



KenGen
Staff Retirement
Benefits Scheme

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KenGen
DC Scheme



THE
Retirement
JOURNEY



Keeping You Updated

Your FINANCIAL FUTURE IS SECURE

by *Hannah Nguhi*
Senior Investments Officer

Economy Review and Outlook

In 2022, global economy is predicted to be weaker due to severe slowdowns in established economies including the United States, the Eurozone, and China and several emerging markets. The continued conflict in Ukraine, ongoing pandemic-related disruptions, and supply chain issues have all contributed to a gloomier picture for the world economy.

World Bank projects real gross domestic product (GDP) growth in Kenya is anticipated to increase by 5.5% in 2022 and 5.2% annually in 2023–2024. Locally, the war has resulted in a significant rise in inflation, pushing Kenyans to dig deeper into their pockets as the cost of fuel, food, and other necessities rises. The overall year on year inflation rate was 8.3% in July 2022 an increase from 7.9% in June 2022.

The war has also caused the dollar to rise against the Kenyan shilling, (July: KES 118.80 vs June: KES 117.83) indicating that the country will spend more on imports and repay foreign loans denominated in dollars.

There has been an overall rise in bonds yields in the first half of year 2022. The 91-day, 182-day and 364-day yields are 8.399%, 9.392% and 9.946% as of August 2022, respectively. Another factor causing the rise in interest rates is the rise in inflation rates.

On a year-to-date basis, NASI, NSE 20 and NSE 25 have declined by -15.3%, 10.6% and 12.5% respectively due to heavy foreign investor sell off in response to increased global equities volatility.

Outlook

The Central Bank of Kenya has accelerated its pace of monetary policy tightening, firstly, maintaining its benchmark interest rate at 7.5%, as this helps curb inflation, and two, rejecting aggressive government treasuries bids during primary auctions mitigating sharp rise in yields. A reduction in development expenditure by the government will likely reduce domestic borrowing pressure and stabilize the yields.

We expect sustained pressure on the Shilling, to touch levels of 125 in the second half of the year, on strong dollar demand driven by rising global fuel and commodity prices.

We expect subdued foreign investor activity in the half year 2022 as investors reallocate funds in response to rising interest rates in the U.S and UK markets.

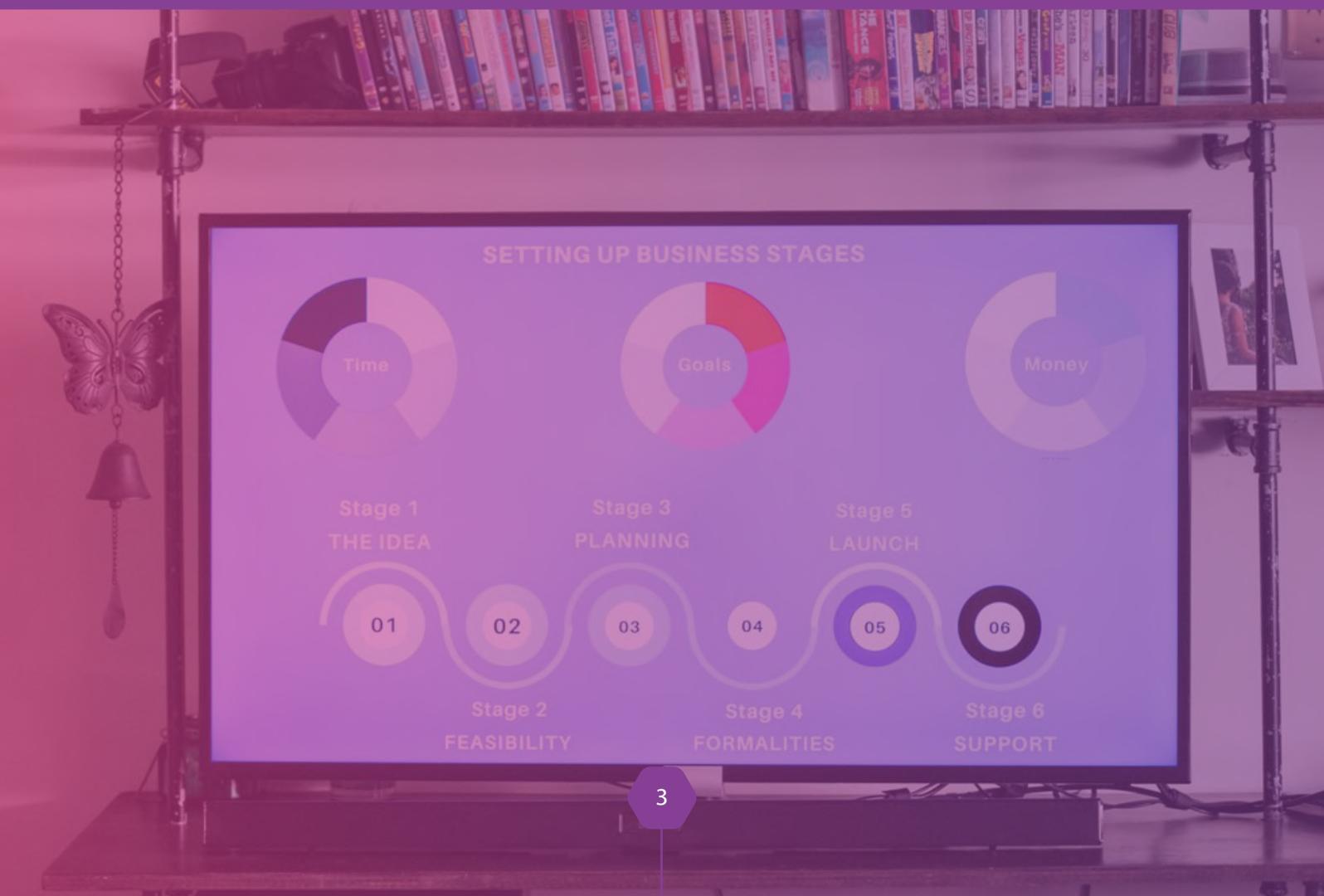
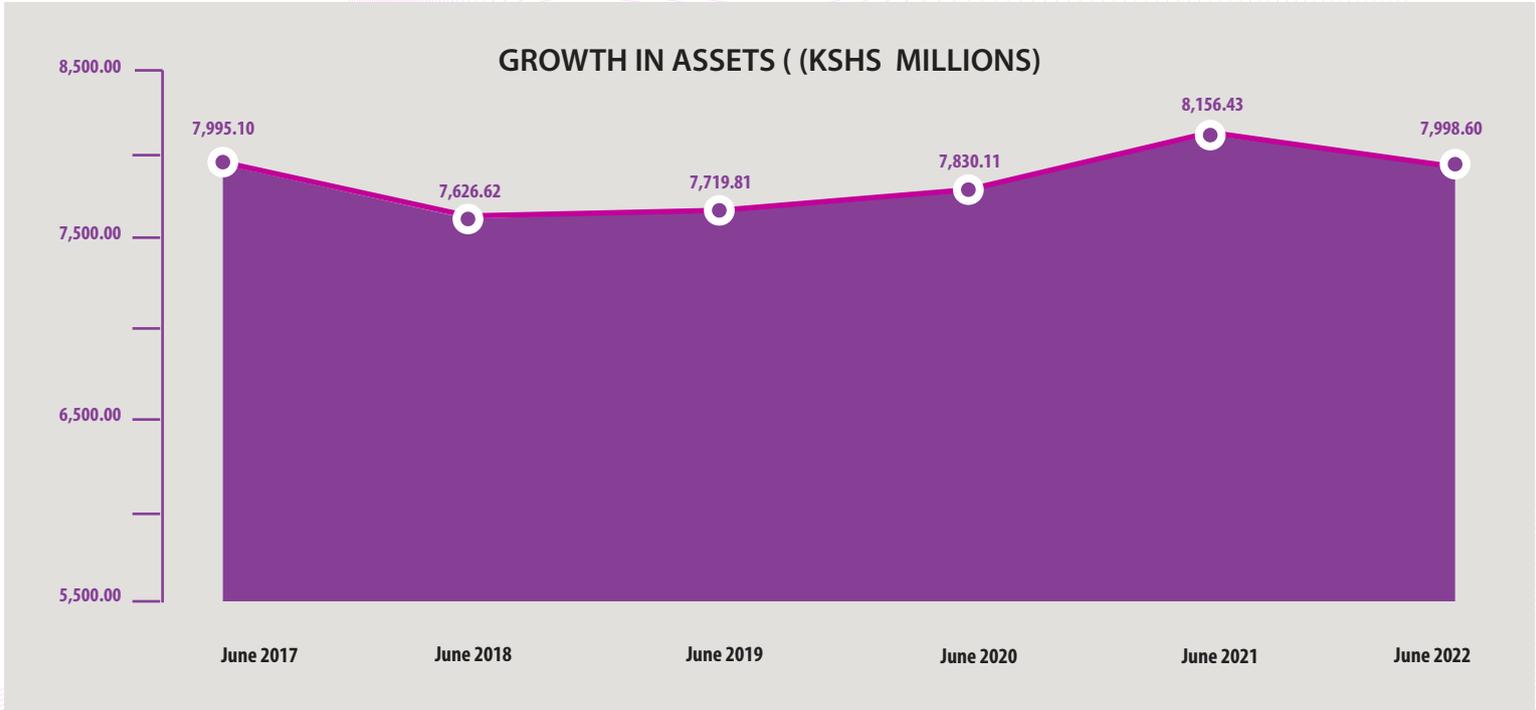
Investment Allocation

