#### **25. TRUSTEES' POWERS**

Subject to the Act, the Trustees shall in addition and without prejudice to all powers conferred upon the Trustees by law, have the following powers:

- 25.1** to delegate, without power to delegate discretionary powers, any of their functions or any business relating to or under the Scheme (including the receipt or payment of money) to any one or more of their number, or to any person or to a committee composed of such persons as they may decide and may delegate any matters relating to the collection of Contributions and the administration and investment of the assets from time to time comprising the Scheme and of the income generated by such assets to such agents, administrators, advisers, custodians and managers or other professional advisers (whether remunerated or not) as they may determine and the Trustees may register or vest any of the assets from time to time comprised in the Scheme in the names of any other person as nominee of the Trustees Provided Always that such delegation be on such terms as the Scheme Trustees think fit and the Scheme Trustees may at any time revoke any such delegation made by them Provided Further That any decisions of the committees shall be ratified by the Board of Trustees before implementation,
- 25.2** to determine whether or not any person is entitled from time to time to any benefit under the Scheme.
- 25.3** to lease, mortgage, exchange, sell or otherwise deal with any interest in land forming part of the assets of the Scheme.
- 25.4** to commence, carry on or defend proceedings relating to the Scheme or the determination of any rights of the Members and others therein.
- 25.5** to raise or borrow any sum or sums of money and to secure the repayment thereof in such manner and upon such terms as the Trustees may deem advisable.

- 25.6** subject to the investment guidelines and regulations of the Act, to invest any moneys forming part of the Scheme in the purchase of or at interest upon the security of such stocks, shares, securities or other investments of whatever nature and wheresoever situate (and without prejudice to the generality of the foregoing to purchase, take on, or lease any freehold, leasehold or other immovable property and to sell, let or otherwise deal in the same) as the Trustees shall in their absolute discretion think fit;
- 25.7** of investing and transposing investments in all respects as if they were absolutely entitled thereto beneficially.
- 25.8** of preparing and submitting to the Authority a written statement of investment principles, governing investments decisions of the scheme fund which shall be revised after every three years and submitted to the Authority. The statement shall be prepared or revised under the considered written advice of a Chartered Financial Analyst, Actuary, Investment Advisor or Manager. Provided That the Advisor is not the scheme Fund Manager, related to the company or an employee of the Scheme. The statement shall be signed by the Trustees and the Investment Advisor and shall cover, inter alia, the policy of the Scheme in relation to the following matters:
- 25.8.1** the categories of investments to be held;
  - 25.8.2** risk;
  - 25.8.3** the realization of investments;
  - 25.8.4** asset liability matching; and
  - 25.8.5** any other matter as may be prescribed by the Authority from time to time.
- 25.9** to ensure Funds from the Post-Retirement Medical Fund shall be Segregated from the funds of the Scheme and Provided Further That a separate written statement of investment principles shall be prepared and submitted to the Authority for the Post-Retirement Medical Fund where the value of the Post-Retirement Medical Fund is at least fifty million shillings (KShs.50,000,000.00).
- 25.10** to underwrite or sub-underwrite and to enter into any agreement or agreements for underwriting or sub-underwriting any investments or securities whether on issue or sale and whether jointly with other persons or not and to do all things incidental thereto.
- 25.11** to apply any moneys forming part of the Scheme in effecting or maintaining any insurance which in the opinion of the Trustees is suited for the purposes of the Scheme and to vary the terms of surrender, sell or otherwise dispose of any such insurance or exchange the same for a substituted insurance.
- 25.12** subject to the regulations of the Act, to determine whether or not any member is entitled to a guarantee for a Facility and give guarantees, indemnities, assignments or undertakings and do all such acts and things as the Trustees may consider necessary and expedient to facilitate such

guarantee in accordance with the Act including but not limited to ensuring that agreements made between the Scheme Members and institutions in respect of any Facility comply with the Act, Trust Deed and Rules, verify that the Institutions to which assignments are to be made have complied with the Act and ensure the proper execution of all the documentation.

- 25.13** to administer and manage the Post-Retirement Medical Fund to the exclusive benefit of Members and their Beneficiaries.
- 25.14** to exercise leadership, enterprise, integrity and sound judgment in directing the affairs of the Scheme to achieve continuity and sustainability.
- 25.15** to promote good governance in the Scheme.
- 25.16** to approve and review overall strategies and significant policies relating to the Scheme.
- 25.17** to ensure the Scheme has sufficient and appropriate resources to achieve its strategic goals;
- 25.18** to be prudent in the oversight of the negotiation of the fees charged to the scheme by service providers having considered the value received and the long-term sustainability of the Scheme.
- 25.19** to take responsibility for the performance of the Scheme in achieving the Scheme/Fund's objectives and meeting the Scheme/Fund's obligations.
- 25.20** to ensure effective financial and other internal controls are established and maintained to achieve the Scheme's financial reporting and risk-management objectives.
- 25.21** to monitor the effectiveness of the internal control and risk-management systems of the Scheme.
- 25.22** to deal fairly with stakeholders' interests, demands and expectations.
- 25.23** to appoint service providers and experts to advise the Scheme Trustees.
- 25.24** to ensure the scheme complies with all statutory requirements including the good corporate governance guidelines.
- 25.25** to constitute not more than 4 committees to facilitate the work of the Board of Trustees by conducting detailed analysis of and holding discussions on specific areas of the Scheme's operations. The recommended committees shall be investment committee, audit and risk-management committees and administration and communications committee all of which must have terms of referenced prepared as prescribed by the Authority. The services of

experts may be engaged to provide consultancy services or co-opt experts to sit in committees of the Board of Trustees to provide guidance; and

- 25.26 to generally execute and do all such acts and things as the Trustees may consider necessary or expedient for the maintenance and preservation of the Scheme and of the rights of the Members and others therein.

## **26. CONTRIBUTIONS TO THE SCHEME**

26.1 Each Employer and each Member employed by such Employer shall be liable to make the Contributions to the Scheme provided for herein and in the Rules and in the Deed of Adherence executed by such Employer and in determining the amounts to be paid in respect of such Contributions the Employers and the Members may reduce the amounts of such Contributions by the amounts of their respective contributions to the State Scheme. Contributions by Members and Employers shall be credited to each respective Member Account only on receipt by the Scheme.

26.2 Notwithstanding anything else contained herein and subject to such consents as are required in the Retirement Benefits Act and Regulations the Employer may at any time after giving the Trustees a three month notice in writing vary the rates of Contributions specified in the Deed of Adherence executed by the Employer.

26.3 Any contributions not remitted as provided under this Rules and the Act shall attract interest at the rate of 3% per month compounded or such other rate as may be determined by the Authority or the Board on the advise of the Actuary and shall be payable by the Employer on demand by the Board or otherwise recoverable as a civil debt owed by the Employer to the Fund.

26.4 Each Active Member may request the Trustees and the Trustees shall accept to maintain within his Member Account a separate portion to be designated Retirement Medical Fund to which the Member or the Employers or both may make Additional Voluntary Contributions for the purpose of funding the purchase of medical insurance in Retirement. The Retirement Medical Fund will be applied as per the Medical Fund Rules.

## **27. PERPETUITY PERIOD**

In the event that a perpetuity period is applicable to any disposition made under the provisions of this Trust Deed or the Rules the perpetuity period shall be for the life of the "Relevant Member" and eighteen years thereafter (the "Perpetuity Period"). For the purposes of this clause "the Relevant Member" shall mean the Member making the relevant disposition or the Member in respect of which the Sponsor / Founder has made the relevant disposition.

## **28. TRUST PERIOD**

Unless otherwise terminated under the provisions hereof or the Rules, the trusts hereof shall continue until the death of the last Member who having been born on or before the Commencement Date, dies whilst still a Member or such longer period as the law may allow (herewith referred to as the "Trust Period").

## **29. ADHERENCE BY EMPLOYERS AND SPECIAL RULES**

- 29.1** Anybody corporate, association, partnership, limited liability partnership or other legal entity registered in Kenya may apply to adhere to the Scheme and for its employees to become Members of the Scheme.
- 29.2** Upon approval by the Sponsor / Founder and the Trustees of an application to adhere to the Scheme made by a body corporate or other legal entity or persons otherwise registered in Kenya and execution of a Deed of Adherence by which it binds itself to the terms of this Trust Deed and the Rules with effect from the date specified in such Deed of Adherence then, subject to the consent of the Authority and the Commissioner where required, such body shall thereupon become an Adhering Employer for all purposes of the Scheme and be included within the definition of the term Adhering Employer and be bound to observe all the covenants of Adhering Employer contained herein and the Trustees shall admit to Membership of the Scheme with effect from the date so specified such of the employees of the Adhering Employer as are Eligible Members / Employees under the terms of this Trust Deed.
- 29.3** The Deed of Adherence executed by an Adhering Employer shall specify the Special Rules applicable to that Employer and its Eligible Member / Employees. The Special Rules contained in each Deed of Adherence shall as a minimum cover:
- 29.3.1** Rates of compulsory contributions by the Members and the Employer provided that the rate so contained shall not be below the rate prescribed in the Trust Deed and Rules;
  - 29.3.2** Power to amend the special rules;
  - 29.3.3** Benefits additional to the benefits set out in the Rules; and
  - 29.3.4** Participation date.
- 29.4** An Adhering Employer may from time to time request the Trustees to agree to amend the Special Rules contained in the Deed of Adherence provided that the provisions contained herein and in the Retirement Benefits Act and Regulations relating to amendments to the Trust Deed and Rules shall apply to any amendment to any Special Rules.
- 29.5** If an Adhering Employer is a sponsor of a Registered Retirement Benefits Scheme the Trustees may with the approval of the Sponsor and such consents as are required under the provisions of the Retirement Benefits Act and Regulations and the Income Tax Act and Rules agree to amalgamate with the Scheme the other Retirement Benefits Scheme or the part of the other Retirement Benefits Scheme which is allocated to members who are employees of the Adhering Employer.

