

**THE EFFECT OF THE PRE-RETIREMENT WITHDRAWAL
REGULATIONS ON HOUSEHOLD SAVING IN KENYA**

BY

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DECLARATION

This project is my original work and has not been presented for award of any degree in any university.

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DEDICATION

This study is dedicated to my dear wife Mary and our lovely newly born son, Jeremy, who encouraged and released me to go around this project even when I was supposed to be with them at the hospital during my paternity leave. Their insistence and inspiration to go all the way, echoed by our parents who followed closely on the progress ensured that all the necessary effort and time were duly given to the end of the study.

Above all, glory and honor to God Almighty who walks with us and gives ability to succeed and prosper.

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I thank God for his blessings and providence throughout the study. He made a way where none seemed to exist. His faithfulness has culminated into this study.

My sincere gratitude goes to my family whose persistence and weekly reminder that they would want to attend my graduation this year inspired me to pull through the study.

The study would not have been completed without the invaluable support of all the respondents who accepted to take their time to share information in a questionnaire. I'm truly grateful to them all. I specially thank Denis Kinywa, for useful insights about the pension industry in Kenya.

I am very thankful to my supervisor, Mr. Herick Ondigo, who keenly guided me and made time to go through the long drafts so as to ensure that the project met the set standards without compromising quality.

ABSTRACT

The purpose of this study was to determine the effect of pre-retirement withdrawal regulations on household savings in Kenya. The research objective was intended to establish the level of pre-retirement withdrawal of retirement benefits from schemes as a result of changes in jobs on household savings in Kenya.

The research design was descriptive survey study in nature since it focused on members of registered retirement benefits schemes in Kenya. The population of the study was all the registered occupational benefits schemes in Kenya. This implied that the total population of this study is 1216 firms as given by the Retirement Benefits Authority (RBA). For representativeness purposes, the current study took a sample size of 11% of the population made of 138 households selected through purposive random sampling. This sample size was justified since this study could not anticipate how good the response rate would be. All the respondents had been members of registered retirement schemes for eight (8) years (2005 to 2012). The study used primary data collected through questionnaires to the respondent. The researcher used averages and percentages in this study. The researcher used Statistical Package for Social Sciences (SPSS) to generate the descriptive statistics and also to generate inferential results.

The findings in this study indicated that in the first year the regulations came into force pre-retirement withdrawal rose from zero to 43%. Over the period of study the average rate had risen to 46 % after the enforcement of an amendment to allow a further 50% of employer's contribution for leavers who had served a minimum of three years with the employer. This implies that the cumulative household saving was increasing at a decreasing rate and was dependent on the level of unemployment and labour turnover. The higher the labour turnover the higher the pre-retirement withdrawals and the higher the levels of unemployment so that leavers take time to get new jobs the higher the probabilities of cumulative savings shrinking.

Policy makers need to limit the allowable number of times that households draw their benefits upon changing jobs to avoid consumption of savings meant for retirement prior to retirement. A Viable long term stable vehicles that guarantee a minimum acceptable post-retirement life style should be implemented. A study that makes use of secondary data whose scope extends to five years before enactment of regulation has been suggested for further study.

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ABBREVIATIONS

CSPS	-	Civil Servants Pension Scheme
DB	-	Defined Benefit Scheme
DC	-	Defined Contribution Scheme
IMF	-	International Monetary Fund
IOPS	-	Institute of Pension Supervisors
IRS	-	Individual Retirement Schemes
MV	-	Mean Variance
NSSF	-	National Social Security Fund
ORS	-	Occupational Retirement Schemes
PEAP	-	Poverty Eradication Action Plan
PPR	-	Prudent Person Rule
QAR	-	Quantitative Asset Restrictions
RBA	-	Retirement Benefit Authority
RBS	-	Retirement Benefit Scheme
Rural SPEED-		Rural Savings Promotion and Enhancement of Enterprises Development
SOL	-	Standard of living
SPSS	-	Statistical Package for Social Scientists
UCA	-	Uganda Cooperative Alliance Ltd

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CHAPTER ONE

INTRODUCTION

1.1: Background of the Study

Saving is the choice people make to transfer funds from periods of high income to periods of low income as long as they are earning more than is required to meet their basic needs (Modigliani and Brumberg, 1954). This so-called smoothing of lifetime income is probably the most commonly understood reason for contributing to a pension during employment based on the idea that it is easier to save when there is more money from which a contribution may be put aside. Campbell (1987) redefines disposable income as the total of earnings and asset income, and shows that saving is the difference between disposable income and consumption. Sufficient national saving provides an economy with enormous benefits. A country with a high savings rate could generate both foreign and domestic investments and need not depend on foreign debt. Such a country is said to have a good saving culture.

The financial sector in every economy is responsible to put these savings back into the income and expenditure circular flow, through investment (Miles and Scott, 2004). The objective of retirement benefits schemes is to enable the scheme members to accumulate adequate savings which can be drawn in retirement to enable them maintain fairly same standards of living when they retire from active working. Retirement benefits schemes are neat institutionalized tax incentive based vehicles through which members can save some proportion of their income to ensure they have adequate income after the paid employment periods of their lives are completed (RBA, 2010). Saving is an input of Retirement planning and becomes more acute as the people enjoy a longer lifespan and face the risk of outliving their retirement nests. Retirement benefit schemes (RBS) are recognized independent legal entities established for the sole purpose of operating a retirement savings fund. Regulation is required to ensure the savings from the public is safeguarded. Regardless of the sponsor, the assets of the RBS are kept separate from the assets of the sponsors usually under the name of the scheme (RBA, 2007).

1.1.1: Pre-retirement Withdrawal Regulation

Social regulation comprises regulation in the area of the environment, labor conditions (occupational health and safety), consumer protection and labor (equal opportunities and so

on).According to IOPS (2007) and the OECD (2002), pension fund regulation involves the oversight of pension funds and the enforcement of and promotion of adherence to compliance with regulations relating to the structure and operation of pension funds with the goal of promoting a well-functioning pensions sector.

According to Demaestri (2003), pension fund legislation should however not be integrated with the supervision of other financial institutions in the financial system such as banks and insurance companies since their operations and mandates differ significantly from those of pension funds. IOPS (2007) mentions the unique features of the financial products generated by pension funds as: the long-term nature of the contract involved, complexity of the products (tax, actuarial valuations and life expectancy forecasts), limited competition and choice since members belong to their employer's pension funds by default and their social role in reducing old-age poverty.

An amendment to the Retirement Benefits Act through an Act of Parliament was enacted first in 2005 and secondly in 2010 to provide for access of retirement benefits for connected purposes (RBA, 2010).The new regulations gave members of retirement schemes who have contributed for at least three years the option to withdraw their full contribution and accrued income and fifty percent of employers' contribution and accrued income upon leaving employment with the employer. The purpose was to protect the rights of individuals to property and freedom of choice enshrined in the Constitution (RBA, 2010).

1.1.2:Household Saving

According to neoclassical growth theory by Harrod-Dommar and Robert Solow's Economic models, savings are not an end in themselves. However, they play an important role in sustaining growth and development. Through savings there will be capital accumulation leading to investments hence economic growth and ultimately development. Coupled with the above, a high saving economy accumulates assets faster, and thus grows faster, than does a low saving economy (Lipsey and Chrystal, 1995).

Thaler and Bernatzi, (2004) find that some individuals may not have the propensity to save the amounts required to achieve their goals in the future even when the opportunity to do so is available.Nekoye (2011) asserts that governments have a responsibility to encourage and

motivate a saving culture through policies that address poverty levels of the citizens and economic indebtedness of their countries in running their own budgets. Saving by individual households is important for the households themselves (Nga, 2007). It is a necessary condition to improve or maintain the quality of life of the members of the household. Certain household needs (such as more durable consumer goods) require relative large amounts of money, which ordinary households can never acquire, unless they save over an extended period of time.

However, poor households who save too little or none characterize the saving behaviour of households in developing countries (Nga, 2007). Even those who are in a position to save, often over-consume, thus dissave. As a result they do not acquire any positive net worth, which limits any access to formal finance. Pelrine & Katabalya (2007), assert that people are poor because they do not have the money to save and/or invest. A good saving culture is evidenced where saving begins early and continues throughout the life cycle as long as earnings exceed basic needs and individuals have clearly set goals what saving should enable them achieve.

1.1.3: The Effect of Regulation on Household Saving

Saving constitutes the key elements on which the development of the community depends. Local savings provide the asset for the community's investment in future (Ahimbisibwe, 2007). Without it, the community and the economy at large cannot grow and, get out of poverty, unless the alternative sources of investment such as foreign capital from donors are injected in the community (UCA-Micro finance Unit training Manual, 2005). Saving and maintaining that culture, is an important aspect of life. The essence of saving is refraining from spending part of one's income and putting it aside. One can put it in a jug, buy land, store it in various precious metals or more sensibly keep it in a bank because in case of an eventuality like closure of banks the central bank can compensate the savers. The length of time before the savings are likely to be needed determines the most suitable place for them (Cox, 1996).