The Boards of Trustees reassures you the financial market's volatility are cyclical and that both Scheme's strategies have modelled a long-term investment approach that accounts for short-term effects on the investment fund. We hold the belief to ensure a sustainable kitty to all Scheme Members.

The following charts provide the distribution of the investments based on portfolio allocation and market value of investments.

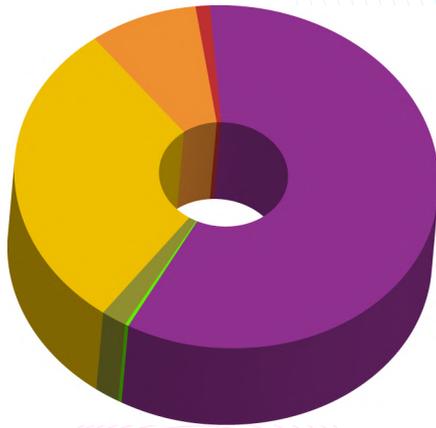
5-Year Trend on Market Value of Investments

The Investment Portfolio closed at Ksh 7.998 billion as of 30th June 2022.

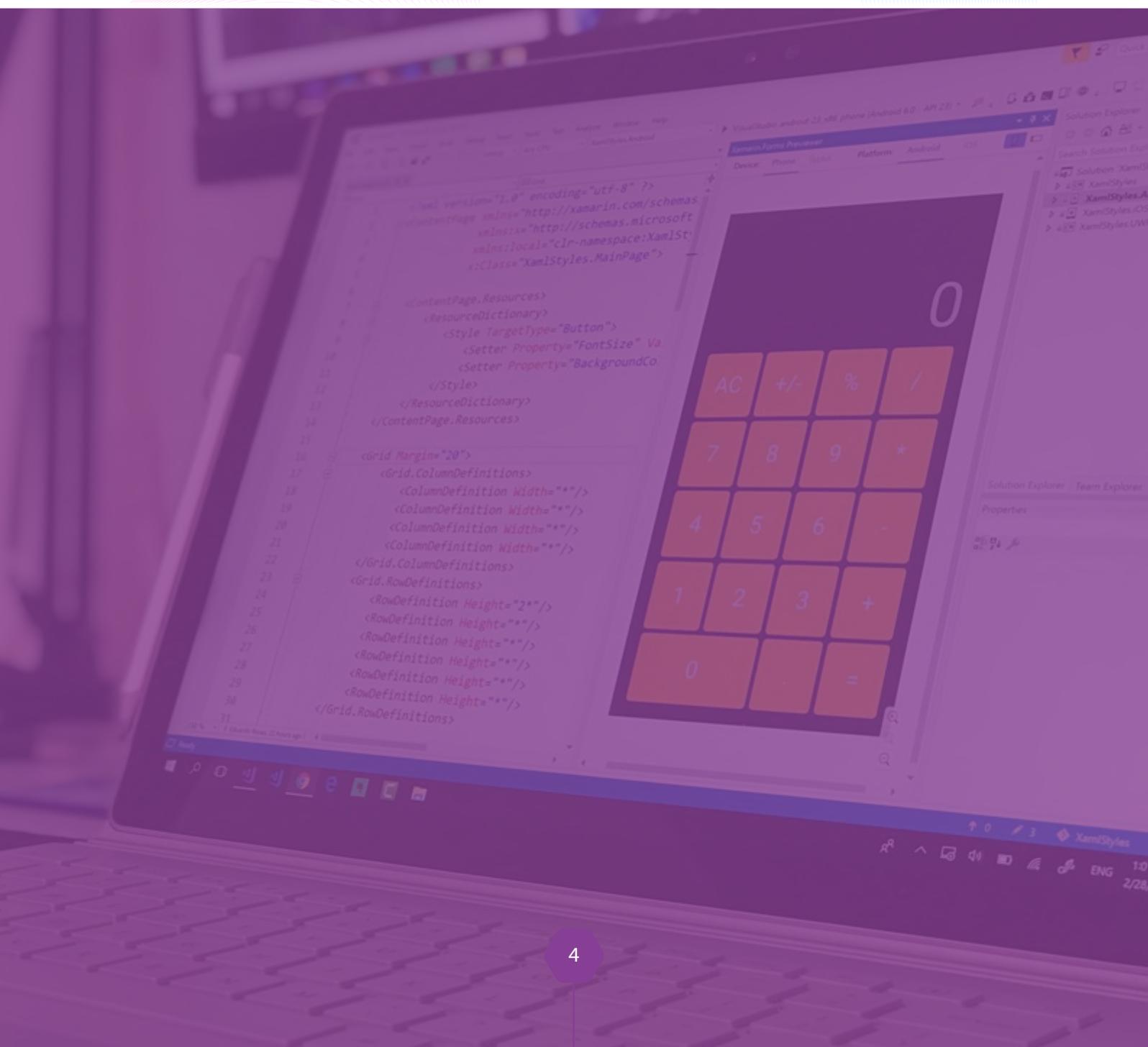


Asset Allocation: The charts below provide the allocation to different asset classes based on market value of investments.

Asset Allocation as at 30-06-2022

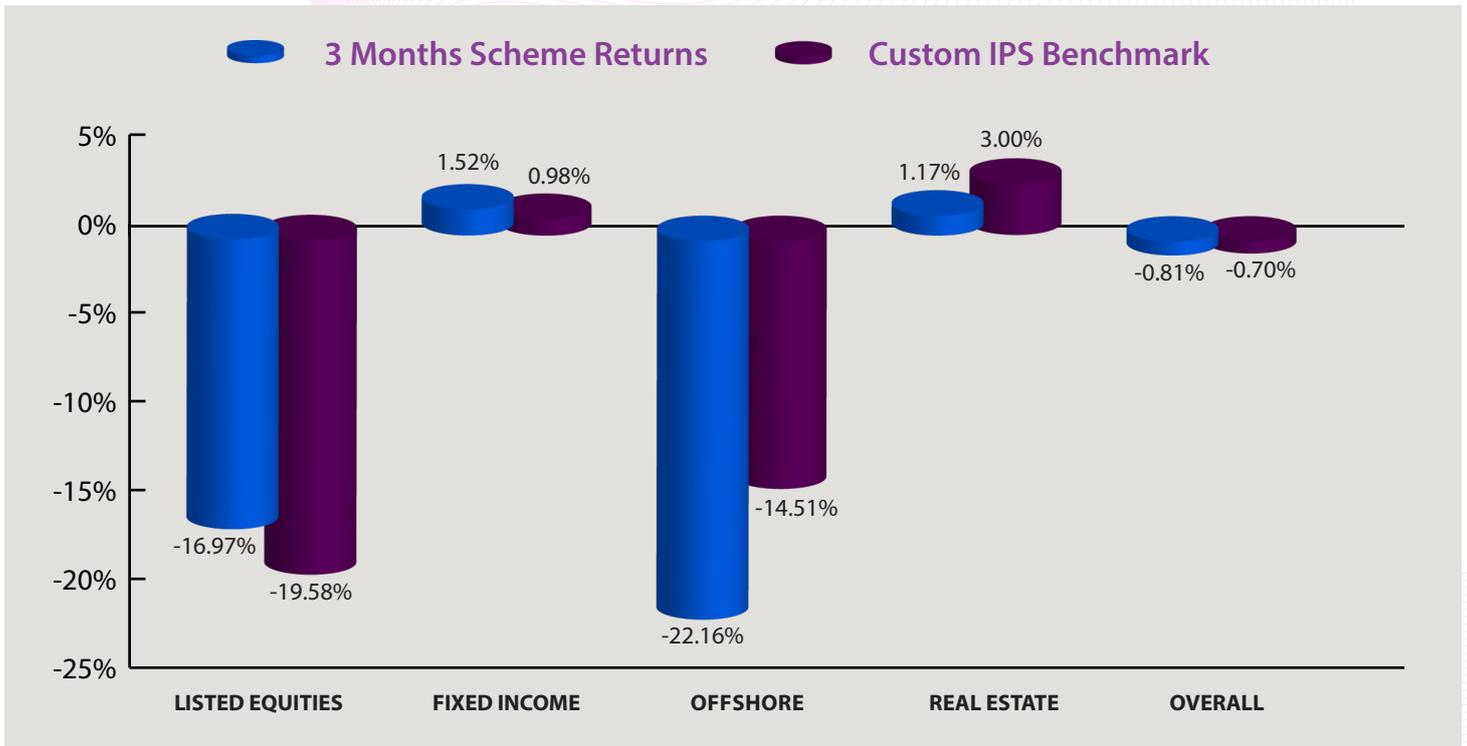


- Deposits 1.9%
- Government Securities 29.4%
- Listed Equities 8.3%
- Offshore 1.1%
- Immovable Property 58.9%
- Corporate Paper 0.4%