### **30. AMALGAMATION WITH OTHER SCHEMES**

- 30.1** Subject to the approval of the Founder and such consents as are required under the provisions of the Retirement Benefits Act and Regulations and the Income Tax Act and Rules the Trustees may agree to amalgamate the Scheme with other Registered Retirement Benefits Schemes.
- 30.2** To give effect to such amalgamation the Trustee shall have power to transfer to the scheme with which the Scheme is being amalgamated all the Memberships and Member Accounts of all Members of the Scheme and all

the assets of the Scheme or to receive from the scheme with which the Scheme is being amalgamated all the memberships and member accounts of all members of that scheme and all the assets of that scheme

- 30.3** In the event that the Scheme receives from another scheme with which it is being amalgamated memberships and member accounts it may also receive Deeds of Adherence to such scheme and nominations of beneficiaries which it shall apply as if the Scheme was a party thereto.

**31. FULL OR PARTIAL DETERMINATION OCCASIONED BY THE SPONSOR OR AN ADHERING EMPLOYER**

- 31.1** The participation of the Sponsor or an Adhering Employer in the Scheme shall cease upon the happening of one or more of the following events:

**31.1.1** If the Trustees receive from the Sponsor or an adhering employer at least three (3) months' notice in writing taking immediate or subsequent effect of its intention to cease participating in the Scheme as Sponsor, on the expiry of such notice; or

**31.1.2** If the Sponsor or any Adhering Employer fails to perform and observe the covenants agreements and provisions laid down in the Trust Deed and the Deed of Adherence executed by such Adhering Employer;

**31.1.3** if the Sponsor or an adhering employer ceases to exist or for any other reason ceases to operate and some other statutory body or organization shall not be empowered to undertake the rights and obligations of the Sponsor herein, or

**31.1.4** if the Sponsor or an adhering employer going into liquidation other than for the purpose of reconstruction or amalgamation with any other entity in which case the Trustees may make such arrangements as they think fit for the continuation of the Scheme by any entity resulting from or involved in the reconstruction or amalgamation; or

**31.1.5** if the Sponsor or adhering employer failing to remedy any breach of its obligations under this Trust Deed or the Rules within such period as the Trustees may permit, from the date of receipt of a written notice from the Trustees requiring the breach to be remedied; or

**31.1.6** at the expiry of the Trust Period;

**31.1.7** the court (whether upon application by the Authority pursuant to the Act or otherwise) orders that the Scheme be wound up.

Provided Always That the Scheme shall only be wound up subsequent to a final actuarial valuation done on a winding up basis.

- 31.2** In the event of the Sponsor or an adhering employer ceasing to participate in the Scheme and subject to any approvals that may required under the RB Act. The Trustees:

**31.2.1** May resolve to wind up the Scheme or the adhering employer (as the case may be) in accordance with the provisions of the Trust Deed, or

**31.2.2** Resolve that the scheme or fund of the adhering employer becomes a closed fund within the scheme, in so far as it relates to the Members whose Membership derives from that adhering Employer but shall continue to operate as a normal scheme in respect of the Members whose Membership does not derive from such Employer.

**31.2.3** the Members employed by such adhering employer may opt to transfer their benefits to another duly registered scheme.

Provided that where an adhering employer is transferring to another scheme, the members of the adhering employer shall transfer to the scheme the employer is participating; subject to the procedures laid down in the Act and Regulations and any other approvals or consents that may be required.

**31.3** In the case of a full or partial closure the Trustees shall make such arrangements for the protection and disposition of the Accrued Benefits of Members affected thereby as they may deem appropriate consistent with the terms of the Trust Deed the Retirement Benefits Act and Regulations and the Income Tax Act and Rules including agreeing that the Members affected by such full or partial determination may opt to transfer their benefits to another properly registered scheme in accordance with the provisions of the Trust Deed and subject to such consents as are required.

## **32. VOLUNTARY DISSOLUTION OCCASIONED BY THE TRUSTEES**

**32.1** Subject to seeking and receiving written approval from the Authority, the Trustees shall resolve to dissolve the Scheme in accordance with this Clause upon the happening of any one or more of the following events: -

**32.1.1** It appearing to the Trustees that the Scheme is in such an unsound financial condition as to warrant dissolution or that its funding is below the minimum funding level and the Trustees thereupon with the agreement of the Sponsor deciding to determine the Scheme; or

**32.1.2** The Sponsor terminating its participation in the Scheme; or

**32.1.3** The expiration of the Trust Period.

**32.3** The Trustees shall after resolve to dissolve the Scheme appoint a Liquidator to liquidate the Scheme and seek the approval of the Authority therefor in the manner provided for in the Retirement Benefits Act and Regulations.

**32.4** The appointed liquidator shall not:

**32.4.1** be a person who has provided service to the scheme for a period of five years prior to the resolution to wind up the scheme.

**32.4.2** have been imprisoned for a period of six (6) months or more by a court of competent jurisdiction.

**32.4.3** have been adjudged bankrupt.

- 32.4.4 have been involved in the management or administration of a scheme that has been deregistered for failure on the part of the management or administration; or
- 32.4.5 have been disqualified under any written law.

### **33 CONSEQUENCES OF VOLUNTARY DISSOLUTION OF THE SCHEME**

- 33.3 Upon resolution to wind up the Scheme the Trustees shall within thirty (30) days notify in writing each Member and each adhering Employer affected by such winding-up and advise them of the name of the Liquidator and the options available to them in treatment of their Accrued Benefits.
- 33.4 Before applying the whole or part of the Scheme in accordance with this Clause the Liquidator shall be entitled to reserve out of the Scheme Fund such amount as he may consider necessary to meet any expenses of the administration and winding up of the Scheme which in his opinion may not be recoverable from the Sponsor or any Employer and to meet any liabilities for which the Scheme or the Liquidator may be accountable.
- 33.5 Thereafter the Liquidator shall apply the moneys held under the Scheme:
  - 33.5.1 Firstly, in making provision for satisfying all liabilities under any Mortgage Loan Guarantees outstanding or upon application by the relevant Eligible Members / Employees, issue notices of revocation to the relevant Institutions and discharge of assignments.
  - 33.5.2 Secondly in securing in accordance with the Rules and Deeds of Adherence and in so far as the Trustees have not already done so the payment to Members, Dependants and other Beneficiaries who were already entitled to receive payment of a benefit under the Rules of the Scheme at the date of winding up of benefits on the same terms and equivalent in value to the benefits to which such Member Dependant or other Beneficiary was entitled on the date of winding up;
  - 33.5.3 Thirdly in so far as the moneys remaining in the Scheme shall permit in securing for the benefit of each Member who has not yet reached his Retirement Date and payment of whose benefits has not already become due the purchase in lieu thereof of a fully secured Retirement benefit of a nature and value as similar as possible to the accrued benefit to which the Member was provisionally entitled under the Rules to be payable at the end of at least two terms of services to either arm of the county government.
- 33.5.4 In respect of the balance, if any, of moneys held in the Scheme the Liquidator shall apply them to augment the benefits due under this Clause in such amounts as the Liquidator shall decide subject to reserving such amount of any such balance as the Liquidator may require to meet any liability which he may incur by reason of such payment.
- 33.5.5 In securing any retirement benefits under the terms of this Clause, the Liquidator shall have regard to each Member's interest in the Scheme as recorded in the Member's Account.
- 33.5.6 Notwithstanding the provisions of Clause 33 above:

**33.5.6.1** The amount available for a Member in active service of the sponsor and adhering employer under Clause 33 above shall, as directed by the liquidator, be transferred for his benefit to another Registered Scheme of his choice and the Trustees shall endeavor to assist any affected Eligible Members /Employees to obtain guarantees [if required] from the new Scheme/fund to which they are transferring to.

**33.5.6.2** Notwithstanding the provisions of Clause 33 above, in the event of any pension payable under this Clause being, in the opinion of the Trustees [or the liquidator], a Trivial Amount, the Member may elect for the Trustees (or the liquidator) to pay him a lump sum in lieu of any pension entitlement.

#### **34 CLAIMS ONLY IN ACCORDANCE WITH THE TRUST DEED**

No person whether a Member or otherwise shall have any claim right or interest upon, to or in respect of any lump sum payment or other benefit or any contribution made to the Scheme or any interest therein or any claim upon or against the Trustees or the Sponsor or any Employer in respect of the Scheme except under and in accordance with the provisions of the Trust Deed.

#### **35 POWER TO AMEND**

**35.3** With the consent in writing of the Founder, and such other consents as are required under the Retirement Benefits Act and Regulations and the Income Tax Act and Rules and under any other relevant law, the Trustees may at any time by deed amend all or any of the provisions of the Trust Deed or of the Rules provided always that no amendment may be made:

**35.3.1** Varies the main purpose of the Scheme

**35.3.2** Authorizes the payment of any part of the moneys of the Scheme to the Sponsor (otherwise than upon the dissolution of the Scheme and/or with the written consent of the Commissioner and the Authority) or to any Member while still in service of the Sponsor.

**35.3.3** Diminishes or invalidates any benefit or any rights or interests which shall have accrued to a Member in respect of benefits secured under the Scheme up to the date on which such amendment takes effect if it purports to invalidate or reduce the accrued rights or interests of any person already a Member or the Sponsor or an Employer at the date of such amendment; unless such amendment (whether retrospective or otherwise) is necessary in order to secure approval or continued registration of the Scheme under the Act and the Income Tax Act or

**35.3.4** Extends the operation of the Scheme beyond the Trust Period.

**35.3.5** Prejudices or causes withdrawal of approval or registration of the Scheme under the Income Tax Act or the Act.