Byarugaba (2005) said that, the government has not come up with policies to encourage savings over the years. He further added that, most of the older generation in Uganda has been discouraged from saving after losing billions of shillings to either insurance companies or through the 1987 money devaluation carried out by the government to fight inflation, an

observation that was in agreement with Kyohairwe's (2005). According to Mauri (1983), governments in many African countries neglected personal savings in the 1960s. In the wake of the "vicious circle" model (Nurkse, 1953), aid programs were considered the only tool for fighting underdevelopment for more than three decades (Graham and Von Pischke, 1984), while the mobilization of savings was "the forgotten half" of development finance programs (Vogel, 1984).

In the finance literature it is argued that pension funds facing more liberal regulation regimes are more likely to perform better than pension funds facing stricter investment regimes (Chan-Lau (2005), Davis (2002)). Pension fund laws prescribe the registration, administration and operations of pension funds. In terms of operational efficiency, pension fund regulations relate to the regulation of compliance costs, limitation of the number of trustees, fees charged by service providers, taxation of pension benefits, regulatory levies, regulatory meetings, risk based supervision and financial reporting (Njuguna, 2010). Pension laws are embodied in the legal framework whose scope covers all the dimensions of pension fund management that include registration, investing, custody of assets, general management, payment of benefits and winding up (IOPS, 2007). Moreover, Asher and Nandy (2006) suggest that pension fund regulations focus on improving legal compliance, financial controls, actuarial examination and performance of pension fund managers.

Typical components of pension regulation include licensing (restricting and controlling pension funds entry in the industry), governance, investing and disclosure of information to the stakeholders (Eijffinger and Shi, 2007). Other modules suggested for regulation in (IOPS, 2008) include: monitoring (tracking performance and actions of the trustees and service providers), communication (providing regular reports to the industry and announcing their priorities and compliance strategies), analysis (evaluating financial status of pension funds against benchmarks of the entire industry), intervention (imposing sanctions where there is non-compliance with the pension law) and correction that may be punitive, remedial or compensatory.

According to Eijffinger and Shi (2007), stringent pension fund regulation causes inflexibility, discourages risk taking and interferes with the running of private pension systems. Eijffinger and

Shi (2007) suggest that appropriate pension regulation should leave sufficient scope for innovation and creativity in the design of pension products that would ultimately lead to improved performance of the pension funds. To achieve financial efficiency, pension funds should establish internal governance structures and processes designed to minimise corruption and mismanagement (Charmicael and Palacios 2003).

1.1.4 The Pensions Industry in Kenya

Pension fund systems in Kenya were first put in place after independence in 1963. The first post independent pension fund body, the National Social Security Fund (NSSF), was established in 1965 (RBA 2000). Prior to reforms, the pension fund system provided for benefits once a worker retired on attaining the mandatory retirement age of 55 (RBA 2006). The guarantee was fixed as the worker's full basic salary throughout his life or that of the widow as the law did not envisage a situation where the wife would support the husband. This law was embodied in the NSSF Act and the Pensions Act (Cap 189).

The pension fund system in Kenya has been supervised by the independent Retirement Benefits Authority (RBA) since 2000, which oversees the 1997 RBA Act that brought about regulation, protection and structure to the pension fund industry. The RBA continues working to develop the industry and advise the government on pension policy reforms. In the first 9 years RBA has made use of compliance based regulation. In 2010, RBA changed its focus from compliance based to risk based regulations.

Kenya's pension fund system embraces four components namely the NSSF, Civil Servants Pension Scheme (CSPS), Occupational Retirement Schemes (ORS) and Individual Retirement Schemes. Overall the system is estimated to cover 15% of the labour force and to have accumulated assets of 18% of the GDP (Kakwani *et al.* 2006). The pension fund system covers an estimated 2 million workers leaving an estimated 5 million workers uninsured under any retirement scheme, of which at least 10% are at or near the retirement age (Kakwani *et al.* 2006).

1.1.4.1: National Social Security Fund

The NSSF in Kenya is a public provident fund (pays benefits as a lump sum) that covers an estimated 800 000 members in both the formal and informal sectors (Stewart and Yermo 2009:18). NSSF is established by an Act of Parliament, is funded and is subject to RBA

regulation. The NSSF contributions are mandatory for employees in firms with 5 or more employees, whereby members contribute 5% of their monthly earnings subject to a maximum of Ksh. 200 (US\$ 2.7) that is matched by an equal contribution by the employer (Stewart and Yermo 2009). According to the Kenyan RBA, the employees are allowed to contribute more on voluntary basis to a maximum of Ksh. 1,000 (US\$ 13.3) 23 per month. The old-age pension benefits are available to those aged 55 who have retired from active employment (Stewart and Yermo 2009).

1.1.4.2: Civil Servants Pension Scheme

The CSPS covers civil servants, judiciary employees, military personnel, armed forces, teachers and parliamentarians (Kakwani *et al.* 2006). It is established by an Act of Parliament and it is not funded and as such is not subject to RBA regulation. The scheme provides benefits including old age pension, injury and compensation, survival benefits, dependency pension for 5 years after death of a pensioner, disability pension (military only) and gratuities in the form of lump sums. The CSPS had 125 000 members by December 2006 and the government expenditure amount to Ksh. 12.5 billion (US\$ 178.6 million), about 4.7% of the government budget (Kakwani *et al.* 2006).

1.1.4.3: Occupational Retirement Schemes

Occupational retirement schemes (ORS) were established by employers to act as vehicles for accumulation of retirement savings for the employees (RBA 2000). The ORS can be operated on defined benefit or on defined contribution ideologies but in Kenya the defined contribution is the predominant design (RBA 2008). Although there is no compulsion for employers to set up the ORS, once established, the fund falls under the mandate of the Retirement Benefits Authority and must comply with the laid down regulations. The ORS are estimated to cover an estimated 3% of the working population in Kenya (RBA 2008).

1.1.4.4: Individual Retirement Schemes

Individual retirement schemes (IRS) are run by financial institutions mainly insurance companies which provide an avenue for saving where employers do not have their own schemes, and for workers who wish to make additional voluntary contributions (RBA 2009). By the close of 2009, RBA had registered 24 IRS that covered an estimated 2% of the working population. RBA

(2009) points out the gap filled by the IRS where the number of employees is so small forming an ORS would not be financially viable.

1.2: Research Problem

Ahimbisibwe (2007) observes that saving is a key component in any development endeavour as it is believed to be the surest way of increasing income and boosting productivity in an attempt to break through the vicious cycle of poverty. Without saving people are likely to face severe problem of survival when they are no longer able to work (LeRoymiller, 1978).The legal framework is used by most countries world over to reinforce policy objectives for desirable effects trickling down to the citizens.

Prior to 2005 preservation of retirement benefits was guaranteed by ensuring accrued retirement benefits could not be refunded upon leaving employment even though the benefits were vested in the member. Whereas vesting endowed entitlement of benefits rights to the members, the rights to possess or receive the benefits were earned upon attaining the retirement age stipulated in the scheme rules and not any earlier. The preserved benefits were retained in the scheme and continued to be invested together with other members' contributions in order to grow. Membership to the scheme was not undermined in any way. Owners of preserved benefits retained and were entitled to similar rights as other continuing members. They could elect trustees, be appointed to serve as trustees, and attend to other scheme duties (RBA, 2005).

Several studies have been carried out around the topic of retirement benefit schemes in Kenya focusing on different aspects of interest. Kusewe (2007) studied the impact of regulation the retirement benefit sector on the financial performance of occupational pension scheme and argued that indeed regulation led to transparency that opened up the performance of pensions to intense scrutiny of both the regulator and the constituent members.As a result annual general meetings and regular policymaking has been enforced to allow members more participation and scrutiny. Keitany (2009) did a survey of corporate governance structures and practices in selected occupational retirement benefit schemes and established that the structures set are to a greater extent influenced by the size and age of the scheme. Larger schemes seem to have more

complex structures while the newer and smaller schemes were observed to have simple structures.

Namenge (2009) examined challenges of strategy implementation in the public sector, the case of retirement benefits authority. The conclusion was that the public sector is surrounded by cumbersome legal and regulatory framework that made strategy implementation much difficult. Nguchu (2009) studied the effects of asset allocation on the retirement benefits fund performance. The conclusion arrived at showed that while asset allocation introduces portfolio selection and diversification the Kenyan retirement benefits arena has a capping on the percentage of investment permissible on government bonds , a particular company's stock percentage of the total making full autonomy of fund managers decision making limited. Njuguna (2010) studied the impact of regulation on the cost efficiency of the retirement schemes. The findings revealed that regulation has mixed results. It both adds to the cost of the schemes by the compliance demands while on the other hand; there are fewer issues of corporate governance experienced that help to preserve confidence.