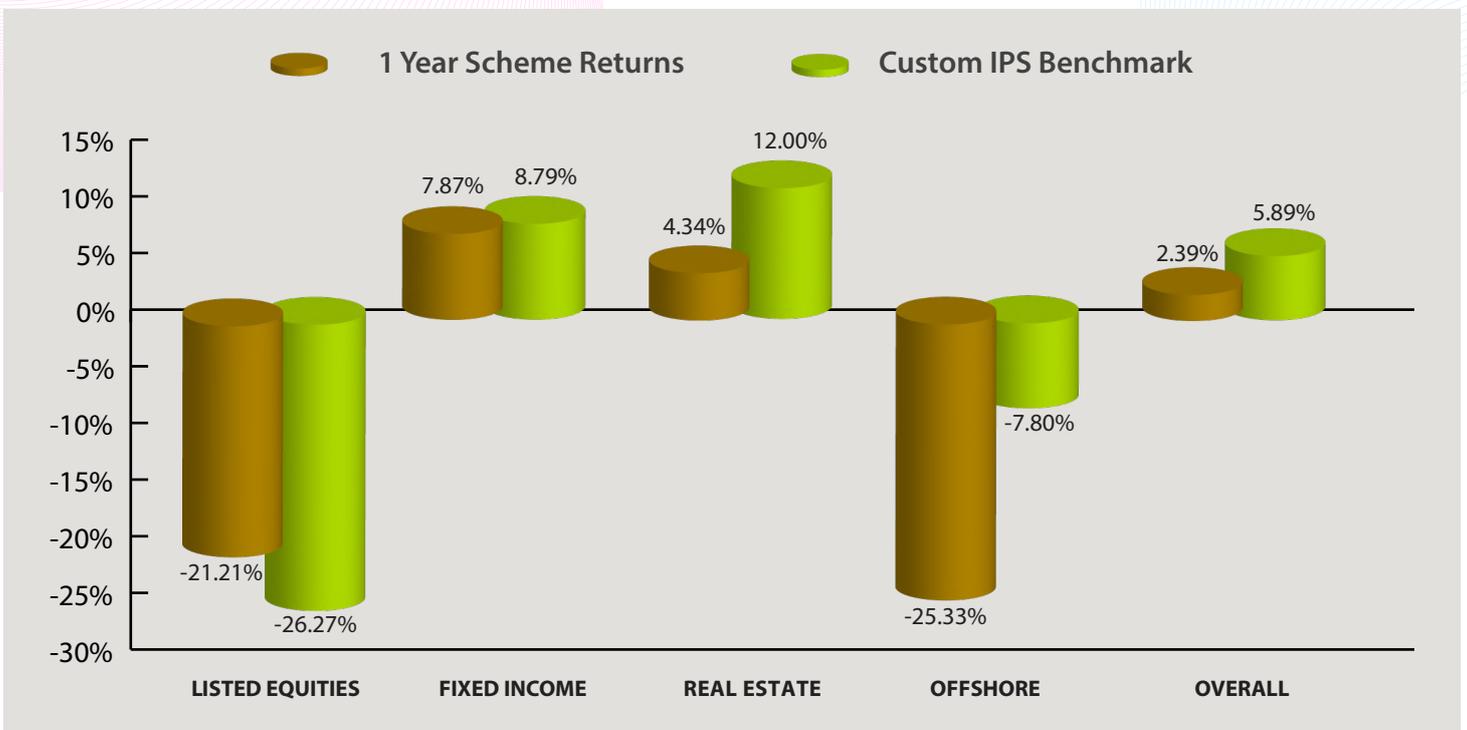


The Charts below provide the Scheme's return versus IPS benchmarks, a standard of measuring performance, as of 30th June 2022.

3-months Performance as of June 30, 2022



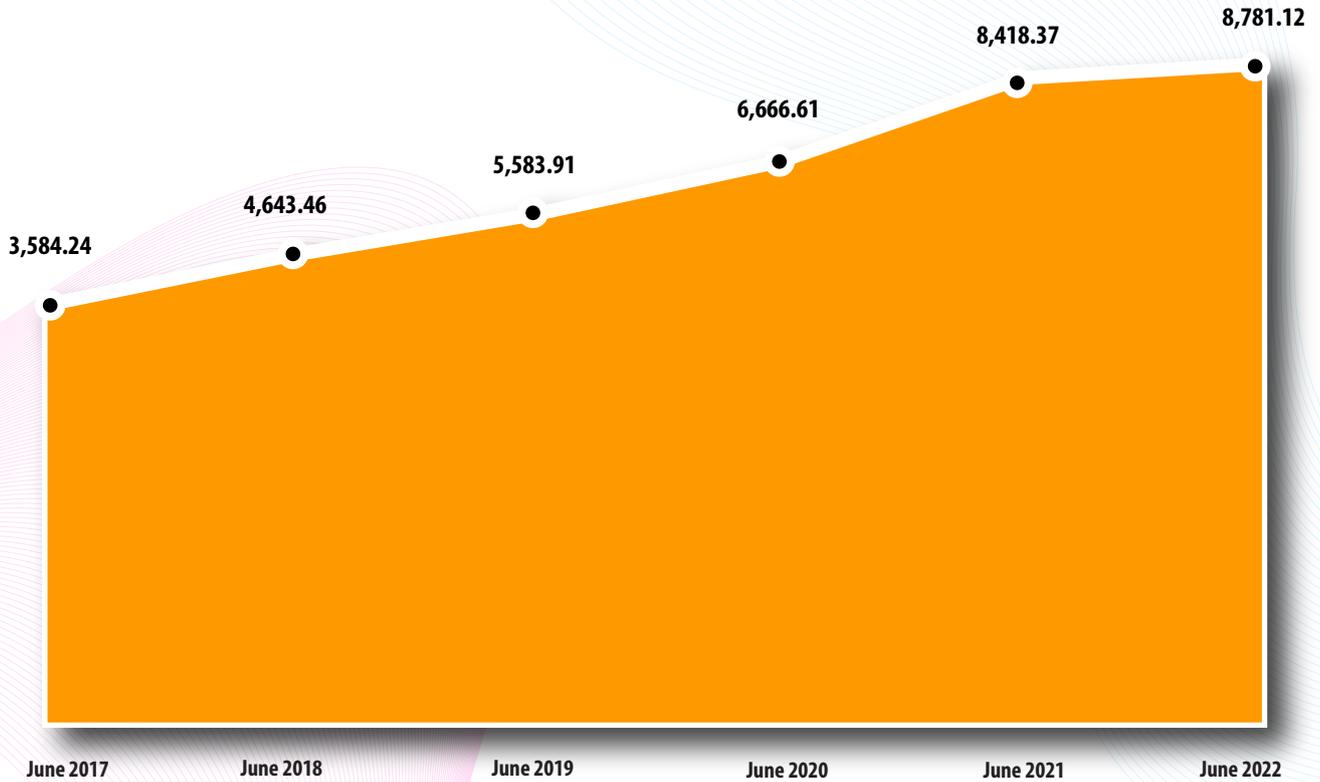
One-year Performance as of June 30, 2022



5-Year Trend on Market Value of Investments

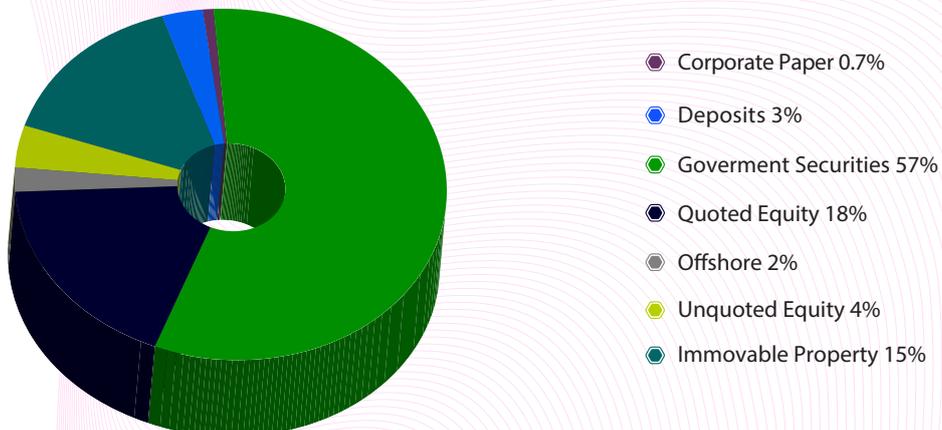
🔷 The Investment Portfolio closed at Ksh 8.781 billion as of 30th June 2022