**35.3.6** affect any right of a creditor of the Scheme, other than as a member thereof; and

**35.3.7** invalidate or reduce accrued rights and interests of the Sponsor and Members of the Scheme.

**Provided Further That:** (i) no such amendment shall become effective until it shall have been approved by the Commissioner (if the Scheme shall then be a Registered Scheme) and the Authority in the manner set out in the Act and (ii) any amendment affecting the financial position of the Scheme shall be referred to an Actuary before being adopted and a certificate from an Actuary submitted to the Authority certifying that the financial soundness of the Scheme shall not be affected thereby

**36 CONTINUATION AFTER TRANSFER OF UNDERTAKING OF THE SPONSOR**

If upon any transfer of all or part of the undertaking of the Sponsor, the Sponsor shall enter into an agreement for the purchasing or continuing party to undertake all or part of the Sponsor's rights and obligations under this Deed and the purchasing or continuing party shall bind itself by deed to assume those rights and obligations then, subject to all changes as may be necessary and all consents as may be required, the trusts of this Deed shall continue to have effect as though the purchasing or continuing party had been a party to this Deed and the Sponsor shall be released from such obligations under this Deed and the Rules.

**37 CONTINUATION AFTER TRANSFER OF UNDERTAKING OF AN ADHERING EMPLOYER**

If upon any transfer of all or part of the undertaking of an Adhering Employer, such Employer shall enter into an agreement for the purchasing or continuing party to undertake all or part of the Employer's rights and obligations under this Deed and the Deed of Adherence executed by the Employer and the purchasing or continuing party shall bind itself by deed to assume those rights and obligations then, subject to all changes as may be necessary and all consents as may be required, the trusts of this Deed and the terms of the Deed of Adherence shall continue to have effect as though the purchasing or continuing party had been a party to the Deed of Adherence and the Employer shall be released from such obligations under the Deed of Adherence and this Deed and the Rules.

**38 NOTICES**

Any notice which under the provisions of the Trust Deed or the Rules is required to be given or served upon the Trustees shall be given in writing and delivered or addressed to the Trustees at the registered address of the Scheme.

**39 REGISTERED OFFICE**

The registered office of the Scheme shall be the address for the time being of the Sponsor or such other place as the Trustee may from time to time determine. The Founder's address at the present time Delta House, situated along Rhapta Road, Nairobi and of P.O. Box 40401 - 00100 Nairobi.

**40 SCHEME POLICIES**

The Trustees shall adopt by resolution such policies as may be prescribed in the Retirement Benefits Act and Regulations from time to time as well as on any matter that they consider appropriate. After adoption of such a policy, the Trustees shall comply with the terms of the policy (as amended from time to time) until such time as the policy is revoked.

**41 DISPUTE RESOLUTION**

Save where by the Trust Deed and the Rules the decision of the Founder, Sponsor or the Trustees is made final, if at any time hereafter any dispute, difference or question shall arise among or between the Sponsor, any Employer, the Trustees, the Members or other persons having a valid interest in the Scheme or any of them respectively touching on the construction meaning or effect of the Trust Deed and the Rules or applicable Special Rules or any clause or thing therein contained or the rights or liabilities of the said parties respectively or any of them hereunder or otherwise howsoever in relation to the Scheme then every such dispute or question shall be resolved through the procedures set out under the Retirement Benefits Act and Regulations thereunder.

**42 EXECUTION OF DOCUMENTS**

**42.1** Any contract or instrument which is binding to the Scheme shall be entered into or executed by all Trustees of the Scheme (unless resolved otherwise by a resolution of the Trustees).

**42.2** Any contract or instrument which is binding to the Scheme executed by a body corporate shall be executed by authorised officers of the corporate trustee if it shall be the sole Trustee or a person vested with Trustees power of attorney.

**43 GOVERNING LAW**

The Trust Deed and the Rules shall be construed and take effect and the rights of all parties claiming any interest hereunder shall be regulated according to the laws of Kenya from time to time in force.

**44 HEADINGS**

The headings in this Deed are for convenience of reference only and are not to be construed as part of this Deed



## **THE FIRST SCHEDULE**

### **COUNTY STATE OFFICERS (UMBRELLA) PENSION FUND RULES OF GENERAL APPLICATION**

#### **1. GENERAL RULES AND SPECIAL RULES**

- 1.1.** The Rules contained in this Schedule are the General Rules which shall apply to all Adhering Employers and Members.
- 1.2.** Special Rules contained in the Deed of Adherence executed by an Employer shall apply only to that Employer and the Members whose Membership derives from that Employer. In the event of conflict between the General Rules and Special Rules the former will take precedence.

#### **2. MEMBERSHIP**

- 2.1.** All Eligible Employees / Members of an Adhering Employer shall be deemed to have become Members of the Scheme with effect from the date specified in the respective Deed of Adherence and every other person who subsequently becomes an Eligible Employee / Members of such Employer shall become a Member of the Scheme on the Entry Date coincident with or immediately following the date upon which he becomes an Eligible Employee of the Employer.
- 2.2.** The Trustees may in their absolute discretion and subject only to the consent of the Sponsor / Founder permit any person employed by an Adhering Employer who is not an Eligible Employee / Member to become a member.
- 2.3.** A Member shall not thereafter cease to be a Member whilst he remains an Eligible Employee/ Member of an Adhering Employer.
- 2.4.** If a former Member, having ceased for any reason to be a member, again becomes an Eligible Employee / Member of an Adhering Employer, he may again become a Member on the Entry Date coincident with or immediately following the date on which he again becomes an Eligible Employee.
- 2.5.** Every Member upon joining the Scheme shall be required to complete an application and particulars form in a format determined by the Trustees in which he shall acknowledge that the Rules are binding on him and on every person whose claim upon the Scheme is derived from him and to produce satisfactory evidence of age and in the absence of such evidence the respective Employer may determine the age of a Member for the purposes of the Scheme.

#### **3. CONTRIBUTIONS**

##### **3.1 MEMBER CONTRIBUTIONS**

- 3.1.1** Subject to the rights reserved to the Sponsor and the Adhering Employers by the Trust Deed every Member shall from the date on which he becomes a Member contribute to the Scheme the amounts specified in the Deed of Adherence executed by the respective Adhering Employer provided that such amounts shall, in the case of Contributory scheme, not be less than ten (10%) percent of the pensionable salary Member compulsory Contributions shall be deducted by the respective Employer from the Member's Salary and

paid to the Scheme and shall on receipt by the Scheme be credited to the Member's Account in the books of the Scheme. The amount of each Member's Contributions may in accordance with the policy determined from time to time by the respective Employer be reduced by up to the aggregate amount of the Member's Contributions to the State Scheme.

**3.1.2** The Trustees may utilize up to 2% of a member's contributions to finance the post-retirement medical Fund as per these Rules;

**3.1.3 MEMBER'S ADDITIONAL VOLUNTARY CONTRIBUTIONS**

Subject to such terms and conditions as the Trustees may specify from time to time each Member may elect in writing addressed to the Trustees to make voluntary contributions ("Additional Voluntary Contributions") to the Scheme in addition to the compulsory Contributions prescribed above. The Member shall specify in writing the amount of such Additional Voluntary Contributions. The Members' Additional Voluntary Contributions on receipt by the Scheme be credited to the Member Portion of the Member's Account and shall be designated as Additional Voluntary Contributions in the Member Portion and be invested together with the other assets of the Scheme.

**3.1.4** A member may give at least one month notice to Trustees of his intention to start, reduce, or stop paying the additional voluntary contributions.

**3.2 EMPLOYER CONTRIBUTIONS**

**3.2.1** Subject to the rights reserved to the Sponsor and the Adhering Employers by the Trust Deed, each Employer shall be liable to contribute to the Scheme in respect of each Member in its employment or service the amount specified in the Deed of Adherence executed by the Adhering Employer provided that such amounts shall not be less than twenty (20%) Percent of the Pensionable Salary. Employer compulsory Contributions shall be paid to the Scheme and shall on receipt by the Scheme be credited to the Member's Account in the books of the Scheme. The amount of each Employer's Contributions may in accordance with the policy determined from time to time by the respective Employer be reduced by up to the aggregate amount of the Employer's Contributions to the State Scheme in respect of the Member;

**3.2.2** The Employer Additional Voluntary Contributions shall upon receipt by the Scheme be credited to the Employer Portion of the Member Account and shall be designated as Additional Voluntary Contributions in the Employer Portion and be invested together with the other assets of the scheme.

**3.2.3** The Trustees of the Scheme may utilize up to 2% of the employer contribution to finance the post - retirement medical fund for the member.

**3.3 CONTRIBUTIONS TO MEDICAL FUND**

Each Active Member may request the Trustees to maintain within his Member Account a separate portion to be designated as Medical Fund to which the Member and / or his Employer may make Additional Voluntary

Contributions for the purpose of funding medical care or purchasing medical insurance for the Member as provided for in the Rules herein.

For every Member who subscribes to the Scheme by contributing at least 2% of his Pensionable Emolument, the Trustees shall apportion 2% out of the Employer Contributions towards the Medical Fund.

The funds received shall be credited to the Member's Retirement Medical Fund and invested in accordance with the Investment Policy of the scheme. Provided further that the trustees will have a separate investment policy statement if the funds exceeding Kshs. 50million or as may be prescribed in the Act from time to time.

#### **3.4 EMPLOYER CONTRIBUTIONS IN RESPECT OF INSURED DEATH IN SERVICE BENEFITS**

If the Deed of Adherence executed by an Adhering Employer provides for payment of an insured lump sum death in service benefit in addition to the Member's Accumulated Credit the cost of the premiums in respect of that benefit shall be payable by the respective Employer either directly to the insurer or as additional Contributions to the Scheme. In the event of default by an Employer in paying premiums in respect of insured death in service benefits the Trustees shall be under no obligation to pay such premiums and unless the insurer shall agree to pay the benefits the entitlement of Members in the employment of that Adhering Employer to the insured death in service benefit shall fall away unless or until the Employer pays the premiums and insurers accept the claim.

#### **3.5 EMPLOYER'S RIGHT TO VARY CONTRIBUTIONS RATES**

Notwithstanding any other provisions of these Rules each Adhering Employer may on giving not less than three (3) months written notice to the Trustees taking immediate or subsequent effect vary the rates of Contributions to be made by or in respect of the Members in its employ.