None of the above studies has evaluated the impact of the regulations on the saving culture of the public. Retirement benefits regulations have been undergoing review from compliance-based to risk-based. Further two amendments so far have been passed to allow employees to access 100% of their own contribution only in 2005 and 100% of their own contribution 50% of their employer's contribution on leaving the job rather than at attaining retirement age. No study known to the researcher has assessed the impact of these laws on the savings pattern and the likely resultant savings culture as far as retirement saving is concerned. Further, whenever retirement savings are unable to sustain a previous life style there are likely signs of retirement poverty.

The coverage of the pension schemes is currently estimated at less than 15% of the total labour force. The NSSF has the highest proportion of membership at 67% with estimated membership of 800,000 followed by the civil service pension scheme at 22% (RBA, 2010). The occupational retirement benefits schemes and individual retirement benefits schemes, which are currently about 1,350, account for about 11% of total scheme membership in the country. This means that over 85% of the labour force is not covered by any scheme while 89% is not covered in the

retirement benefit schemes implying they do not save for retirement. This study will endeavor to answer the question: What are the effects of the pre-retirement withdrawal regulations on household saving in Kenya?

1.3: Objectives of the study

1.3.1: Main Objective

The main objective of the study is to establish the effects of the pre-retirement withdrawal regulations on household saving in Kenya.

1.3.2: Specific Objectives

The specific objectives of the study will include;

1. To establish the level of pre-retirement withdrawal of benefits as a result of the change in the retirement regulations
2. To determine the effect of the regulation on household saving

1.4: Value of the Study

The study will be of value to the following stakeholders:

Individuals- The study will be of relevance to households so as to learn the applicable factors to consider when they plan their retirement, mobilize savings, manage their assets, apply tax planning and pursue wealth creation. They will appreciate the value and timing of savings and inculcate a more saving behavior rather than a consuming tendency.

Finance Consultants and Experts: The findings of this study will aid Finance advisors and practitioners to understand the knowledge gaps and needs as well as the financial literacy level of households and private investors. They will also understand the financial helplessness complex of financially literate persons who may not be able to apply the knowledge obtained thus grooming a saving culture using practical approaches.

Government & Policy Makers: The study provides a platform for policy makers to develop relevant curricular in the education systems to foster a savings culture to students as well as providing knowledge through sponsored financial literacy at all levels of growth. Policies that

stimulate savings and instill confidence in investments that preserve value and reduce poverty should be put in place.

Financial Institutions and Investment Bodies: These categories stand to benefit in that they will enhance their credit worthiness evaluation by checking and training the consumers of their products about the relevant aspects so as to reduce defaulting or moral hazard resulting from avoidable factors. Saving behavior could be an indicative factor to financial discipline.

Learning Institutions: The study offers a field worth further investigation, exploration and so as to develop a body of knowledge in Personal Finance by researchers. A gap in this area could be identified and pursued.

CHAPTER TWO

LITERATURE REVIEW

2.1: Introduction

This chapter highlights theories of saving in the respect of retirement planning, a discussion of the impact of regulation of the pension industry both compliance-based and risk-based on savings culture. The regulatory framework of retirement benefit schemes in Kenya and an empirical review on savings culture and regulation are also detailed. The chapter concludes by showing a gap in the studied literature.

2.2 Theories of Saving in Retirement Planning

2.2.1 Role Theory

According to role theory, retirement is an adjustment of one's principal role usually as a paid worker, a role that is central to a person's identity (Kim and Moen, 2001). Roles give people a sense of worth and achievement (Choi, 2001) and help shape their behavior and self-concept (Hooyman and Kiyak, 2000). Further, role theory suggests that retirement can be a stressful event for individuals due to the loss of a fundamental social role. Learning to deal with role loss may cause individuals to feel a sense of vulnerability. For instance, some retired individuals may experience feelings of disconnect and anxiety that may lead to low levels of life satisfaction during retirement especially when they have not made adequate savings for the next role (Kim and Moen, 2001; Richardson & Kilty, 1991; Quick and Moen, 1998). Transition in roles in an individual's life can be bridged through savings collated in one role to improve life when out of the role. Pooling benefits in one cycle of life helps redistribute the gains in a different cycle and phase of life.

2.2.2 Continuity Theory

Continuity theory describes retirement as a linear series of life events that gradually lead to a logical career stage and a pleasant experience or transition without maladjustment or distress into retirement (Hooyman and Kiyak, 2000; Quick & Moen, 1998). It suggests that the circumstances of retired women (e.g., resources, behaviors) do not change, but instead they maintain a consistent pattern. Further, as they age, women frequently substitute new roles for lost ones (Atchley, 1988; Hooyman and Kiyak, 2000). Additionally, women's central personality (e.g., core characteristics and values) will be more pronounced during the later stage of life

(Hooyman and Kiyak, 2000). This theory emphasizes sustained stability so as to avoid major adjustments in the cycle of life. A saving culture evens out periods of hardship with those of plenty.

2.2.3 The Life Cycle Model

This theory, according to Modigliani and Brumberg (1954), as long as people are earning more than is required to meet basic needs, they may choose to transfer funds from periods of high income to periods of low income. This so-called smoothing of lifetime income is probably the most commonly understood reason for contributing to a pension during employment. It is based on the idea that it is easier to save when there is more money from which a contribution may be put aside. This idea is important because there is a less than perfect correlation between people's expenditure and their income as noted Ando and Friedman (1957).

At both ends of the adult life cycle, comparatively low incomes are topped up: through borrowing in younger years, and by drawing on savings, pensions and investments in retirement. The life cycle model is built on several assumptions about human behaviour: The lifecycle model hypothesizes that individuals are forward looking in choosing how much of the resources that they will receive over their lifetime they will consume in each period of their life. This brief statement incorporates four powerful assumptions about people: they are forward-looking across the span of their lifetimes; they can predict the financial resources they will have over their lifetime (i.e. lifetime income); they understand something about the financial resources they will need in successive periods of their lives; they make informed choices about the use of their financial resource (Laitner et al, 1984)

2.2.4 Prospect Theory

This is a theory that describes decisions between alternatives that involve risk, i.e. alternatives with uncertain outcomes, where the probabilities are known. The model is descriptive: it tries to model real-life choices, rather than optimal decisions. Prospect theory was developed as a psychologically realistic alternative to expected utility theory (Kahneman and Tversky, 1979). It allows one to describe how people make choices in situations where they have to decide between alternatives that involve risk, e.g. in financial decisions. The theory describes how individuals evaluate potential losses and gains.

The theory describes such decision processes as consisting of two stages, editing and evaluation. In the first, possible outcomes of the decision are ordered following some heuristic. In particular, people decide which outcomes they see as basically identical and they set a reference point and consider lower outcomes as losses and larger as gains. People behave as if they would compute a value (utility) based on the potential outcomes and their respective probabilities, and then choose the alternative having a higher utility. It applies in personal financial planning so that individuals maximize utility and achieve happiness even in the face of large increases in the standard of living (Easterlin, 1974; Frank, 1997).

2.2.5 Game Theory, Decision Theory and Expected Utility Theorem

Game theory is a branch of applied mathematics that is used in the social sciences, most notably in economics. Game theory attempts to mathematically capture behavior in strategic situations, in which an individual's success in making choices depends on the choices of others. While initially developed to analyze competitions in which one individual does better at another's expense (zero sum games), it has been expanded to treat a wide class of interactions, which are classified according to several criteria. Today, "game theory is a sort of umbrella or 'unified field' theory for the rational side of social science, where 'social' is interpreted broadly, to include human as well as non-human players (computers, animals, plants)" (Aumann, 1987).

Game theory, decision theory, expected utility theorem or expected utility hypothesis predict that the "betting preferences" of people with regard to uncertain outcomes (gambles) can be described by a mathematical relation which takes into account the size of a payout (whether in money or other goods), the probability of occurrence, risk aversion, and the different utility of the same payout to people with different assets or personal preferences. It is a more sophisticated theory than simply predicting that choices will be made based on expected value (which takes into account only the size of the payout and the probability of occurrence). Bernoulli (1738) described the complete theory. Neumann and Morgenstern (1944) reinterpreted and presented an axiomatization of the same theory in 1944. They proved that any "normal" preference relation over a finite set of states can be written as an expected utility, sometimes referred to as von Neumann-Morgenstern.