GROWTH IN ASSETS (KSHS MILLIONS)

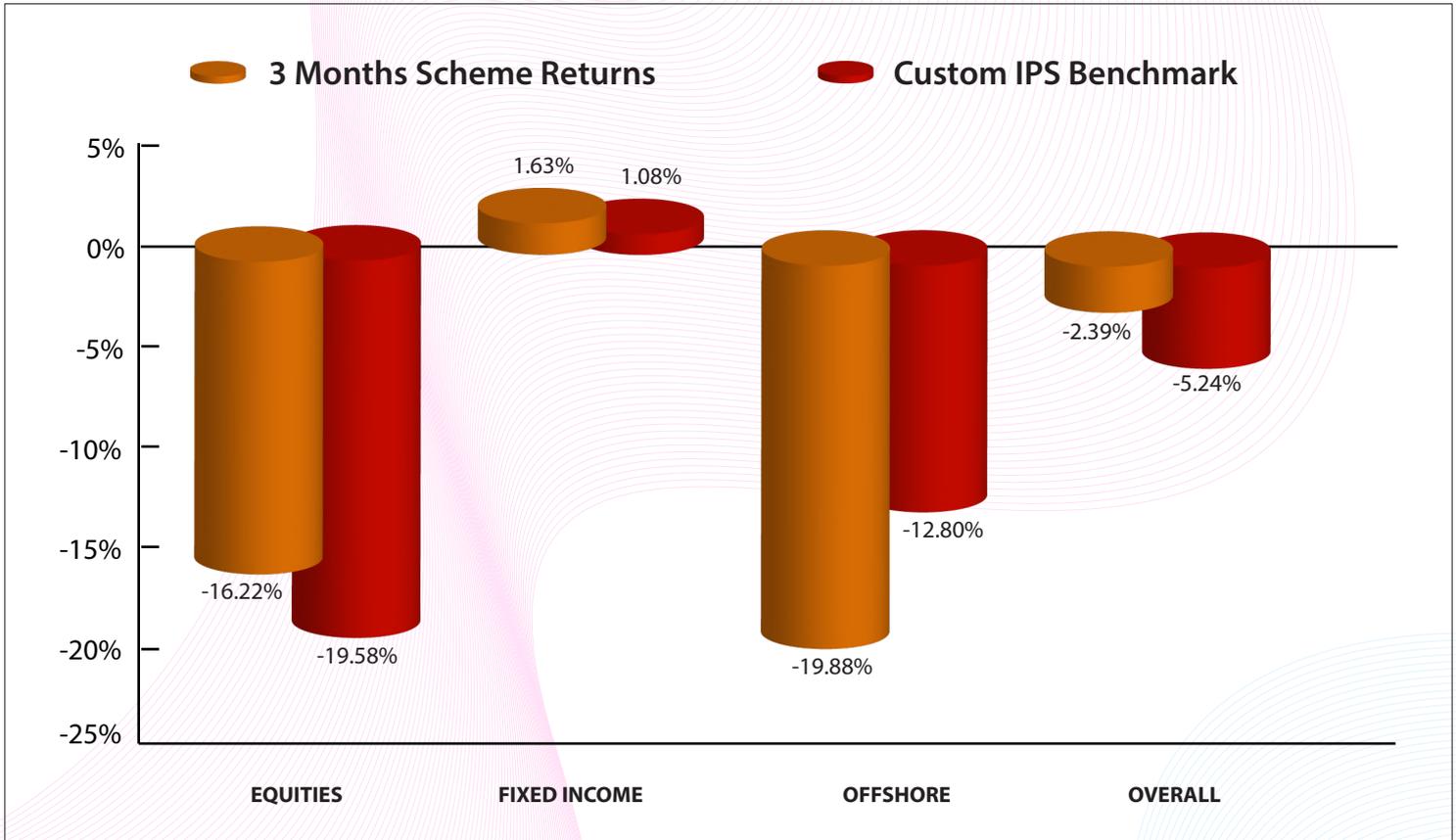


🔷 **Asset Allocation:** The charts below provide the allocation to different asset classes based on market value of investments.