#### **3.6 EMPLOYER'S RIGHT TO DISCONTINUE CONTRIBUTIONS**

**3.6.1** An Adhering Employer may upon giving not less than three (3) months written notice to the Trustees taking immediate or subsequent effect of its intention so to do discontinue its Contributions to the Scheme; the trustees may resolve to partially wind up the scheme in relation to the membership related to the adhering employer whereupon the same will be dealt with in accordance with the terms of the Trust Deed and the Act.

**3.6.2** Upon resolution by an adhering employer who has given notice under 3.6.1 that the funds remain in the scheme as a closed funds, each Member whose Membership is derived from employment with such Adhering Employer **shall on leaving service** have the right to apply for his Accumulated Benefits in either of the following ways:

3.6.2.1 Remain as Deferred Member in the Scheme.

or

3.6.2.2 Request the Trustees and the Trustees shall accept to have their Accumulated Benefits transferred to another registered retirement benefits scheme in which he is a member of in accordance with Rule 5.

or

3.6.2.3 apply to access his Accumulated Benefits in accordance with the terms of the Rules

### **3.7 REMITTANCE OF CONTRIBUTIONS**

All Member and Employer Contributions including Additional Voluntary Contributions shall be paid to the Scheme on a monthly basis and such payments shall be made on or before the tenth day following the last day of the month to which the Contributions relate and shall thereupon be credited respectively to the Member Portion and Employer Portions of the respective Member's Account in the books of the Scheme.

All Employer and Member Contributions shall be credited to the respective Member Accounts only on the dates on which they are actually received in the Scheme. The Scheme and the Trustees shall not be liable for any Contributions not received by them.

### **3.8 RECOVERY OF CONTRIBUTIONS AND PENALTY ON LATE PAYMENTS**

**3.8.1** Any Contributions not paid to the Scheme by an Employer within ten days after the last day of the calendar month to which the Contributions relate shall attract interest during the period they remain unpaid that is equal to the investment income declared by the scheme for that period and compounded until payment by the respective employer and the same received by the Trustees.

**3.8.2** Notwithstanding Rule 3.8.1 the Authority may by its discretion apply a penalty of five per cent (5%) of the unremitted contributions or Kshs 20,000.00, whichever is higher, payable by the Employer to the Authority within 7 days of receipt of notice to pay.

**3.8.3** All unpaid Contributions and interest thereon shall constitute a civil debt of the respective adhering Employer and shall be recoverable summarily by the Trustees as provided for by law.

**3.8.4** The Trustees shall report to the Authority at such intervals as specified by the Authority all remittances of Contributions outstanding and not received after the deadlines specified herein

### **3.9 VESTING OF BENEFITS**

All benefits accrued from Membership of the Scheme and derived from Employer and Member Contributions shall vest fully in the Member immediately on receipt into the scheme.

### **3.10 CONTRIBUTIONS DURING ABSENCE FROM WORK**

**3.10.1** If a Member is absent from work for any reason and his Pensionable Salary is not reduced or suspended, Contributions payable by and in respect of the Member in terms of these Rules shall continue to be made at the rates specified herein based on his full Pensionable Salary.

**3.10.2** If a Member is absent from work for any reason and his Pensionable Salary has been reduced during such absence Contributions payable by and in respect of the Member in terms of these Rules shall continue to be made at the rates specified herein based on the Member's reduced Pensionable Salary.

**3.10.3** If a Member is absent for any reason without Pensionable Salary for a period authorized by the Employer and the Member is deemed to continue to be in Pensionable Service he may with the consent of the Trustees and the Employer continue to contribute to the Scheme at the rates specified herein based on his full Pensionable Salary immediately before such absence and in such case the arrears of the Member's Contributions due in respect of such leave shall be paid to the Scheme by the Member within a period determined by the Trustees following the Member's return to work and with the permission of the Trustees the Employer may also contribute on the basis of the Member's Pensionable Salary immediately before such leave and in such case the arrears of the Employer's contributions due in respect of such leave shall be paid to the Scheme by the Employer within a period determined by the Trustees.

### **3.11 SECONDMENT TO ANOTHER ORGANIZATION**

**3.11.1** If a Member is seconded or otherwise temporarily transferred by the Employer to the service of another organization in Kenya, he shall be deemed to continue to be a Member and the Member, and the Employer shall pay Contributions accordingly.

**3.11.2** If a Member is seconded or otherwise temporarily transferred by the Employer to the service of another organization outside Kenya the Member and the Employer shall continue to be liable to remit Contributions in accordance with these Rules during such secondment and the Pensionable Salary on which such Contributions are to be based shall be determined by the Employer with the agreement of the Employer taking into account, the actual salary to be paid to the Member during such secondment.

## **4. TRANSFERS TO THE SCHEME**

**4.1.** At the request of a Member to transfer to the Scheme the value of his Accrued Benefits from another Registered Retirement Benefits Scheme, including another Registered Retirement Benefits Scheme established by the Sponsor or an Employer, and subject to such consents as may be stipulated in the Retirement Benefits Act and Regulations, the Trustees shall accept from such other scheme any moneys which the trustees of such other scheme are empowered to transfer to the Scheme. In such event the Member shall be granted in respect of such transfer such benefits and on such terms as shall be secured thereby under the Rules and such benefits shall vest fully in the Member from the date of receipt of the moneys transferred.

**4.2.** When amounts are transferred into the Scheme under the provisions of this Clause the Trustees shall obtain confirmation from the trustees of the other scheme of the portion which derives from Member contributions and the portion which derives from Employer contributions.

- 4.3. The portion of the amount transferred into the Scheme deriving from Member contributions shall be credited to the Member Portion of the Member's Account and the portion of the amount transferred into the Scheme deriving from employer contributions shall be credited to the Employer Portion of the Member's Account. If the amount transferred includes a Retirement Medical Fund balance that shall be credited to the Member's Retirement Medical Fund in the Scheme.
- 4.4. In the case of bulk transfers to the Scheme the Trustees may receive from the transfer or scheme nominations of beneficiaries and other documents of selection executed by members and apply them to the Scheme as if the Scheme had been party thereto.

**5. TRANSFERS FROM THE SCHEME**

- 5.1. In the event of a Member ceasing to be an Employee / Member of an Adhering Employer and becoming a member of any other Registered Retirement Benefits Scheme, including another Registered Retirement Benefits Scheme established by the Sponsor or an Employer, the Trustees shall at the request of the Member and subject such consents as may be required transfer to such other scheme an amount equal to such portion of the Member's Accumulated Credit as the Member shall not have withdrawn. If the Member's Account in the Scheme includes a Retirement Medical Fund the Trustees shall request the trustees of the transferee scheme to confirm that the amount is credited to a retirement medical fund in that scheme in the Member's name. The Member shall give to the Trustees inter alia, as a condition of any such transfer, a discharge of all liabilities on terms satisfactory to them.
- 5.2. Transfer of benefits under this Rule shall be made within sixty (60) days of the due date which shall for the purposes of these Rules be the date on which the Member submits to the Trustee all the information and documentation necessary to effect payment.
- 5.3. In case of a bulk transfer out of the Scheme in respect of an Adhering Employer who has discontinued Contributions to the Scheme, the Adhering Employer shall have the right to transfer the benefits in accordance with the terms expressed in the Special Rules of the Deed of Adherence provided that where such terms are deemed to be inconsistent with the Trust Deed and the Act, the Trust Deed and the Act shall take precedence.

**6. RETIREMENT**

- 6.1. For all the purposes of these Rules and in determining a Member's entitlement to benefits and the manner and timing of payment of such benefits the term Retirement shall mean the occasion of a Member's leaving the Pensionable Service of an Employer at Retirement or upon Medical Retirement as provided for herein and upon such Retirement entitlement to payment of his Retirement benefits as provided for in these Rules shall commence immediately and the word Retire shall be interpreted accordingly.

6.2. If a Member is, because of ill health or incapacity of which evidence satisfactory to the Trustees shall be presented, unable to perform the duties assigned to him by the Employer the Trustees may permit the Member to Retire on the grounds of Ill Health (Medical Retirement). In such a case the Retirement on Ill Health (Medical Retirement) provisions of these Rules shall apply to such Ill Health Retirement (Medical Retirement).

6.3. A Member who retires within a five year term of service shall receive a refund of their contributions and interests thereon.

**7. NOMINATION OF BENEFICIARY**

7.1. Every Member shall be required complete and update at frequencies to be determined by the Trustees a nomination form in which he shall indicate the Nominated Beneficiary or Nominated Beneficiaries to whom he wishes the benefits which would become payable under these Rules in the event of his death to be paid.

7.2. If a nominated beneficiary predeceases the Member, then the nomination in that person's favor will fail.

7.3. A Member is free to revoke the nomination of any beneficiary at any time or to amend the proportion of the benefits payable to such beneficiary, but such revocation or amendment shall not be effective until express written notice of it on the form prescribed from time to time by the Trustees is received by the Trust Secretary at the registered office of the Scheme.

7.4. Such nomination of a Beneficiary together with any subsequent amendments thereto shall not be binding on the Trustees and shall be interpreted and applied by the Trustees in accordance with the provisions of the Retirement Benefits Act and Regulations.

7.5. A Member may, during his lifetime, in addition to nominating, sign letters of grant to appoint a Trust Corporation to be the administrator of his benefits and specifying how his benefits shall be distributed to his beneficiaries.

**8. MEMBERS' REGISTER AND ACCOUNTS**

8.1. The Trustees shall cause to be maintained a register of all Members ("the Members Register") in which shall be recorded all the information concerning each Member as the Trustees shall deem necessary for the purpose of the administration and management of the Scheme.

8.2. In the Members Register the Trustees shall cause to be maintained in respect of each Member an account (to be known as the "Member's Account") to which shall be credited forthwith upon receipt the Member's contributions and the Employer's contributions in respect of the Member. The balance of

a Member's Account excluding any Retirement Medical Fund shall be called the Member's Accumulated Credit.