2.3. Regulation of Retirement Benefit Schemes

2.3.1 Risk-Based Regulation

Interest in risk and risk-based regulation has grown significantly in the past three decades, alongside movements to modernize government and ensure greater efficiency in the use of public funds (Hutter 2005). The literature on risk-based regulation defines it as the application of a systematic framework that prioritizes regulatory activities and deployment of regulators' resources on an evidence-based assessment of risk (Baldwin and Black 2007; Black 2010). It places assessment, quantification and monitoring of risk at the heart of regulatory design and implementation.

Black and Baldwin (2010) note in its idealized form, risk-based regulation offers an evidence-based means of targeting the use of resources and of prioritizing attention to the highest risks in accordance with a transparent, systematic and defensible framework'. Bounds (2010) applies this framework across different risks and concludes that 'the potential benefits of a risk-based approach to regulation come from a more efficient resource use through resources being applied to high risk issues and the equal treatment of like risks.

According to Peterson and Fensling (2011) risk reflects both the probability and likelihood of an event's occurrence and the impact of the consequences of that event. At the core of the definition of risk is the capacity to dimension both the likelihood of something happening and the nature and size of the impact if that event occurs. Risk can be positive or negative, although the focus of government regulation is typically on hazards (negative risks); can exist for long periods without ever being realized; can be associated with a particular hazard or danger, or with volatility in anticipated outcomes; and perceptions of risk can be poorly informed. Risk and uncertainty are commonly distinguished, with Knight (1921) establishing quantification as the distinguishing feature of risk.

Governments have a range of options for addressing risks that includes regulation, but also includes other tools — regulatory approaches often complement other government measures to reduce the likelihood and/or magnitude of risk. For example, regulated safety features in cars that require effective braking systems reduce the likelihood of an accident. This, in combination with seat belts that reduce the magnitude of injury if an accident occurs, lowers the overall social cost

of motorvehicle accidents(Peterson and Fensling, 2011). Similarly, disease control regulations may be complemented bygovernment extension services, and/or the regulations may be necessary forgovernment to undertake quarantine functions or mandatory inoculations. Food safetyregulation also has complementary measures including incident management andtreatment services — and occupational health and safety regulation is complementedby insurance measures.

An important consideration is the extent to which risks can be efficiently borne bygovernment or the private sector. Government’s role in managing risk can bedetermined by applying contemporary intervention logic of identifying marketfailures and equity or distributional issues, considering the possible interventions andassessing if the benefits of government intervention are likely to outweigh the costs.Assuming a role for government, and that regulation is the preferred tool forachieving government’s objectives, government defines (implicitly or explicitly) amaximum acceptable level of risk — sometimes referred to as the appropriate level ofrisk protection — which regulators’ risk management strategies must provide. This isbased on government’s risk appetite (Njuguna, 2010).

Both international and locally, the 1990s saw the rise of the ‘regulatory state’, in which regulatory oversight spread across independent agencies, often separate from the departments, which operated under direct Ministerial control. Regulatory impact assessments were introduced, and interest in evidence-based policy was renewed (Hutter 2005).Governments sought increased accountability, transparency and demonstrable performance measurement, responding to reduced public trust in government and calls for objective evidence of how government was reducing risks to society. Risk-based regulation, alongside other concepts such as ‘responsive’ (Ayres and Braithwaite 1992), ‘smart’ (Gunningham and Grabosky 1992) and ‘better’ (BRTF 1998) regulation, emerged to meet many of these requirements.

A central feature of ‘responsive regulation’ is a pyramid of regulatory enforcement measures — from a broad base of light handed ‘persuasion’ and ‘soft law’ incentives, to successively stronger and harder legal measures (such as prosecutions and license revocation) address more serious offending (Ayres and Braithwaite 1992).Gunningham and Grabosky’s ‘smart regulation’

emphasizes the use of multiple rather than single policy instruments, to better match the regulation to the circumstances of those being regulated. A criticism of smart regulation was that it did not account for institutional and governance arrangements which can constrain the regulatory options available to agencies and politicians (Van Gossum et al. 2010). Regulatory agencies may have limited capacity to tailor their approach to the diversity of firms, and a lack of information and/or capacity may further constrain so-called ‘smart’ solutions.

Baldwin and Black’s model of ‘really responsive regulation’ accounts for the performance of not just the regulated firms but also the regulatory regime. This approach fosters the capacity of regulatory institutions to change direction and adapt to new circumstances, priorities and objectives, by assessing the organizational infrastructure of the regulatory regime and its sensitivity across key tasks: detecting undesirable behavior, developing responses to that behavior, enforcing the responses, assessing their success and modifying them in light of changing circumstances (Baldwin and Black 2010).

The contribution of risk-based regulation is consideration of risk through all parts of the regulatory design and implementation process in a systematic framework. While regulators have always made allocation choices, partly to manage limited resources, risk-based regulation formalizes and provides consistent structure to the decision making process (Sparrow 2000). Like the more general ‘policy development cycle’, risk-based regulation involves steps and components that require complex and strategic choices, different skills and capabilities, and clear governance and accountability arrangements.

2.3.2 Compliance-Based Regulation

According to IOPS (2007) and the OECD (2002), pension fund regulation involves “the oversight of pension funds and the enforcement of and promotion of adherence to compliance with regulations relating to the structure and operation of pension funds with the goal of promoting a well functioning pensions sector.” IOPS (2007) thus suggests that pension-regulating institutions be set up to oversee pension funds and enforce the regulations.

According to Demaestri (2003), pension fund legislation should however not be integrated with the supervision of other financial institutions in the financial system such as banks and insurance companies since their operations and mandates differ significantly from those of pension funds. In Kenya the Retirement Benefits Authority was created in 2000 to oversee the orderliness of the pension sector and regulate the operations of the scheme (RBA, 2007). IOPS (2007) mentions the unique features of the financial products generated by pension funds as: the long-term nature of the contract involved, complexity of the products (tax, actuarial valuations and life expectancy forecasts), limited competition and choice since members belong to their employer's pension funds by default and their social role in reducing old-age poverty.

Hu, Stewart and Yermo (2007) identify two approaches to pension fund regulation as Quantitative Asset Restrictions (QAR) and the Prudent Person Rule (PPR). QAR involves legally limiting the percentage of assets that can be invested in a specific asset class by a pension fund. The PPR rule involves the legal expectations of the governing body in respect of obligations relating to the investment management function with the requisite level of skill and knowledge and to obtain external assistance where it lacks such expertise (Hu et al. 2007).

Pension laws are embodied in the legal framework whose scope covers all the dimensions of pension fund management that include registration, investing, custody of assets, general management, payment of benefits and winding up (IOPS, 2007; RBA, 2007). Moreover, Asher and Nandy (2006) suggest that pension fund regulations focus on improving legal compliance, financial controls, actuarial examination and performance of pension fund managers. Typical components of pension regulation include licensing (restricting and controlling pension funds entry in the industry), governance, investing and disclosure of information to the stakeholders (Eijffinger and Shi, 2007). Other modules suggested for regulation in (IOPS, 2008) include: monitoring (tracking performance and actions of the trustees and service providers), communication (providing regular reports to the industry and announcing their priorities and compliance strategies), analysis (evaluating financial status of pension funds against benchmarks of the entire industry), intervention (imposing sanctions where there is non-compliance with the pension law) and correction that may be punitive, remedial or compensatory.

According to Eijffinger and Shi (2007), stringent pension fund regulation causes inflexibility, discourages risk taking and interferes with the running of private pension systems. Eijffinger and Shi (2007) suggest that appropriate pension regulation should leave sufficient scope for innovation and creativity in the design of pension products that would ultimately lead to improved performance of the pension funds.

2.4 Factors that Influence Household Savings

According to the available literature, the savings mode that individuals opt for and the savings patterns they display are influenced by a number of factors including;

2.4.1 Level of Monetization

Kagumya (2004) indicates that whether savings are made in real assets or in monetary form depend on the degree of monetization of the economy. This is further explained by Bagonza (2001), that the monetary form of holding savings which a household chooses depends on the return, the risk, the convenience and flexibility or liquidity of alternative investment opportunities. This all depends on the economic situation that prevails in an economy.

2.4.2 Ability, Willingness and Propensity to Save

Obwona and Ddumda- Ssemtamu (1998) indicates that there are three factors that mostly determine savings behavior of a household in Uganda :- the ability to save, which in turn depends on a household's disposable income; the willingness and propensity to save as influenced by the socio- economic factors; and the opportunity to save and earn a return on the savings.

This contradicts the Rural SPEED (2005) study which points out that, access and security are the most important priorities for rural savers as pointed out earlier. However, Rural Speed report hastens to add that, increasingly, people consider returns to their savings. In addition, access to financial institutions and the type of savings were found to determine the decision on the form of savings held, this is in agreement with Rural Speed study (2005) which points out that, access and security are the most important priorities for rural savers.