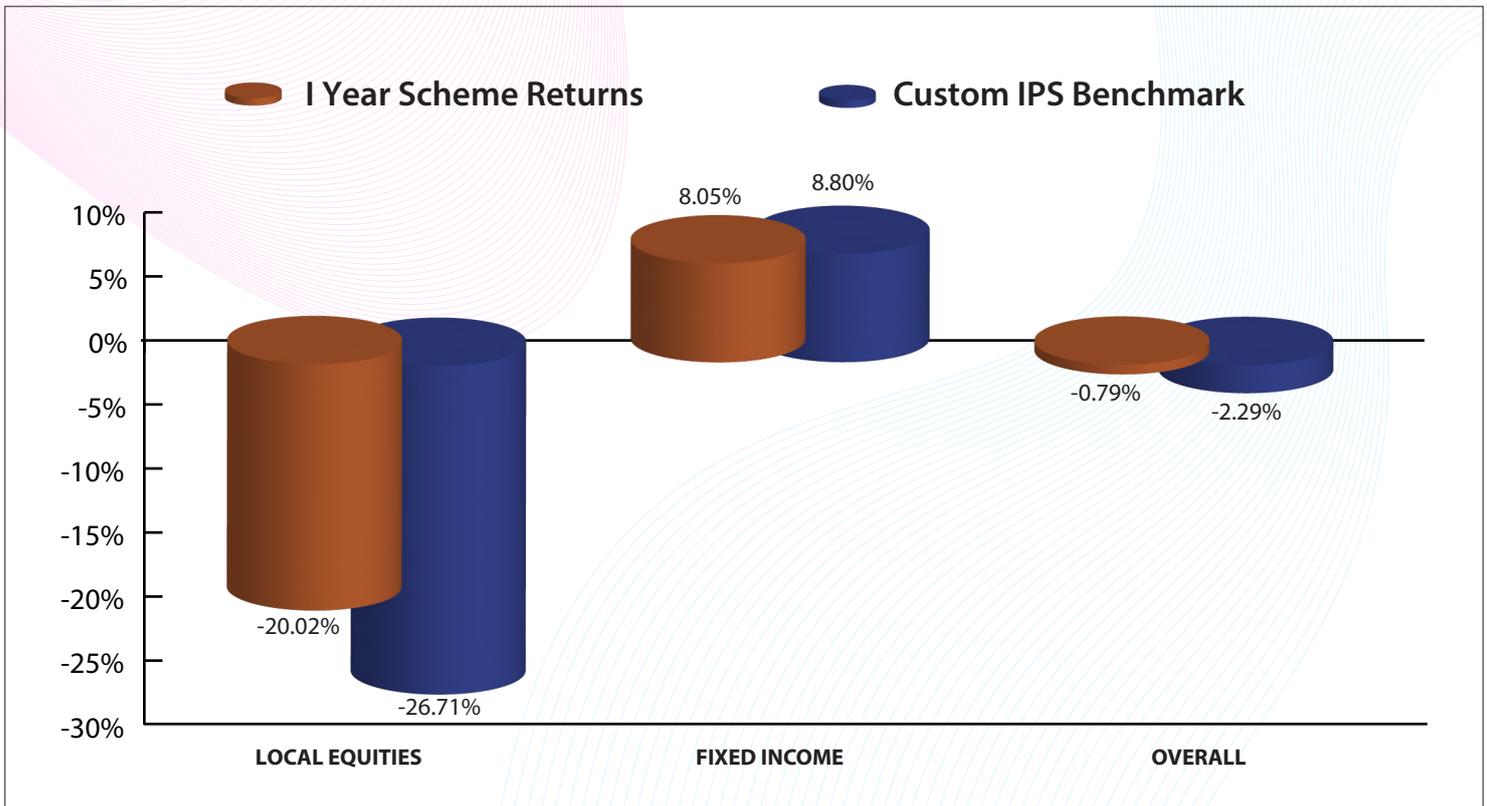
Asset Allocation June 30th, 2022



3 Months Performance as of June 30, 2022



One Year Performance as of June 30, 2022



Internal Income Draw Down

by Purity Kamau
Senior Pensions Administration
Officer



The Internal Income Draw Down Fund received its operation green light from the pension industry regulator, the Retirement Benefits Authority on 17th May, 2022. Therefore, effective this date, members of the Defined Contribution Scheme (DC Scheme) have all the reasons to smile! Why? What they have been yawning for has finally been realized! What? To receive their monthly income from within an internal source.

Let us candidly unleash the why and the what of the Internal Income Draw Down Fund (IDDF) and thereafter its benefits to the members and how it works.

The Why

Previously, members who retired from the DC Scheme were receiving their monthly income through annuities or external income draw down funds. Since the two products were offered by external providers, majority of the retired members had the notion that they had been wished away, they were on their own alongside other mixed feelings which emanated from the fact that they would be dealing with "strangers" thus a lot of mistrust.

The What

We seek to define the Income Draw Down Fund. It is "an option whereby a member chooses to receive his/her monthly income upon retirement through an invested fund".

Fund Operation Guidelines

The investment fund MUST operate as guided by the RBA and per the fund set rules. Therefore, the Internal Income Draw Down Fund (IDDF) is an investment fund, which has been set up by the Trustees to pay members monthly income upon retirement from a fund which is internal and managed by the Trustees unlike there before whereby they have been ushered into external providers.

Benefits of the Internal Income Draw Down Fund

The fund has with it a host of benefits since it has been tailor made to suit the needs of the KenGen members. Therefore, the fund will answer the questions which have been arising from exit interviews with previous members and other experiences which indeed sparked the Trustees to set up the Fund whose benefits are:

Investment Return

The fund has been tailor made to achieve high investment returns while preserving members principle investment. This will be realized through investing in very conservative assets whose returns is high and with minimal risks. This will ensure that members realize value for their money. Due to this, members will be assured of better returns throughout the draw down period.

"an option whereby a member chooses to receive his/her monthly income upon retirement through an invested fund"

Compounded Interest

Members in the (IDDF) will witness their funds growth through the power of compound interest which will work magic for them. This is because the amount initially invested will remain intact or grow higher and the members will continue to enjoy their monthly income. This will be realized by members subscribing to a withdrawal rate that will be relatively lower compared to the investment return.

Professional Guidance

Members will be taken through the process in a professional manner by the Secretariat Team. This will be on the suitable option, suitable withdrawal rate among other things before signing off. Further, there will be fund performance disclosure which will be done through annual audits, member statement as well as members participation and involvement during the Annual General Meetings.

Process Objectivity

The fund is not a business-oriented but a value add to the members. Therefore, there will be no hidden play cards. Equally, the members involvement and engagement will be key to ensure that the wish of the members is well respected.

Timely payment

The monthly payment from the fund will be made on or before the 26th of every month without fail or follow up by the members as it has been the custom with the DB Scheme. This will be achieved since as members retire the Secretariat Team will instantly run the payroll process without delay.

Service Continuity

Members will be ushered into the fund from the DC Scheme by the same team which will have handled their retirement process. Therefore, there will be seamless transition from active service to retirement, a gesture which the members have been looking forward to.

Timely Communication

Members will enjoy timely and accurate communication. Equally, due to the various wide reaching communication channels which are already in place, there will be no communication gaps or barriers between the members and the Secretariat on all matters relating to the funds. Channels to suit members needs will be mindfully selected for clarity, and quality communication.

Registered Office

The Registered office of the fund will be the Secretariat Office, an office that is known and frequented by members since it is within the Sponsor's Offices. This will resolve the fears members may encounter when dealing with external providers e.g., travel expenses to receive service and moving around looking for the providers offices whereby notices like "Notice of office Relocation" may be inevitable.

Dependents Service

In the unfortunate event a member passes on, the process of assisting the beneficiaries will be uncompromised and professionally handled as it has been. The beneficiaries will be transited to the process well, they will have some familiarity with the Office that they can seek help and their benefits will be timely paid.

IDDF Illustration

Members, below is an illustration of how the fund works. Of importance to note is that the options are displayed to the members and the most suitable option recommended to the member for his/her decision making.

The draw down fund is a very flexible option to the members due to the various options it has. Therefore, through the guidance of the Secretariat Team, members will have the liberty to select what works for them. Further, the fund has room for options review after every one year which members may adopt based on their financial position and needs at hand. high than the draw down rate.



Details Summary Assumptions for the Example

- The fund return will be 11.5% throughout the ten years.
- The member will draw down at 10% over the ten (10) years.
- The initial amount will be Kshs. 5,105,538.24
- The balance will be Kshs. 5,453,670.68 after ten years.
- The member monthly income will increase annually over the years since the investment return is high than the draw down rate.