- 8.3. Balances from time to time in a Member's Account deriving from Contributions made by the Member together with any amounts transferred into the Scheme in respect of the Member deemed to be Member Contributions and the accumulated investment income attributed thereto shall be known as the Member Portion of the Member's Account.
- 8.4. Accumulated Additional Voluntary Contributions designated for funding medical care or for the purchase of medical insurance upon a Member leaving employment and the accumulated investment income attributed thereto shall be known as the Retirement Medical Fund.
- 8.5. Balances from time to time in a Member's Account deriving from Contributions made by the Employer together with any amounts transferred into the Scheme in respect of the Member deemed to be Employer Contributions and the accumulated investment income attributed thereto shall be known as the Employer Portion of the Member's Account.
- 8.6. Each Member's Account shall be credited or charged with the positive or negative net investment yield arising from the Scheme's investments as described in these Rules. The accounts of active Members and Deferred Members shall rank equally for such crediting or charging.
- 8.7. The Trustees shall within six (6) months from the end of each Financial Year issue to each Member a statement giving details of his Member's Account. The Member statement may be issued either by hardcopy format or through a secure electronic means provided that where the statement is issued via electronic means, the Trustees shall ensure that the Member can conveniently access information in such electronic means.
- 8.8. The Trustees shall within six (6) months from the end of each Financial Year issue to each Member a summary of the audited Financial Statements of the Fund.
- 8.9. Every Member of the Scheme shall have a right to inspect his own Member's Account during usual business hours and receive a benefit statement on giving reasonable notice.

**9. MANNER OF DETERMINING GROSS INVESTMENT YIELD ARISING FROM THE SCHEME'S INVESTMENTS**

The gross investment yield from the Scheme's investments shall comprise all income received and/or accrued by way of interest, discount and dividends and all realised and unrealised gains or losses on the capital or book values of investments provided that the Trustees shall have discretion in determining the timing of recognition of unrealised gains or losses.

**10. DETERMINATION OF NET INVESTMENT YIELD AND APPORTIONMENT TO MEMBERS' ACCOUNTS**

- 10.1. The net investment yield available for distribution or apportionment to Members' Accounts shall be the gross investment yield reduced by all investment related, administration and advisory expenses payable out of the Scheme including the levy to which the Scheme is subject under the provisions of the Retirement Benefits Act and Regulations provided that the Trustees may maintain a Reserve Account and transfer thereto such proportion as they may decide of the net investment yield before distribution to Members' Accounts. **PROVIDED THAT:**

Where the Scheme makes provision for a Reserve Account that does not exceed five percent (5%) of the market value of the assets, the amount of this Reserve Account may be excluded from the surplus not allocated to the accounts of the Members of the Scheme, and

In case the Scheme maintains a Reserve Account, a Member who leaves the Scheme for whatever reason or a Beneficiary upon the death of a Member shall be entitled to receive a share of the Reserve Account, as shall be proportionate to the value of the funds in the Reserve Account allocated to the accounts of all Members of the Scheme.

- 10.2. The net investment yield after any transfer to the Reserve Account shall, if it is positive, be credited pro-rata to the Members' Accounts and, if it is negative, be charged pro-rata to the Members' Accounts. Each Member's Accumulated Credit and Retirement Medical Fund shall qualify equally for distribution of net investment yield.
- 10.3. The manner and timing of distribution or apportionment of positive or negative net investment yield shall be in accordance with the investment income distribution policy adopted by the Trustees provided that such distributions or apportionments shall be made as at the end of each Financial Year.
- 10.4. The Trustees may at their sole discretion utilise portions of the Reserve Account for smoothing of investment income distribution to Members accounts.
- 10.5. For the purposes of this Rule the Deferred Member Accounts of Deferred Members shall be treated in the same manner as Members' Accounts of other Members still in Pensionable Service including in particular for distribution or apportionment of net investment income.

#### **11. RETIREMENT BENEFITS NOT ASSIGNABLE**

Except as provided for herein and by the Retirement Benefits Act and Regulations and any related terms and conditions established by the Trustees no Member may transfer, alienate, assign, charge or anticipate by way of security or otherwise his rights and interest or any part thereof in a Retirement Benefit which is or may become due from the Scheme whether or not the moneys representing that benefit are standing to his credit in any account in the Scheme and no purported transfer, alienation, charge or anticipation of such rights and interest or any part thereof shall be binding on the Trustees notwithstanding service on them of notice thereof.

#### **12. ASSIGNMENT TO SECURE MORTGAGE FINANCING**

- 12.1. Notwithstanding the other provisions of these Rules and subject to compliance with the Retirement Benefits Act and Regulations and in particular the Retirement Benefits (Mortgage Loans) Regulations 2009 as amended a Member may assign a portion of his Accumulated Credit to the Scheme and request the Trustees to issue a Mortgage Loan Guarantee in favour of an Institution as security to secure a mortgage loan from the Institution for any of the following purposes:
  - 12.1.1. To purchase a Residential Property
  - 12.1.2. To construct a Residential Property on land owned by the Member
  - 12.1.3. To carry out repairs, alterations or improvements to a Residential Property owned by the Member
  - 12.1.4. To meet payments for deposit, stamp duty, valuation fees or other incidental expenses associated with the purposes set out above.
- 12.2. A Mortgage Loan Guarantee issued under the provisions of this Rule shall:
  - 12.2.1. be for an amount not exceeding 60% (sixty percent) of the value of the Member's Accumulated Credit or the value of the Residential Property, whichever is lower;
  - 12.2.2. be secured in favour of the Trustees or a nominee appointed by the Trustees, over the same proportion of the Member's Accumulated Credit from time to time plus any costs or charges which may be imposed on the Trustees in relation to any claim for payment by the Trustees under the Mortgage Loan Guarantee
  - 12.2.3. contain a statement that the mortgage loan provided by the Institution is secured by a first charge over the property which is the subject of the mortgage loan.
- 12.3. The title to a residential property for which a Mortgage Loan Guarantee is issued may be jointly in the name of the Member and his Spouse in which case the Member will be required to make a declaration before a legal advisor approved by the Trustees that he recognises and accepts the risks related to joint title.
- 12.4. In the event that the Institution calls upon the Trustees to make payment under the Mortgage Loan Guarantee the Trustees shall make such payment as is consistent with the Scheme's obligations under the Mortgage Loan Guarantee and the amount involved together with all associated costs shall be charged to the Member's Account.
- 12.5. The Trustees shall determine and from time to time may amend rules governing the terms on which a Member may be granted a Mortgage Loan Guarantee under this facility and this Rule will come into effect only following the determination by the Trustees of such rules or such amendments.

### **13. REDEMPTION OF GUARANTEE**

- 13.1 A guarantee issued under these rules shall remain valid until the concerned member expressly authorizes its redemption, or return: Provided that

- (i) upon presentation of evidence of default and liability arising to trustees by an institution, the guarantee shall be redeemable on demand in accordance with its terms; and
  - (ii) in the event of default by a member arising on account of loss of employment;
- 13.2** the trustees shall settle the outstanding mortgage with the institution if the outstanding loan is less or equal to the permitted guarantee under these rules.
- 13.3** Where a dispute relating to default arises, the trustees shall give the concerned member an opportunity to prove that a default has not arisen.
- 13.4** Upon the receipt of a notification from a member authorizing the redemption of a guarantee, the trustees of a scheme shall ensure that the proportion of funds assigned to guarantee the facility is sufficient to clear the outstanding balance of the guaranteed loan:

Provided that there shall be no consolidation of debts owed by the member to the institution for the purpose of redemption.

- 13.5** The trustees of a scheme shall, by resolution, agree on the release of any payment in redemption of a guarantee. The trustees shall submit to the Authority, on a quarterly basis, a return indicating the number and amount of guarantees issued, as well as details of loans repaid and guarantees redeemed.
- 13.6** Notwithstanding the provisions of this rules an agreement entered into between parties in respect of a facility and any assignment documents that may be signed or issued shall be invalid where—
- 13.6.1** the agreement or assignment document does not comply with the Act; or
  - 13.6.2** the facility is granted for any other purpose than as intended in these regulations.

#### **14. WITHDRAWAL TO PURCHASE A RESIDENTIAL HOUSE**

- 14.1.** Notwithstanding the other provisions of these Rules and subject to compliance with the Retirement Benefits Act and Regulations and in particular the Retirement Benefits (Mortgage Loans) Regulations 2009 as amended a Member of the Scheme may utilise a portion of his Accumulated Credit to purchase a Residential House in accordance with the rules that the Trustees shall prescribe.
- 14.2.** A member who wishes to utilise a portion of his Accumulated Credit to purchase a Residential House shall apply in writing to the Trustees in the manner prescribed by the Trustees from time to time. The Trustees may require the Member to supply such additional information as may be required for the processing of the application.
- 14.3.** The amount that may be utilised for this purpose shall be the lower of:

**14.3.1.** 40% (forty percent) of the Member's Accumulated Credit, excluding the total Additional Voluntary Contributions made by the Member and accumulated investment income credited thereon, at the time of applying provided that such sums shall not exceed Kenya Shillings Seven million (Kshs. 7,000,000), or

**14.3.2.** The purchase price of the Residential House which shall not exceed the market value of the Residential House.

Provided that an amount not exceeding the total Additional Voluntary Contributions made by the Member and accumulated investment income credited thereon at the time of applying may be used by the Member to augment the sum determined under 14.3.1

**14.4.** The Trustees shall cause the title of the Residential House to be encumbered to prevent the transfer of the house to any other person unless any of the following occurs:

**14.4.1.** the Member leaves the Scheme on emigration grounds;

**14.4.2.** the Member retires on any grounds;

**14.4.3.** the Member dies;

**14.5.** A Residential House to be purchased under this Rule shall only be a house that has been certified for occupation before the intended purchase and is being purchased for occupation by the Member.

**14.6.** A Member shall only be permitted to utilise the portion permitted under the Retirement Benefits (Mortgage Loans) (Amendment) Regulations, 2020 to purchase a Residential House.

**14.7.** A Member shall not be permitted to utilise any portion of their retirement benefits to offset an existing mortgage facility.

**14.8.** The Trustees shall formulate and make available to Members rules and procedures to administer processing of applications to utilise a portion of a Member's Accumulated Credit for the purchase of a Residential House. Such applications shall be considered by the Trustees and their response communicated in writing to the Member within ninety days of receipt of the application, giving reasons in the event the application is not approved.