2.4.3 Inflation Rate

Agénor (1999) indicates that high inflation rates are a disincentive to savings in monetary terms since they tend to attract funds towards investment in physical assets. However, to the extent that

a high rate of inflation goes together with more uncertainty on the real rate of interest (or the return on saving), it may have a depressing effect on the decision to save.

Central banks in many countries assert there is a necessity to maintain low inflation rates in order to raise economic growth and encourage domestic savings. It explains that considering a constant rate on saving deposits, higher inflation rates means the net return on the deposits will go negative and that's why savings take a non-monetary form (Agénor (1999)). This results in to withdrawals of funds from investment vehicles hence low savings. On the other hand, cases of negative inflation (deflationary tendencies) are adverse to individual savings because a negative inflation indicates an average fall in the prices of all the produce. This is accompanied by a fall in the income, purchasing power and hence savings. Therefore, a mild inflation rate is ideal for savings mobilization.

On the contrary Wachtel (2002) agrees with Agénor (1999) that Inflation encourages saving to the extent that it increases uncertainty about future income, a high degree of price variability may lead to an increase in the saving rate, as a result of a precautionary motive to save. This observation is necessary to clarify the fact that not all inflation is negative. In his studies he concludes that higher rates of inflation induce households to save more. He explains that when the rate of inflation is high, it leads to high uncertainty in the future prices which induce households to save in a view of catering for the uncertain future.

2.4.4 Interest Rates

Duca (2003) found out that interest rates offered among other factors affect the level of savings of an individual. He writes that high interest rates encourage savings whereas low interest rates discourage savings. It was generally found that countries with a high savings ratio, interest rates were not uniformly positive (World Bank, 1993).

According to Kagumya (2004), low rates of interest on deposits coupled with high rates of inflation have often been an obstacle to savings mobilization. To mobilize savings on large scale therefore, retirement benefits must offer interest rates that are attractive to savers than the deposit taking institutions offer. This especially is the case with schemes that offer guaranteed returns.

Hale (2002), affirms that the interest rates on savings should be higher than the inflation rate in order to preserve the value of the savings and provide a positive real return to savers. Private

savings especially in the form of financial assets are generally far less restricted by low income than has been assumed before, both by economists and policy makers.

On the contrary there is strong empirical evidence that, the saving behavior of all private households is highly sensitive towards attractive incentives to save (Fischer, 1989). He further observes that, higher interest rates can stimulate financial savings substantially. In support of this, Munzele and Mavrotas (2003) say; the positive relationship interest rates and savings balances provide an incentive for savers to increase their balances or not to withdraw their savings, if at all the interest given is high.

Nevertheless, this is contradicting with Richard Pelrine (2005) which revealed that, access to credit and positive interest rates were not priorities for the savers.

2.4.5 Socio-Economic Well-being

Both Thillarajah (1994) and Gulli (1998) assert that, low income earners and generally the poor do save contrary to the previous perceptions amongst many that ,they are “too poor to save” and also prefer to consume than to save.

Ouma and Hans (2003), in a study carried out on Small and Medium Enterprises (SMEs) in urban and rural areas observed that only about 8 percent of urban SMEs members do not save due to their small, irregular incomes and large family sizes. Thus savings is a valuable financial service that low income earners like urban SMEs and by extension, the poor need. This observation is reinforced by Adam (1937), who viewed that, ‘the principle which promotes us to save comes with us from the womb and never leaves us till we go to the grave’

Obwona and Ssentamu (1998), nevertheless, assert that the overriding factor to saving is the level of income. That is, the higher the income, the higher the savings and the reverse is true. Musinguzi and Peter (1999) affirm these findings with 85.4percent of the respondents revealing low incomes as a reason for not saving.

Kasi (2003) also affirms that there’s growing evidence that poor people’s capacity is much more than commonly recognized. The realization that poor people can and actually do save prompted several micro and small enterprises and organizations as major players in savings mobilization.

2.4.6 Consumer Behavior

Saving and consumption are mirror images, which means that anything that increases consumption will reduce saving. If for example households increase their consumption expenditure (buy more luxury commodities), this will affect their ability to save. Household decisions on how much to consume and how much to save are analyzed by models focusing on inter-temporal optimization (Ando and Friedman, 1957). In the absence of borrowing constraints, the first order condition of such models is: the ratio between marginal utilities in any two periods has to be equal to the expected discount rate. Individuals borrow and save as outlined above in order to smooth consumption over time (Modigliani and Brumberg, 1954).

Any change in the discount rate will change the opportunity cost of current household consumption. In the absence of market imperfections the level of consumption (and therefore saving) today will change in the future. However, market failures are rife in developing economies, and as a result the elasticity of substitution is unlikely to be unity. Poorer households who are closer to the poverty line, may have less flexibility to substitute consumption between periods, thus their savings ratio is likely to be rather inelastic relative to that of richer households (IMF; 1995).

2.5 Ways to Improve Household Savings

2.5.1 Effective Saving Objectives

Phillip (2003) postulates that to achieve a better growth in the savings among households there is need for an effective savings service by all the financial institutions involved in mobilizing savings. The term effectiveness applies to the objectives and the extent to which these are achieved. The word effective describes realization of the objective. An objective is a desired future state that the organization attempts to realize. Retirement schemes in Kenya are required to attain the objectives of the savers if they are to give “value for money”.

Drucker (1983) states that the presence of explicit objectives provides several important benefits for the organization, namely; Source of motivation and commitment; guide to action; standard of performance. Properly balanced portfolio by retirement schemes will ensure sound returns that motivate mobilization of savings particularly by the uncovered population. Therefore, according to Phillip (2003) and Drucker (1983), one way of improving the savings culture is by having an effective savings service.

2.5.2 Trust and Confidence with Financial Markets.

Branch (2002) observed that low income people will sustainably increase their voluntary savings deposits if provided with security, convenience and market returns. Security is ensuring safety of members' funds; convenience is the ease with which members savings are made available to them in time of need; and market return refers to the competitive interest earned that encourage savings.

2.5.3 Demographic Sensitivity

McCormack (2005) asserts that to improve the savings culture in Uganda, which at present is described as the worst in sub-Saharan Africa, the country's Capital Market Authority (CMA) must take the fight to schools, the youth and households. It is believed that, students can save and indeed they are never too young to start. According to McCormack (2005) in support of CMA's strategy, teaching people how to save is a step- by- step process. The first step should be giving child/individuals a reason to save.

Kyohairwe (2005) reinforced that pension schemes should target the youth and children, since the older generation has generally negative perceptions about saving given their past experience with commercial banks and insurance companies. It is expected that with current approach of encouraging the youth to start saving, in a period of five to ten years, the ratio of savings to GDP will have gone up. And in the process, it will reduce the heavy dependency on foreign savings for investments.

2.5.4 Financial Literacy Education

Bell, Gorin and Hogarth (2009) in their study report that financial education does seem to have an effect on specific financial management behaviors. Those taking a financial education program are more likely than the comparison group to report using formal spending plans and less likely to report using informal spending plans. This study also finds that high school financial education programs make a difference in selected behaviors: those who have a high school financial education course are more likely to have a savings account for short term savings goals and to save regularly. Having taken a high school course is also associated with having fewer overdraft fees in the past six months (Hira 2009). Early financial management experience also seems to matter: those who have a high schoolsavings account are more likely to

have an emergency fund, more likely to read money management articles, and less likely to “never” pay off their credit card balances.

2.5.5 Create Awareness about Savings Vehicles

The Retirement Benefits Authority should intensify their savings campaign not only to the elite who have access to published materials but to the marginalized communities in the rural areas of Kenya. Beneficial avenues of stimulating savings from farmers and individual rural households should be made aware of the individual retirement schemes as well as the beneficial regulation that offers opportunities to savers such as utilizing savings as guarantee for mortgage.

2.5.6 Use the Employers

Employers can help foster savings by use of a payroll savings plan through which a predetermined amount is deducted from the employees’ monthly salary, or set aside in a special account from which withdrawals are not allowed until maturity date. Making savings automatic and withdrawals difficult eliminate the temptation to spend all of current earnings or squander accumulated savings (Fofana, 2005). Check off systems have picked up well for loan repayments with financial institutions and the same need to be replicated to saving beyond pension contributions. Moreover, employers should make employees perceive savings in retirement schemes as a last resort rather than the first whenever they leave employment.

2.5.7 Attitude towards Investment and Retirement

Mandell and Klein (2009) find that high school courses in personal finance or money management have done little to raise the level of financial literacy among young adults. In an earlier study, Mandell (2006) reported similar findings. Students who take a course in personal finance end up no more financially literate than those who do not. Tracking students who took such a course over a five year period shows no positive impact on financial literacy, attitudes toward thrift, or behavior. However, Bernheim et al (2001) in their study find that people who live in states that mandated financial education in high schools are more likely to report having taken a financial literacy course and also save at higher rates.