MEMBER DETAILS

| | | | |
|--------------|-----|---------------------|--------------|
| Payroll No.: | ABC | Opening Balance: | 5,105,538.24 |
| Member Name: | XYZ | Projected Interest: | 11.5 % |

| | Amount & Rate Drawn By Member (Kes) | Amount & Rate Drawn By Member (Kes) | Amount & Rate Drawn By Member (Kes) |
|-------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Year of Draw Down | 5% | 10% | 12% |
| Year 1 | 21,273.08 | 42,546.15 | 51,055.38 |
| Year 2 | 22,552.38 | 42,869.51 | 50,370.49 |
| Year 3 | 23,919.13 | 43,214.91 | 49,717.62 |
| Year 4 | 25,349.97 | 43,529.95 | 49,035.39 |
| Year 5 | 26,866.41 | 43,847.28 | 48,362.52 |
| Year 6 | 28,473.56 | 44,166.92 | 47,698.89 |
| Year 7 | 30,195.28 | 44,516.83 | 47,074.24 |
| Year 8 | 32,001.56 | 44,841.36 | 46,428.29 |
| Year 9 | 33,915.90 | 45,168.25 | 45,791.19 |
| Year 10 | 35,944.75 | 45,497.52 | 45,162.84 |
| Balance after 10 Years | 9,066,791.90 | 5,453,670.68 | 4,417,147.83 |

From the above, it is evident that the member fund value will be higher than the initial amount at the end of ten years i.e Kshs. 9,066,792.00. Therefore, the account will have sufficient fund for the member to continue with the draw down for a further term.

We shall be engaging the members further on this fund during the members education programs and other communication channels.

Kindly channels your queries to pensions@kengensrbs.co.ke

2022 AGM Highlight

by *Lawrence Kiptoo*
ICT Support Assistant



This year's Annual General Meeting was a glamorous occasion held at the Sondu power station, this time bigger and better. The event played host to 145 Members with 1,042 members and pensioners joining us virtually, the Western Hydros cohort in Eng. Alfred Abiero's lead, turning up in great numbers. The Secretariat, the Scheme's service providers and the Regulator, Retirement Benefit Authority (RBA), were also in attendance.

The Board of Trustees was well represented led by the DB Scheme chairman - Mr. Joseph Sitati, the DC Scheme chairman - Mr. Ernest Nadome, Trustee Abraham Serem, Trustee Mary Maalu, Trustee Elizabeth Njenga, Trustee Charles Masio, Trustee Asaria Onsoti, Trustee Peter Mutemi, Trustee Patrick Kimemia and RBS CEO & Trust Secretary - Josphat Muriuki.

The MD & CEO, Rebecca Miano, in her virtual address, guaranteed the members of the Sponsor's commitment in earning members and pensioners a decent return while safeguarding the invested capital.

The Fund Managers attributed the Scheme's performance for the year ended 2021 to easing of the Covid-19 stringent measures, the recovery of the economy and the better performance recorded in the financial markets. The DB Scheme and DC Scheme declared returns of 6.3% and 10.4% respectively, an increment from the year 2020 returns of 4% and 7.57% respectively. The Schemes' total fund value also increased from Ksh.15.602 billion to Ksh. 17.284 billion, apportioning the higher share of Ksh. 9.11bil-

lion to the DC Scheme and Ksh.8.17 billion to the DB Scheme.



The Board of Trustees



MD & CEO KenGen PLC - Rebecca Miano

The DC Scheme's chairman was pleased to note the endorsement of the Secretariat by the Regulator on internal administration of both schemes.

Mr. Nadome likewise passed a word of encouragement to members from the DC Scheme to build their retirement kitty through additional voluntary contributions (AVC) and highlighted on the setup of the Income Draw-Down (IDD) fund aimed to retain members under the Scheme at retirement.

We thank God for the successful event and we pass our gratitude to our highly esteemed members for their active participation and engagement in upholding the Scheme's objective to educate and create awareness to the members.



The DC Scheme chairman - Mr. Ernest Nadome

*“Learning is the only thing that can make you stand out and separate you from the herd”
Ms. Rebecca Miano - MD & CEO KenGen PLC.*



The DB Scheme chairman - Mr. Joseph Sitati

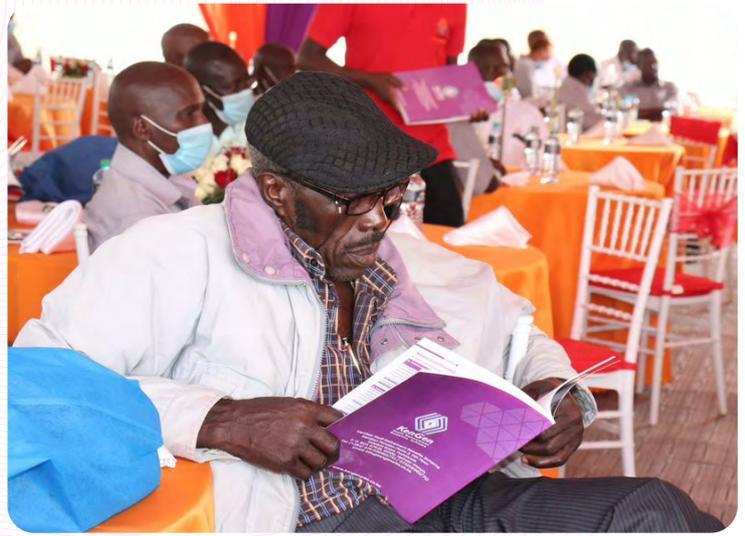


DB Trustee - Mary Maalu



Trust Secretary - Mr. Josphat Muriuki





Scheme Services at the Palm of your Hand

by *Peter Miano*
Senior ICT &
Database Officer

The digital world is continuously changing every-day and with this the demand to improve how services are delivered to customers. Many organizations have either implemented or are developing a self-service platform to not only remain competitive in the industry but to also enhance their customer's experience and satisfaction levels.