## **15. BENEFICIARY UNDER DISABILITY**

In the event of any Beneficiary being under a disability which in the opinion of the Trustees effectively prevents him from attending to his affairs the Trustees may either apply the benefit arising under the Rules for the benefit of such Beneficiary to the Spouse or Dependants of such Beneficiary or to one or more of them to the exclusion of the others or pay it to such other person as may appear to the Trustees appropriate in the particular circumstances for the benefit of such Beneficiary or the Spouse or Dependants of such Beneficiary and the receipt for any sum so applied or paid shall be a full discharge to the Trustees.

## **16. INCOME AND OTHER TAXES**

16.1. If on the payment of any benefit from the Scheme any income or other tax or duty is payable by the Trustees, they shall be entitled to recover from such benefit such tax or duty (including any interest payable in respect thereof and the costs of paying it);

16.2. In the event of the Sponsor or the Trustees becoming accountable for any tax or duty in respect of any payment under the Scheme the Sponsor or the Trustees as the case may shall have the right to deduct such tax or duty from the amount payable.

## **17. PAYMENT OF RETIREMENT BENEFITS**

### **17.1 CIRCUMSTANCES IN WHICH RETIREMENT BENEFITS MAY BE GRANTED**

Save as otherwise specifically provided under the Rules, no retirement benefit shall be payable to a Member except on retirement from service of the Sponsor in the following circumstances:

17.1.1 On or after attaining Retirement .

17.1.2 On medical evidence to the satisfaction of the Trustees that a member is incapable by reason of any infirmity of mind or body of discharging the duties of his office and that the infirmity would occasion his retirement if he was in employment.

17.1.3 Upon the emigration of a Member from Kenya to another country without the intention of returning to reside in Kenya. Trustees shall, fourteen days prior to effecting payment of retirement benefits to a Member submit their approval to do so, to the Authority.

Provided Always that upon his retirement from the Service of the Sponsor on any of the grounds set out above, a Member shall be paid the value of his Scheme Credit in accordance with the provisions set out herein.

### **17.2 ANNUITY**

A pension which becomes payable under these rules may be purchased in the Member's name from a Registered Insurer of the Member's choice. The terms and conditions applicable to such Pension, including options elected by the Member and the determination of any benefits arising on his death, shall be agreed between the Member and the Registered Insurer and shall be set out in writing by the Registered Insurer, **PROVIDED THAT:**

17.2.1 The pension so purchased shall be compulsory, non-commutable, non-assignable and payable for life, and

17.2.2 On purchase of a pension in terms of this Rule, the Scheme shall have no further liability in respect of the Member, such liability resting with the Registered Insurer (or Drawdown Fund) from whom the Pension is purchased.

### **17.3 INCOME DRAWDOWN**

At the commencement date of retirement, a member may opt to have their Scheme Credit applied to provide benefits on an income drawdown for a

minimum drawdown period of ten (10) years from the date of commencement of the drawdown **PROVIDED ALWAYS THAT:**

**17.3.1** Each year after retirement, the Member may select a specific regular amount or percentage of the scheme credit subject to a maximum of 15% from his Scheme Credit.

**17.3.2** Not later than ten (10) years after the date of commencement of the drawdown: the remaining fund may be used to purchase an annuity from an insurance company or converted into a cash lump sum for the Member to withdraw or the income drawdown plan can be continued.

**17.3.3** On the Death of the individual Member, the nominated beneficiaries may elect for the fund to be used to provide an income to the nominated beneficiaries by purchase of annuity or a continuation of the income draw down plan to the beneficiaries. If income is not elected by the nominated beneficiaries to be taken in this way, the balance may be paid to them in lump sum.

**17.3.4** Prior to the commencement of the drawdown, the Member is required to sign a member consent form acknowledging that he/she understands the product design and associated risks.

#### **17.4 COMMUTATION OF PENSION**

**17.4.1** A Member who is due to receive pension in terms of these rules may have an amount not exceeding ten percent of his Scheme Credit transferred to a medical fund and not more than one third of the remaining Scheme Credit may be commuted for a lump sum.

**17.4.2** The aggregate of benefits arising from Additional Contributions may be fully commuted.

**17.4.3** If a member is entitled to a pension which is of a Trivial Amount after commutation of the Pension, then a member may elect to commute for a lump sum of the total Accumulated Credit due to the Member.

#### **18. CALCULATION AND PAYMENT OF BENEFITS**

**18.1.** All Retirement Benefits payable under these Rules shall be payable as set out in these rules and a retiring Member may opt to purchase an Annuity or Income Drawdown and the Trustee shall agree subject to compliance with the Retirement Benefits Act and Regulations and the Income Tax Act.

**18.2.** Payment of all benefits shall be made in Kenya and in Kenya Shillings.

**18.3.** Payment of all Retirement Benefits shall be made within thirty (30) days of the due date which shall for the purposes of these Rules be the date on which the Member submits to the Trustee all the information and documentation necessary to effect payment.

**18.4.** Every benefit payable under these Rules shall be subject to deduction by the Trustees of such sum or sums as may be necessary to make proper provision for any liability which may arise under a Mortgage Loan Guarantee issued on behalf of the Member unless the Member shall

have made or authorised the Trustees to make provision for the liability to be otherwise secured.

**18.5.** Access to Retirement Benefits shall be allowed in accordance with the terms of the Special Rules set out in the Deed of Adherence executed by the respective Adhering Employer which shall not be inconsistent with these Rules and subject to any properly executed amendments thereto.

**18.6.** Immediately following the full and proper payment by the Trustees of a Member's Retirement Benefits including payment towards the purchase of an Annuity and/or Income Drawdown and/or as a lump sum (as the case maybe) to the Member of the balance of the Member's Accumulated Credit the Member shall forthwith cease to be a Member of the Scheme.

**18.7.** When a Deferred Member attains the age at which a member still in the Pensionable Service is entitled to Retire or meets the conditions applicable to ill Health Retirement (Medical Retirement), he may access his Retirement Benefits in accordance with these Rules.

#### **19. RETIREMENT BENEFIT AT RETIREMENT**

**19.1.** At the date of Retirement, subject to any appropriation necessary to make provision for liability under a Mortgage Loan Guarantee, a member shall on such Retirement be entitled to a one third cash lump sum benefit representing his total Accumulated Credit standing to the credit of his Member's Account at that date. The balance of the two thirds of benefits may be used to purchase an annuity or an income draw down plan or such other plans as the Trustees and the Member may agree.

#### **20. RETIREMENT BENEFIT ON ILL-HEALTH**

**20.1.** A Member who Retires on Medical Retirement grounds shall upon such Medical Retirement, but subject to any appropriation necessary to make provision for liability under a Mortgage Loan Guarantee, opt for payment equal to the balance of his Accumulated Credit payable as a lump sum subject to deduction of applicable taxes.

**20.2.** The Trustees shall require medical evidence of a qualified medical practitioner approved by the adhering employer and the Trustees that he is incapable, by reason of infirmity of mind or body, of discharging his employment duties and that such infirmity is likely to be permanent, to the extent that it would occasion the Member's retirement before attaining the Retirement.

#### **21. BENEFIT ON ILL HEALTH RETIREMENT FOR A DEFERRED MEMBER**

**22.1** Each Deferred Member who wishes to be paid his benefits due to ill health as provided for in these Rules may on such ill health Retirement as provided for in these Rules and as per the retirement benefits regulations opt to be paid his total Accumulated Credit standing to the credit of his Member's Account as at that date.

**22. 2** The Trustees shall require medical evidence of a qualified medical practitioner approved by the adhering employer and the Trustees that he is incapable, by reason of infirmity of mind or body, of discharging his employment duties and that such infirmity is likely to be permanent to the extent that it would occasion the Member's retirement before attaining retirement

## **22. BENEFITS ON EMIGRATION**

- 22.1.** A Member who has emigrated from Kenya without intention to return shall be entitled upon request to an emigration benefit equal to the value of his Accumulated Credit.
- 22.2.** The Member may opt to receive as a lump sum payment of his Accumulated Credit forming his emigration benefit if the Trustees have approved the payment and have submitted their approval to the Authority 14 (fourteen) days prior to payment of the benefit.

## **23. BENEFITS ON EARLY LEAVING**

- 23.1.** Every Member who leaves the service of an Adhering Employer before attaining Retirement shall by written notice elect one of the following options for the treatment of his benefit: -

### **Option 1 Transfer**

To transfer the whole Accumulated Credit in his Member's Account to another retirement benefits scheme registered under the Retirement Benefits Act and Regulations and the Income Tax Act and Rules.

In such a case the Member shall first request the trustees of the other scheme to accept the transfer of his benefit and furnish to the Trustees such written acceptance. The Trustees shall then transfer the balance of the Member's Accrued Benefits to the trustees of the other scheme; or

### **Option 2 Deferral**

To leave his Accumulated Credit in his Member's Account in the Scheme as a Deferred Member's Account which the Member may access on a future date whereupon the Deferred Member shall be entitled to a Retirement benefit of an amount equal to the balance of his Accumulated Credit at that time which may be accessed as a lump sum; or

### **Option 3 Withdrawal**

To a refund of the Member's contributions plus interest. .

- 23.2.** Every application of a benefit under the above Options shall be subject to any appropriation necessary to make provision for liability under a Mortgage Loan Guarantee issued on behalf of the Member.
- 23.3.** A Deferred Member may at any time request the Trustees to apply the provisions of Option 1 to his Deferred Member's Account.
- 23.4.** A Deferred Member who has left his Accumulated Credit in the Scheme may at any time before request the Trustees to apply the provisions of Option 3 to his Deferred Member's Account.
- 23.5.** A Deferred Member who has left in the Scheme any part of his Member's Account and who subsequently suffers from ill health or other incapacity which if he were still in the service of a Sponsor would qualify him for Retirement on the grounds of ill Health may subject to the provision of evidence satisfactory to the Trustees be entitled to receive a benefit on the same terms as provided for in these Rules for ill Health Retirement (Medical Retirement).