Danes et al (1999) conducted a study to assess the impact of a high school financial planning curriculum on the financial knowledge, behavior, and self-efficacy of a national sample of teens using the curriculum. They report that statistically significant changes are found in financial

knowledge, behavior, and self-efficacy both immediately after studying the curriculum and three months after completing the curriculum. About half the teens show gains in knowledge, a third demonstrate gains in behavior.

Xiao et al (2004) argue that although financial education can be beneficial and can have a positive impact on the lives of consumers, the nature of the impact and its level of effectiveness are often difficult to measure. Furthermore, impacts may not be immediate, but education may be instrumental in starting the process of behavior change or moving people from one stage of behavior to another. Willis (2008), on the other hand, argues that the financial literacy education model is premised on the promise of consumer sovereignty—that consumers can be taught to make welfare-enhancing choices in the insurance, credit, and investment marketplace, trained to read and travel the road map to the American dream. The model dupes consumers into thinking they can master the financial services market, while placing blame upon them for their failure to do so, deflecting political pressure for change. Researchers and practitioners continue to debate the rigor of various evaluation techniques and the appropriate measures to use (Lyons, 2005).

Braunstein and Welch (2002) suggest that some programs, particularly those having discrete objectives, have succeeded in improving certain aspects of consumers' personal financial management, such as maintaining a mortgage, increasing savings, or participating in employer sponsored benefit plans. Improved financial behavior does not necessarily follow from increased financial information. The timing and format of training, as well as human traits such as aversion to change play a role in whether programs will effect positive change that contributes to households' long-term financial wellbeing.

2.6 Empirical Review

Hwang and Gao (2003) used a time series analysis, which showed that the main factors which influenced people in China to purchase life insurance products are directly associated with the successful economic reform leading people to progress to higher layers of economic security, the increase in the level of education, and the change in social structure. Graham et al. (2002) indicated that female investors appear both to be more risk averse and to have less confidence in their investment decisions than male investors in equivalent circumstances. On a larger scale, since women are more comprehensive information processors, and thus, trade less often than their

male counterparts, it might be hypothesized that the increasing participation of women in investing will have a moderating effect on the stock market.

Lim (2003) analyzed via questionnaire surveys in Singapore towards the attitudes of 204 senior workers towards work and retirement, retirement planning, and their willingness to continue working after retirement, and to undergo retraining. The results showed that work occupied a salient part of the lives of employees in their 40s and above. Respondents held rather ambivalent attitudes with regard to the prospect of retirement, i.e. while they did not view retirement negatively, they were nevertheless anxious about certain aspects of retirement. In addition, respondents also generally have not planned for retirement. Those aged 50 years and above were more likely to engage in retirement planning involving discussion about retirement with others, financial planning, and planning for holiday trips compared with those below 50 years old. The majority of them preferred to remain employed and willing to undergo retraining after they have retired.

Cole and Shastry (2009), using the U.S. Census long form, examined the saving behavior of people in states with a literacy mandate, comparing those who graduated before and after the enactment of the mandate, and find that the introduction of the mandate has no effect. Individuals accrue retirement assets both individually as well as through Social Security and employer-sponsored pensions. To figure out how much to save for retirement, individuals must know their expected dates of retirement, expected lifespan, and Social Security and/or pension entitlements (Mitchell, 1988). They must then take into account the expected rate of return on saving and the desired standard of living in retirement to determine the necessary savings rate. This planning process requires knowledge of Social Security and pension plan characteristics, as well as the ability to perform calculations involving compound interest and monthly accumulation. In practice, this can be a difficult process, as illustrated by (Gustman and Steinmeier, 2005). Bernheim (1988) found that many adults do not know important features of their Social Security entitlements and pensions.

2.7 Summary

The chapter has explored theories of saving in retirement planning and studied the objectives and importance of saving world over. But while the focus of saving is at retirement the Amendment

bill has opened a window where Kenyans who are members of occupational retirement benefit schemes have been allowed to access their saving whenever they lose their jobs in the spirit of alleviating suffering. Glamser (1981) and McPherson (1991) indicated that respondents had generally favorable attitudes toward retirement during pre-retirement years. The favorable attitudes were associated with high levels of income, health, education, and high degree of support from family and work. It is interesting to note that the younger the respondents, the greater the favorable attitude towards retirement. At the same time, Glamser (1981) and Prothero (1981) pointed out that negative attitudes were found towards retirement and the negative attitudes were related to the fear of financial difficulties after retirement, high commitment, and satisfaction from work.

According to Eijffinger and Shi (2007:2), stringent pension fund regulation causes inflexibility, discourages risk taking and interferes with the running of private pension systems. Eijffinger and Shi (2007) suggest that appropriate pension regulation should leave sufficient scope for innovation and creativity in the design of pension products that would ultimately lead to improved performance of the pension funds. Moreover, regulations on withdrawal of benefits before retirement (when one leaves a job) have been set in Kenya (RBA, 2010) that do not evaluate the adequacy of savings at retirement.

This study identifies a gap as to what specific regulation can address the question of household saving in Kenya given only two million out of five million labour force save. Literature given by numerous researchers has not given how much regulation is productive to induce saving. What aspects of regulation address need to be reviewed to ensure reduced old age poverty by retirees who were members of retirement schemes?

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter discusses the type of research design, population, and target population, sampling frame, sample, sample size, sampling technique, instruments to be used, pilot test and data analysis.

3.2: Research design

Research design refers to how data collection and analysis are structured in order to meet the research objectives through empirical evidence economically (Cooper and Schindler, 2006).

This is a descriptive study and took a correlation design. Correlation research is a research design that attempts to show causal relationship between a set of independent and dependent variables (Sekaran, 2006). The correlation research design was preferred by this study because this study sought to show causal relationship between regulation and the household saving in Kenya.

3.3: Population

A population refers to an entire group of individuals, events or objects having a common observable characteristic (Mugenda & Mugenda, 2003). The population of the study comprised of members of retirement benefits schemes in Kenya, registered by the Retirement Benefits Authority (www.rba.go.ke). Retirement benefit schemes were chosen in this study because they are the official savings vehicle by households under regulation.

3.4: Sample

A sampling frame is a list of population from which a sample was drawn (Leary, 2001). The sampling frame for this study was the list of retirement benefit schemes as recorded in the RBA website on 31st July 2012.

A sample of 150 members of registered retirement benefits schemes having their offices in Nairobi out of the recorded 1,300 schemes in the RBA website in 2012 was drawn. The sample size was decided due to the fact that the schemes selected in Nairobi were based on sectors of the economy the members are in and the researcher was of the opinion that 150 schemes would be representative for the purpose of this study.

3.5: Data Collection

Random sampling and purposive sampling techniques were employed. Random sampling technique was employed when selecting the members of RBS. This was done to avoid biasness. Purposive method was applied when selecting individual members because there was need to specifically get information from those parties who had savings in RBS.

Data from the study was generated through the primary sources through questionnaires. The questionnaire was aimed at collecting general information about the personal financial choices and decisions made. The questionnaire sought to collect information that would assist to answer the research questions. The questionnaire was administered using the drop and pick later method. The respondents of the questionnaire were members of selected retirement benefit schemes.

The questionnaire shall have four main parts;

- a) The level of awareness of contributors to the changes in the regulations
- b) Exit levels and Demographic information of leavers
- c) Performance of RBS with the change in the withdrawal regulation
- d) Level of household savings post the pre-retirement withdrawal regulations

3.6: Data Analysis

After the data was collected and gathered it was examined to detect errors, omissions, contradicting and unreasonable information. This was done to ensure accuracy, consistency and uniformity in the information for analysis. Data was then entered in to the computer and analyzed by the use of SPSS (Statistical Package for Social Scientists) and then presented in form of tables showing percentages.

3.6.1 The Analytical Model

The analytical model used had the following constructs to check the relationship between regulation and household saving to achieve the second objective.

$$\text{Cumulative Household saving} = a + b_0 \text{Regulation} + e$$

Where;

Household Saving was the balances of contributions and accrued income as per member responses between 2005 and 2012.

Regulation was represented by the ceilings allowable for withdrawal such as the number of years of contribution; number of times household contributors change jobs, the level of withdrawal at each change of job.

The first objective was achieved through an analysis of the pre-retirement withdrawals as a percentage cumulative household savings. Descriptive statistics was used to represent results.

The strength of the relationship was measured by regression co-efficient (R). An r-squared was used to establish if the goodness of fit was satisfactory. The closer to one (1) the r-squared, the better the model explained variation in cumulative household savings due to pre-retirement withdrawal regulations.

Analysis of variance (ANOVA) reported using p values measured if the independent variable (regulation) is a good predictor of the dependent variable. A p-value of less than 0.05 indicated that the relationship was strong or significant.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the results of the study. The descriptive statistics were presented first followed by the model results. The interpretation and discussion of the results were presented in a separate section. The chapter summary was also given.