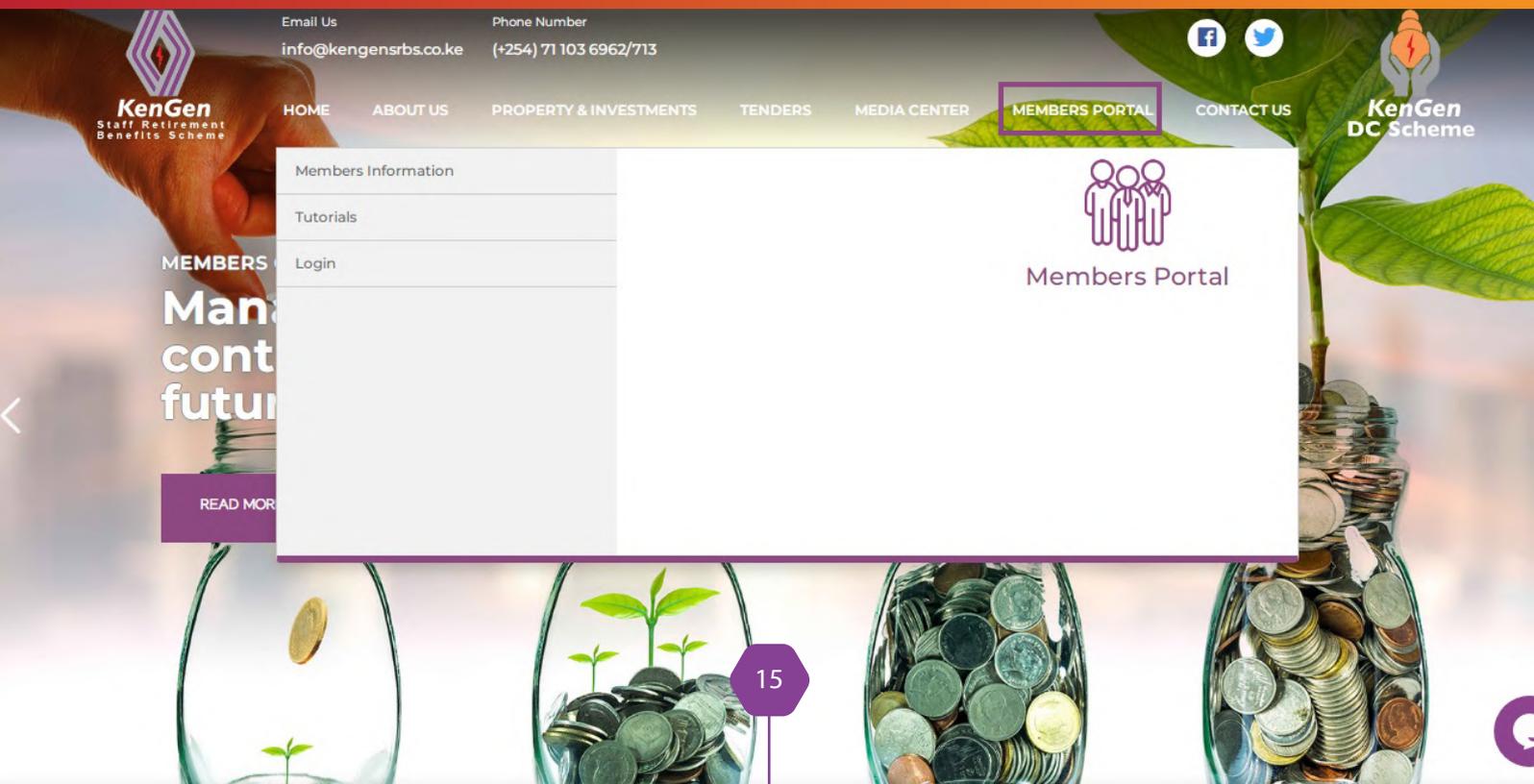
staff. With customer focus and innovation being the Schemes' core values, we have continued to improve and adopt technologies like the self-service portal that will provide our members best in class services at your palms of your hands.

The self-service platform allows customers to access services or solutions offered by an organization from any where and at any time without the assistance of the organization's

Members can access the member self-service portal from our website www.kengensrbs.co.ke under members portal menu. A tutorial/guide has also been provided for on the menu on how you can register and enroll to the service.

"We have continued to improve and adopt technologies like the self-service portal that will provide our members best in class services at your palms of your hands"

<< [Click here to access our website and member portal](#) >>



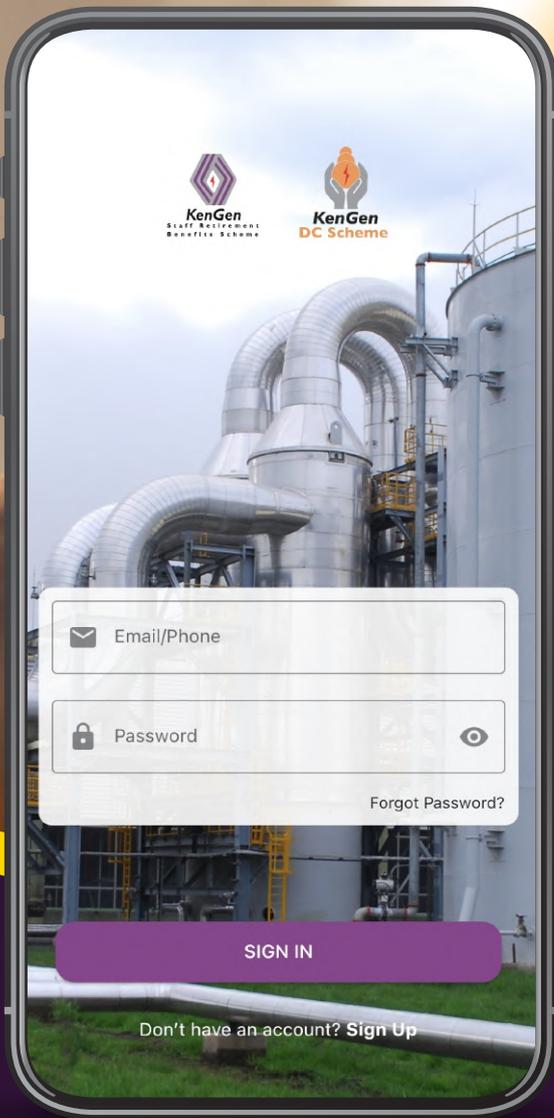
Did you know the Scheme also has a mobile application on the apple store and google playstore?

You can download the KenGen SRBS app on your smart phone and login with the same account that you had registered with on the member portal.

Links to the application can be found below or you can search the respective application store for our app.



KenGenSRBS



DOWNLOAD





KenGen
Staff Retirement
Benefits Scheme

Benefits of registering and accessing the portal or the mobile app are as follows:



1. Ability to view and confirm member details.



2. Ability to access one's member statement.



3. Ability to access one's contribution statement.



4. Ability to view beneficiaries' details.



5. Participate in member elections when they fall due.



6. View one's provisional benefits.



7. View interest rates declared and trend.



8. View contribution trends and a yearly break down of the same.

More features and service are available on both the portal and mobile application. You may also chat with us online on the member portal. We encourage members who have not registered to register and get access today.

In case of any queries you may contact us or the various platforms below:

✉ Email us on pensions@kengensrbs.co.ke, info@kengensrbs.co.ke

☎ Call us on 0711036962/6917/6298/6117     @KenGenSRBS

🗣 Chat with us on our website or member portal: <https://www.kengensrbs.co.ke> & <https://mss.kengensrbs.co.ke>



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ENTRY ONLY