**24. BENEFIT ON DEATH OF A MEMBER (ACTIVE OR DEFERRED) OF THE SCHEME**

- 24.1.** Upon the death of a Member while in the membership of the Scheme but subject to any appropriation necessary to make provision for liability under a Mortgage Loan Guarantee, the Trustees shall, in their discretion apply the value of the Member's Accumulated Credit for the benefit of such of the Member's Dependants or other Beneficiaries as and in such proportions as they shall in their absolute discretion determine, before the expiration of the Trust Period and within one year after the date of death of the Member. The Trustees shall pay the benefits due to such beneficiary or beneficiaries with all reasonable expedition once the funds representing the benefits are at hand and subject to the beneficiary or beneficiaries providing such evidence of identity as may reasonably be required by the Trustees in support of such person's claim.
- 24.2.** The Trustees shall have power to pay or apply any benefit due from the Scheme under this Rule on the death of a Member to or for the benefit of the Member's Nominated Beneficiaries or any other person who in the opinion of the Trustees was wholly or in part dependent upon the Member or for whose maintenance and support the Member was legally liable immediately before his death in such amounts and generally in such manner as the Trustees in their absolute discretion shall from time to time think fit.
- 24.3.** Notwithstanding the foregoing provisions, the Trustees may in their discretion refuse to pay a nominated beneficiary or beneficiaries **Provided That** the reasons for such refusal shall be recorded in writing by the Trustees. In such event the Trustees shall hold the benefits payable hereunder upon trust for such of the Member's Dependants in such proportions as the Trustees shall in their absolute discretion decide.
- 24.4.** Any benefit due from the scheme on death of a Member shall not form part of the estate of the Member and shall be paid out by the scheme Trustees as per the Scheme Rules.
- 24.5.** Without limitation to the generality of the foregoing the Trustees shall in determining to whom any lump sum benefit due upon the death of a Member shall be paid have due regard to any nomination by the Member in terms of these Rules and to the provisions of the Retirement Benefits Act and Regulations and these Rules.

**25. DEATH IN SERVICE BENEFITS.**

- 25.1.** In addition to benefits payable under Rule 24 above, if the Deed of Adherence executed by a Sponsor state that an insured lump sum death in service benefit is payable in addition to the Member's Accumulated Credit the cost of the insurance premiums in respect of the insured death in service benefits shall be borne by the respective Sponsor and failure by the Sponsor to pay the premiums shall nullify the benefit entitlement.
- 25.2.** If the Trustees determine that an insured lump sum benefits in respect of the death of a Member is payable under these Rules, the Trustee shall collect such benefits from the insurer providing such cover to the Scheme and determine the distribution of such benefits to the Member's Dependants

and Beneficiaries in a similar manner as described under payment of death benefits in Rule 24 herein.

**26. EFFECT ON TERMS OF EMPLOYMENT**

- 26.1. Nothing in these Rules shall in any way restrict the right of any Employer to terminate or vary the terms of the employment of a Member.
- 26.2. No person shall have any claim concerning the Scheme whether upon the Sponsor, the Employer, or the Trustees except in accordance with the Rules.
- 26.3. No benefit, right or interest to which a Member or his Nominated Beneficiary may claim to be entitled in terms of the Rules shall be used as a ground for damages in any action brought by such Member or his Nominated Beneficiaries against the Sponsor or any Employer or the Trustees.

**27. RESTRICTIONS UPON PAYMENTS FROM THE SCHEME**

Notwithstanding anything contained herein to the contrary, the following shall apply to payments from the Scheme:

- 27.1. No loan or other benefit shall be provided out of the Scheme to any Member or to any other person except as specifically provided for in these Rules.
- 27.2. Except as specifically provided for in the Retirement Benefits Act and Regulations and these Rules no warranty shall be provided by the Scheme to a third party by way of guarantee of repayment of a loan to a Member.
- 27.3. No payment from the Scheme shall be made to the Sponsor or any Employer without the written consent of the Authority and Commissioner of Income Tax.
- 27.4. Except as specifically provided for in the Retirement Benefits Act and Regulations and these Rules no payment shall be made to or in respect of a Member while he is still in the Pensionable Service of the Employer.

**28. EVIDENCE OF EXISTENCE**

Before paying or otherwise making provision for any payment of benefit from the Scheme the Trustees may require such evidence as they deem necessary of the continued existence or death of the persons entitled to the benefit and if such evidence shall not be forthcoming the Trustees may suspend payments of the benefit until such evidence is produced

**29. TREATMENT OF UNCLAIMED BENEFITS**

- 29.1. Where Trustees or the Liquidator determine that Retirement Benefits are unclaimed benefits pursuant to the Unclaimed Financial Assets Act, they shall transfer such benefits to the Unclaimed Financial Assets Authority as per the provisions of the Unclaimed Financial Assets Act.

**29.2.** For avoidance of doubt and provided that the Trustees shall have taken all reasonable effort to trace a Member, Retirement Benefits shall be deemed to be unclaimed where:

**29.2.1.** Retirement Benefits in respect of a Member who has attained Retirement that have not been claimed for a period of two (2) years from the date they fell due and where there has been no communication with or from the Member with respect to treatment of his benefits; or

**29.2.2.** A Member having been entitled to access his Retirement Benefits applies for payment of his Retirement Benefits, but the Trustees are subsequently unable to locate that Member for a period of two (2) years; or

**29.2.3.** The death benefits that have not been claimed for a period of two (2) years from the date they fell due; or

**29.2.4.** The Member or Beneficiary has not, for a period of two (2) years:

**29.2.4.1.** increased or decreased the principal Accumulated Benefits; or

**29.2.4.2.** accepted any payment in respect of the Accumulated Benefits; or

**29.2.4.3.** communicated with the Scheme concerning treatment of the Accumulated Benefits; or

**29.2.4.4.** indicated any other interest in the Accumulated Benefits.

**29.2.5.** Retirement Benefits in respect of a Member who has not been traced and that have remained unclaimed within a period of two (2) years from the completion of winding up proceedings of the Scheme provided that the Liquidator shall have taken all reasonable effort to trace such a Member.

### **30. TRUSTEES' DECISION FINAL**

Subject to the provisions of the Retirement Benefits Act and Regulations, if any doubt arises in any particular case as to which of these Rules shall apply, the decision of the Trustees shall be final.

### **31. TRUSTEES' DISCRETION RELATING TO OTHER CIRCUMSTANCES**

In any event not provided for expressly in the Rules the appropriate share of the monies held under the Scheme shall be held in trust by the Trustees for such of the Member or his Nominated Beneficiary(s) or his Dependants as the Trustees shall think fit according to the circumstances then applicable or may at the discretion of the Trustees and with the consent of the Authority where required be transferred to any other scheme or similar arrangement.

### **32. INCAPACITY**

If a Member or Member's Dependant or beneficiary or other person to whom the Trustees are making payments or to whom any benefits have become payable shall be suffering from any physical or mental incapacity (as to which a certificate from a qualified medical practitioner to the effect that such Member or Dependant or beneficiary or other person suffering may be accepted by the Trustees as conclusive evidence) or is a minor the Trustees shall exercise their

discretionary powers in determining the rightful beneficiary for the purpose of payment of benefits and such payment shall be a complete discharge of the Trustees obligation for such benefits.

### **33. MEMBER'S RIGHT TO DOCUMENTS**

Every Member shall have the right to inspect a copy of the Trust Deed and the Rules and any amendments thereto upon giving the Trustees reasonable notice of his wish to do so. Every Member shall have a right to obtain a copy or to inspect his own Member's Account during usual business hours upon giving the Trustees reasonable notice of his wish to do so.

### **34. ANNUAL GENERAL MEETINGS**

**34.1.** The Trustees shall each year convene an annual general meeting of the Members of the Scheme. All Members have a right to attend the annual general meeting of the Scheme.

**34.2.** As a minimum the agenda for the annual general meetings shall include:

**34.2.1.** a report on any changes to the benefits and contributions structures

**34.2.2.** a report on the audited accounts

**34.2.3.** a report on investments

**34.2.4.** a report on remuneration of trustees

**34.2.5.** questions from the members

### **35. CURRENCY**

All payments under this Trust Deed and Rule shall be made and be received in Kenya and in Kenyan Shillings.

### **36. EXECUTION OF DOCUMENTS**

**36.1.** Any contract or instrument which is binding to the scheme shall be entered into or executed by all trustees of the scheme (unless resolved otherwise by a resolution of all the Trustees).

**36.2.** Any Contract or instrument which is binding to the scheme executed by a body corporate shall be executed by authorised officers of the corporate trustee if it shall be the sole Trustee.

### **37. LIMITATION OF TRUSTEES' LIABILITY**

The Trustees shall not be required to effect any payment or perform any obligation under the Scheme unless the Trustees shall have been notified by the Sponsor or by the Member or beneficiary concerned of all events giving rise to or affecting the incidence of such liability or obligations.

### **38. HEADINGS**

The headings in these Rules are for convenience of reference only and are not to be construed as part of the Rules.



**THE SECOND SCHEDULE**  
**TO THE TRUST DEED OF COUNTY STATE OFFICERS (UMBRELLA) PENSION**  
**FUND MEDICAL FUND RULES**

**1. GENERAL RULES AND SPECIAL RULES**

- 1.1** The Rules contained in this Schedule are the General Rules which shall apply to all Adhering Employers and Members.
- 1.2** Special Rules contained in the Deed of Adherence executed by an Adhering Employer shall apply only to that Adhering Employer and the Members whose Membership derives from that Adhering Employer. In the event of conflict between the General Rules and Special Rules the latter will take precedence.