4.2 Descriptive Results

This section presents the descriptive results. The measures of central tendency were presented first followed by the trend analysis.

4.2.1 Descriptive Statistics

Results in figure 4.1 indicate that 138 sampled household savers in 138 retirement benefit schemes had a cumulative saving of KShs. 11.1 million in 2005, KShs. 10.6 million in 2006, KShs. 13.25 million, KShs. 11.85 million in 2008; KShs. 10.936 million in 2009, KShs. 15.034 million in 2010, KShs. 13.25 million in 2011 and KShs. 13.678 million in 2012. The cumulative savings was observed to be growing over the period of study.

Pre-retirement withdrawal following the new regulations in 2005 allowed by pre-retirement withdrawal of up to 100% of own contribution. KShs. 4.8m was withdrawn in 2005, KShs. 1.8 million in 2006, KShs. 6.402 million in 2007, KShs. 5.425 million in 2008, KShs. 5.167 million in 2009, KShs. 8.11 million in 2010, KShs. 7.453 million in 2011, and KShs. 8.2 million in 2012. The average withdrawal of the period was KShs. 5.9 million.

The percentage pre-retirement withdrawal stood at 43% in 2005 when the regulation was revised to allow withdrawal of up to 100% own contribution and investment income. The percentage remained below 50% over the next 4 years as due to the maximum proportion available on exiting a job. However in 2010 the pre-retirement withdrawal rose to 54% in 2010, 56% in 2011

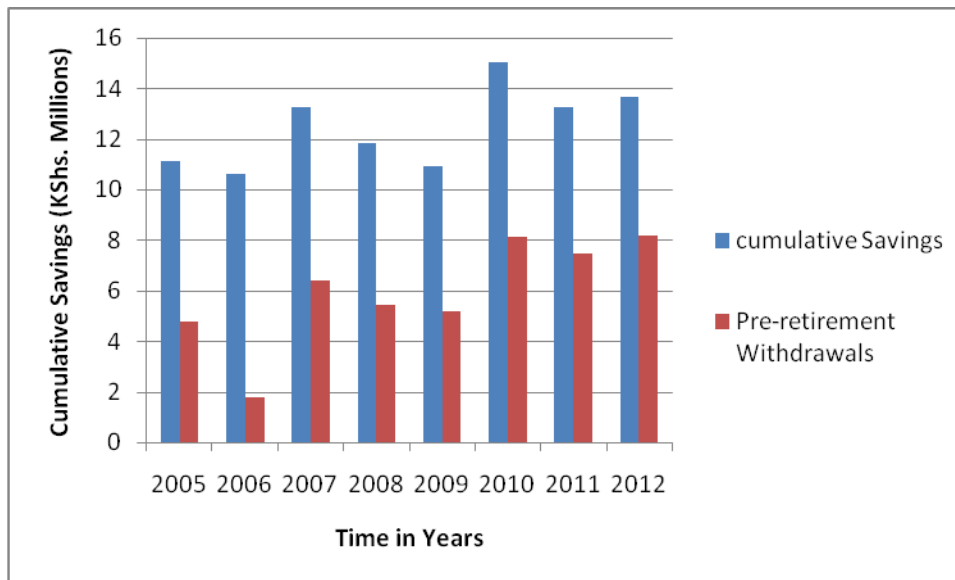
and 60% in 2012. The average pre-retirement withdrawal over the period of study across the 138 sampled households stood at 46%.

Figure 4.1 Summary of Cumulative Saving and Pre-retirement Withdrawal

Year	Cumulative Saving	Pre-retirement withdrawal Amount	Annual Pre-retirement Withdrawal %
2005	11,100,000	4,800,000	43%
2006	10,600,000	1,800,000	17%
2007	13,250,000	6,402,000	48%
2008	11,850,000	5,425,000	46%
2009	10,936,000	5,167,000	47%
2010	15,034,000	8,110,000	54%
2011	13,250,000	7,453,000	56%
2012	13,678,000	8,200,000	60%

Source: Research and Findings

Figure 4.2 Graphical Relationship between Household Cumulative saving and Pre-retirement withdrawal of benefits between 2005 and 2012



Source: Research and Findings

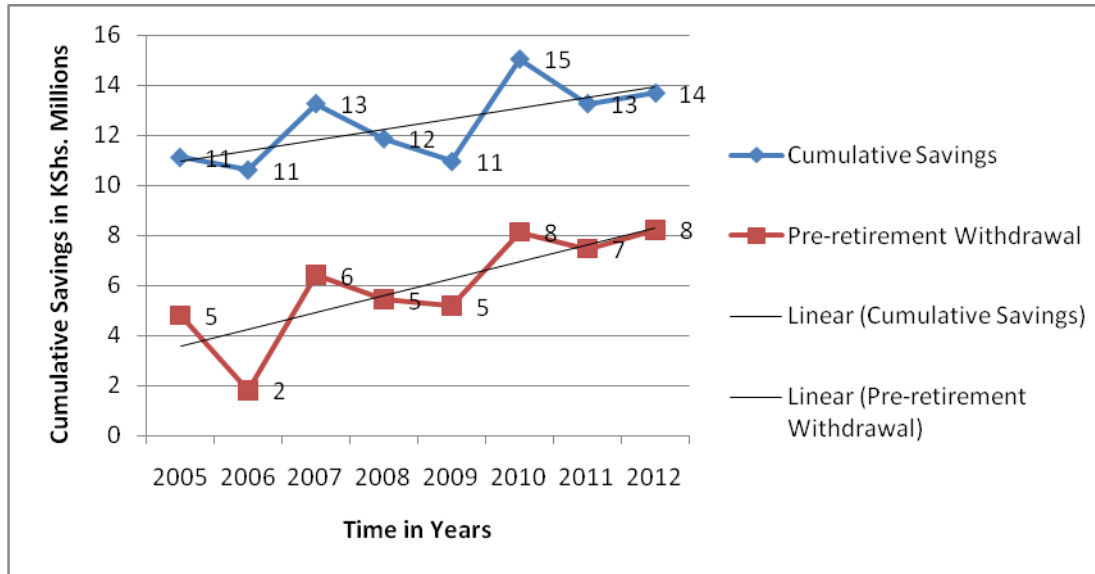
Figure 4.2 indicates that cumulative savings on average grew positively between 2005 and 2012. However, the savings fluctuated from month to month with a drop in savings from 2010 to 2012. Withdrawals also increased on average in the period. However, the withdrawal levels between 2010 and 2012 grew positively implying increased drawing of benefits.

4.2.2 Annual Trends for Pre-retirement Withdrawals

Figure 4.3 indicates that cumulative savings for 138 households has increased between 2005 and 2012. However, there are instances of drops in 2006, 2008 and 2008. These can be explained by the coming in of the new pre-withdrawal regulation in 2005 in which most households exercised the withdrawal of 100% of their own contributions to retirement benefit schemes after leaving their old jobs. 65% of the respondents had exercised withdrawal of benefits when they changed jobs. The drop between 2007 and 2009 can be explained by the effects of post-election violence especially where the withdrawal proportions seem relatively higher.

The pre-retirement withdrawal patterns follow the saving pattern for the same period. This can be explained by the fact that pre-withdrawal regulations allow a percentage of total saving to be drawn. Moreover, the time taken between exit from a job to withdrawal of benefits by households is quite short. It ranges between immediately to a few months after.

Figure 4.3 Trend Relationship between Household Cumulative saving and Pre-retirement withdrawal of benefits between 2005 and 2012



Source: Research and Findings

The trend line in figure 4.2 indicates that pre-withdrawal as a percentage of cumulative savings has been on the rise. Between year 2005 and 2009 the percentage averaged at 40% of the cumulative savings. This can be explained by the capping of withdrawal to 100% of own contribution only that came in place in 2005.

Between 2010 and 2012 the pre-retirement withdrawal percentage increased to 54%, 56% and 60% in 2010, 2011 and 2012 respectively. The average percentage pre-retirement withdrawal shot up from 40% for years 2005 to 2009 to 57% for years 2010 to 2012. The increase can be explained by an amendment to the pre-retirement withdrawals in 2010 that raised the capping from only 100% of own contribution to include 50% of employer contribution and related investment income as well.

4.3 Effect of Regulation on Savings

The results of effect of pre-retirement withdrawal regulations on household savings were presented in this section as below.

Figure 4.4: Goodness of Fit of the Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.830 ^a	.689	.637	1.068

a. Predictors: (Constant), Standard Deviation (Pre-retirement withdrawal regulation)

Source: Research and findings

A regression model was applied in determining the relationship between the effects of pre-retirement withdrawal regulations on household saving. Result in table 4.2 indicates that the goodness of fit of the model was satisfactory. This finding was supported by an r squared of 0.689. An r squared of 0.689 indicates that 68.9% of variation in cumulative household saving is explained by pre-retirement withdrawal regulations.