**2. MEMBERSHIP**

Membership of the Retirement Medical Fund shall comprise all Members of the Scheme who shall opt to make Additional Voluntary Additional Contributions in respect of the funding of a Retirement Medical Fund

**3. CONTRIBUTIONS**

**3.1 MEMBER CONTRIBUTIONS**

- 3.1.1** Each Active Member may request the Trustees to maintain within his Member Account a separate portion in respect of the funding of a Retirement Medical Fund upon retirement and make Additional Voluntary Contributions thereto.
- 3.1.2** The contributions into a post-retirement medical fund may be:
  - 3.1.2.1** a fixed percentage of the member's pensionable emoluments, including other employment-related emoluments; or
  - 3.1.2.2** a shilling amount.
- 3.1.3** The contribution amount or rates may be based on a target level of retirement medical benefits.

**3.2 EMPLOYER CONTRIBUTIONS**

An Adhering Employer may make Additional Voluntary Contributions in respect of a Member in its employ in respect of the funding of a Retirement Medical Fund provided that any contribution by the Adhering Employer shall be supported by a resolution in writing by the Adhering Employer which shall be submitted to the Authority.

**3.3 VESTING OF BENEFITS**

All benefits accrued from Membership of the Scheme and derived from Member Additional Voluntary Contributions and Employer Additional Voluntary Contributions shall vest fully in the Member immediately upon receipt by the Trustees.

**4. TRANSFER FROM ACCUMULATED BENEFITS**

- 4.1** The Trustees can allow a Member who has attained retirement age upon a receipt of a written request to transfer a portion of his Accumulated Credit to augment the Member's Retirement Medical Fund provided that:

- 4.1.1 The Member shall apply to transfer not more than ten percent (10%) of his Accumulated Credit before commutation to his Retirement Medical Fund; and
- 4.1.2 The Member may transfer all the Accumulated Credit from his Additional Voluntary Contributions to his Retirement Medical Fund.

**5. TRANSFERS TO THE SCHEME**

- 5.1 At the request of a Member to transfer to the Scheme the value of his Retirement Medical Fund from another retirement benefits scheme registered under the Retirement Benefits Act and Regulations and under the Income Tax Act and Rules, including another registered retirement benefits scheme established by the Sponsor or a Sponsor, and subject to such consents as may be stipulated in the Retirement Benefits Act and Regulations, the Trustees shall accept from such other scheme any moneys which the trustees of such other scheme are empowered to transfer to the Scheme. In such event the Member shall be granted in respect of such transfer such benefits and on such terms as shall be secured thereby under the Rules and such benefits shall vest fully in the Member from the date of receipt of the moneys transferred.
- 5.2 When amounts are transferred into the Scheme under the provisions of this Clause the Trustees shall obtain confirmation from the trustees of the other scheme of the portion which derives from Member contributions and the portion which derives from Employer contributions.
- 5.3 The portion of the amount transferred into the Scheme deriving from Member contributions shall be credited to the Member Portion of the Retirement Medical Fund and the portion of the amount transferred into the Scheme deriving from Employer contributions shall be credited to the Employer Portion of the Retirement Medical Fund.

**6. TRANSFERS FROM THE SCHEME**

In the event of a Member ceasing to be an Employee of an Adhering Employer and becoming a member of any other retirement benefits scheme which has been registered under the Retirement Benefits Act and Regulations and the Income Tax Act and Rules including another registered retirement benefits scheme established by the Sponsor or an Adhering Employer, the Trustees shall at the request of the Member and subject to such consents as may be required transfer to such other scheme an amount equal to such portion of the Member's Retirement Medical Fund as the Member shall not have applied otherwise. The Member shall give to the Trustees inter alia, as a condition of any such transfer, a discharge of all liabilities on terms satisfactory to them.

**7. RETIREMENT MEDICAL FUND BENEFITS**

**7.1 BENEFITS ON ILL HEALTH RETIREMENT**

A Member may, subject to the approval of the Trustees, be allowed to access the medical benefits on the grounds of ill health if the Member becomes incapacitated due to ill health.

**7.2 BENEFITS ON RETIREMENT AT RETIREMENT**

**7.2.1** A Member's Retirement Medical Fund may be applied at the Member's discretion to fund medical care or to the purchase of medical insurance from a Medical Cover Provider of the Member's choice. Any balance of the Retirement Medical Fund not so utilised shall remain deferred and be applied in accordance with these Rules.

**7.2.2** Notwithstanding the foregoing a Member may request, and the Trustees shall agree that payment of a Member's benefits expressed under 7.2.1 shall be postponed for up to 12 (twelve) months to allow the Member time to decide on the disposition of his benefits and in particular the choice of a Medical Cover Provider to provide the medical cover.

### **7.3 BENEFITS ON EARLY LEAVING**

A Member who leaves the service of the Sponsor or a Sponsor before attaining Early Retirement Age shall by written notice elect one of the following options for the treatment of his benefit:

#### **Option 1 Transfer**

To transfer the whole Accumulated Credit in his Retirement Medical Fund to another retirement medical fund registered under the Retirement Benefits Act and Regulations and the Income Tax Act and Rules and such transfer shall be subject to the provisions of the Retirement Benefits Act and Regulations and the Income Tax Act and Rules.

In such a case the Member shall first request the trustees of the other scheme to accept the transfer of his benefit and furnish to the Trustees such written acceptance. The Trustees shall then transfer the balance of the Retirement Medical Fund to the trustees of the other scheme within 60 days of application by the Member, or

#### **Option 2 Deferral**

To leave his Retirement Medical Fund in his Account in the Scheme as a Deferred Retirement Medical Fund which the Member may access on or after attaining the age of 50 years whereupon the Deferred Member shall be entitled to apply any of the options as expressed under Rule 9; or

#### **Option 3 Utilisation**

To access the Retirement Medical Fund in the form of medical benefits expressed under Rule 9.

### **7.4 BENEFITS ON EMIGRATION**

**7.4.1** A Member who has emigrated from Kenya without intention to return shall be entitled upon request to an emigration benefit equal to the value of his accumulated Retirement Medical Fund credit

**7.4.2** The Member may opt to receive as a lump sum payment of his Retirement Medical Fund credit forming his emigration benefit if the Trustees have approved the payment and have submitted their approval to the Authority 14 (fourteen) days prior to payment of the benefit.

## **7.5 BENEFIT ON DEATH OF A MEMBER**

**7.5.1** Upon the death of a Member, the Trustees shall have power to pay or apply any benefit due from Retirement Medical Fund to or for the benefit of any other person who in the opinion of the Trustees was wholly or in part dependent upon the Member or for whose maintenance and support the Member was legally liable immediately before his death in such amounts and generally in such manner as the Trustees in their absolute discretion shall from time to time think fit.

**7.5.2** Without limitation to the generality of the foregoing the Trustees shall in determining to whom any lump sum benefit due upon the death of a Member shall be paid have due regard to any nomination by the Member in terms of the provisions of the Retirement Benefits Act and Regulations.

## **8. ACCESS TO POST-RETIREMENT MEDICAL FUND BENEFITS**

A member may access his Post-Retirement Medical Fund benefits after attaining Retirement age in any of the following ways:

- 8.1** Retaining the funds within the Post-Retirement Medical Fund for the purpose of purchasing a medical cover;
- 8.2** Retaining the funds within the Post-Retirement Medical Fund for the purpose of offsetting any medical expenses incurred as and when they fall due and upon submission of any additional information as may be required by the Trustees for processing such application;
- 8.3** Transferring the accrued amount to a medical cover provider, other than another post-retirement medical fund, by way of periodic premiums for the purpose of purchasing a medical cover;
- 8.4** Purchasing an annuity for the purpose of paying annual medical cover premiums, or
- 8.5** Transferring the accrued amount to another post-retirement medical fund provider and where a Member applies to transfer his benefits under this Rule, the Trustee shall transfer the benefits within sixty (60) days of proper application by the Member.
- 8.6** The benefits payable under Rules 8.1, 8.3, and 8.4 above may be accessed by a Spouse of a Member at the option of the Member and with the approval by the Trustee.

## **9. APPLICATION BY MEMBERS TO ACCESS POST-RETIREMENT MEDICAL FUND BENEFITS**

- 9.1** A Member having after attaining Retirement age may apply in writing to utilise his Benefits by filling and submitting to the Trustee a Medical Fund Utilisation Form.
- 9.2** Such application shall be submitted to the Trustee at least thirty (30) days prior to the intended utilisation date. The Member shall be entitled to obtain a Member Benefit Statement from the Fund Administrator before making such an application.

9.3 The Trustee shall prepare and may amend from time to time and shall make available to Members rules for the submission and processing of applications to utilise a portion of a Member's Post-Retirement Medical Fund Balance provided that such amendments shall not purport to invalidate or reduce the accrued rights or interests of any person already a Member at the date of such amendment.

**10. HEADINGS**

The headings in these Rules are for convenience of reference only and are not to be construed as part of the Rules.

IN WITNESS WHEREOF the Founder and the Trustee have executed this Second Schedule to the Trust Deed as of the day and date written above.

**SIGNED BY THE AUTHORISED OFFICERS OF COUNTY ASSEMBLIES FORUM**

CHAIRMAN: *[Signature]* )

SECRETARY: *[Signature]* )

**SIGNED BY AUTHORISED OFFICERS OF REPRESENTING THE TRUSTEES OF COUNTY STATE OFFICERS (UMBRELLA) PENSION FUND, NAMELY: NATBANK TRUSTEE & INVESTMENTS SERVICES LIMITED**

TRUSTEE: ..... ) *[Signature]*

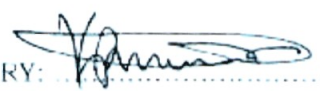
TRUSTEE: ..... ) *[Signature]*



**IN WITNESS WHEREOF** the Founder and the Trustee have executed this Second Schedule to the Trust Deed as of the day and date written above.

**SIGNED BY THE AUTHORISED OFFICERS OF COUNTY ASSEMBLIES FORUM**

CHAIRMAN:  .....

SECRETARY:  .....

**SIGNED BY AUTHORISED OFFICERS OF REPRESENTING THE TRUSTEES OF COUNTY STATE OFFICERS (UMBRELLA) PENSION FUND, NAMELY: NATBANK TRUSTEE & INVESTMENTS SERVICES LIMITED**

TRUSTEE: ..... 

TRUSTEE: ..... 