Figure 4.5: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.158	1	15.158	13.292	.001 ^a
	Residual	6.842	6	1.140		
	Total	22.000	7			

Source: Research and Findings

An Analysis of Variance (ANOVA) results in table 4.3 indicates that the overall model was significant. This was supported by an f statistic of 13.292 (p value = 0.000). The ANOVA results demonstrated that the independent variable (pre-retirement withdrawal regulation) is a good predictor of cumulative household savings.

Figure 4.6: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.526	1.025		8.320	.000
	Std Dev. (withdrawal)	.632	.173	.830	3.646	.001

a. Dependent Variable: cumulative household savings

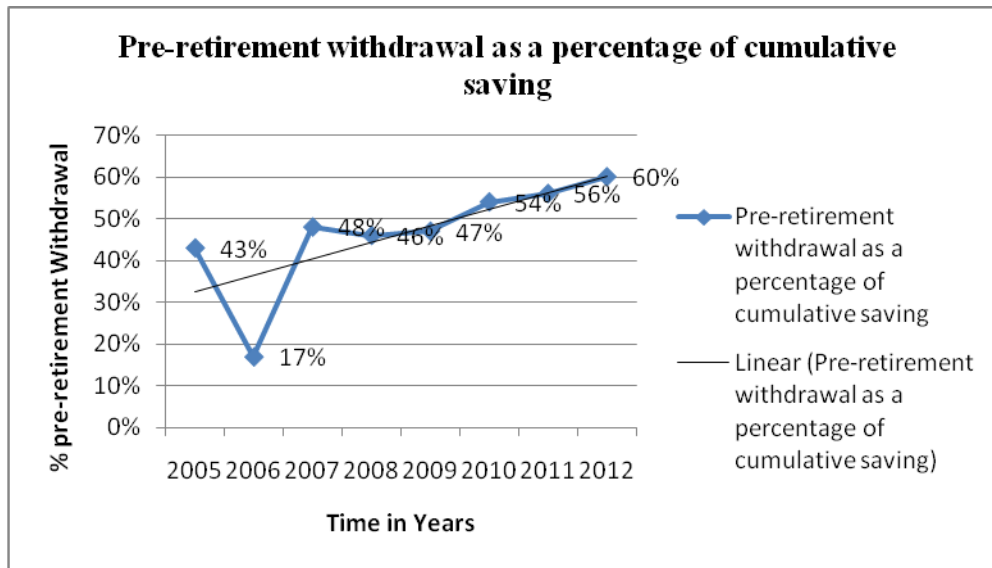
Source: Research and Findings

Regression results in table 4.4 indicate that there is a positive relationship between pre-retirement withdrawal regulation and household saving. This was evidence by a regression coefficient of 0.632 (p value = 0.000). The relationship was significant at 0.05 critical value since the reported p value 0.000 was less than the critical value of 0.05. A variation in regulation by one unit leads

to an increase in saving by 0.632 units. This means that the cumulative saving is reduced by a proportion when regulation is enforced.

$$\text{Cumulative Household saving} = 8.526 + 0.632\text{Pre-retirement withdrawal regulation}$$

Figure 4.7 Consolidated Trend -Graphical Relationship between Household Cumulative saving and Pre-retirement withdrawal of benefits between 2005 and 2012



Source: Research and Findings

Figure 4.3 is a graphical illustration of the relationship between cumulative saving and pre-retirement withdrawal regulation. It indicates that the relationship is linear. A linear trend superimposed on the trend indicates a positive relationship between saving and regulation.

4.3 Interpretation of Findings

The results indicate that there is a direct linear relationship between regulation and savings. This was evidenced by a regression coefficient of 0.632 (p value = 0.000). The relationship was significant at 0.05 critical value since the reported p value 0.000 was less than the critical value of 0.05. A variation in regulation by one unit leads to an increase in saving by 0.632 units. This means that the cumulative saving is reduced by a proportion when regulation is enforced.

The average pre-retirement withdrawal occasioned by the coming into force of the pre-retirement withdrawal regulation as a result of exit of a job since 2005 was 46% over the period of study for

138 sampled households. An amendment in 2010 allowed a further 50% pre-retirement withdrawal of the employer's portion and accrued investment income that led to the average withdrawal growing from 40% to 46%. The expected relationship between savings and regulation is negative if after withdrawal individuals do not get into other jobs.

In a study of factors that affected household savings 34.146% of the respondents answered that people with lower incomes always save less than those with relatively higher incomes. 85.94% believe that socio-economic factors like political stability affect an individual's willingness and propensity to save. 93.22% of the respondents felt that the number of savings products offered can greatly impact on a person's willingness to save. 76.92% of respondents held that access to the savings and security will always be considered when choosing a mode of saving. 90.16% felt inflation rates greatly affect an individual's level of savings. 81.82% replied that the interests offered on savings and those charged affect saving. 93.23% of respondents said that social responsibility and the cost of living affect the amount an individual can save. 94.57% felt that the awareness about the savings vehicles affect the timing and level of savings by an individual.

In studying how informed individuals were about the changes in retirement benefits regulations 28.22% of respondents felt the contributors are aware about the regulations surrounding retirement benefit schemes. 45.61% believed that trustees and fund managers facilitate education for members. 31.25% of respondents said contributors follow closely the changes in RBA regulations and adhere to them. Only 19.33% of respondents felt that pre-retirement withdrawal regulations are clearly understood. 24.56% of respondents said that continuous changes in regulation have been understood and fully implemented by your RBS.

From a study of how households had responded to the pre-retirement withdrawal regulations 71.43% of respondents said that contributors requested for their entire contribution and 50% of employer's immediately they exit their current job. 83.87% believed the amounts paid out to leavers have increased as a result of the increase in withdrawal ceiling to 50% of employer contribution in 2010 on payment of benefits. 82.35% felt that the fund value had shrunk faster affecting the performance of retirement schemes since the enforcement of pre-retirement withdrawal regulations in 2005. 63.92% thought that the pre-retirement withdrawal regulation had affected the stability and performance of their retirement benefit schemes. 67.71% of the

respondents believed the number of leavers had increased since the coming in of the pre-retirement benefits withdrawal regulation. 56.86% thought that the fund value has grown much slower in the periods after the passing of the Amendment clause in 2010. 60.61% of the respondents said that the schemes were incurring more expenses to adhere to the pre-retirement withdrawal regulations thus reducing the fund value for the schemes.

A study on possible ways of improving household saving 95.59% suggested increasing the savings rate in retirement schemes will greatly improve household saving. 78.90% felt that household saving will always improve if the retirement schemes can ensure security, convenience and market returns. 62.68% believed that the older generation is biased and rigid about saving and therefore the youth should be targeted by retirement schemes. 90% of respondents felt that an increase in the number of savings products and their quality would improve household savings. 94.53% echoed that reaching out to the community through financial education programmes would improve household savings.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presented findings of the data analyzed above paying attention to the research objectives. Conclusions are also presented and recommendations for further study made.

5.2 Summary

Results based on 138 sampled households from different schemes indicate that the average pre-retirement withdrawal of benefits from retirement benefits schemes stood at 46%. The average pre-retirement withdrawal between 2005 and 2009 when only own contribution was permitted on exiting a job was 40%. The rate increased in 2010 when a further 50% of employer's contribution was allowed for withdrawal for all leavers who had worked at least three years with an employer.

The results show that the regulations had been largely embraced and were being enforced as observed by 71.43% of the respondents. Since the coming into force of the pre-retirement withdrawal regulations more people had taken advantage of the window to withdraw their benefits upon changing jobs. The percentage of withdrawal had increased over the period signaling that households were aware of these regulations.

The first objective of the study was to establish the level of pre-retirement withdrawal of benefits as a result of the change in the retirement regulations. The findings in this study indicated that in the first year the regulations came into force pre-retirement withdrawal rose from zero to 43%. Over the period of study the average rate had risen to 46 % after the enforcement of an amendment to allow a further 50% of employer's contribution for leavers who had served a minimum of three years with the employer. This implies that the cumulative household saving was increasing at a decreasing rate and was dependent on the level of unemployment and labour turnover. The higher the labour turnover the higher the pre-retirement withdrawals and the higher the levels of unemployment so that leavers take time to get new jobs the higher the probabilities of cumulative savings shrinking. There need to be a limit as to the allowable number of times that households should be permitted to draw their benefits upon changing jobs to avoid consumption of savings meant for retirement prior to retirement.

The second objective of the study was to determine the effect of the regulation on household saving. Results indicate that there is a positive relationship between enforcement of the pre-retirement withdrawal regulation and household savings. This was evidence by a regression coefficient of 0.632 (p value = 0.000). The relationship was significant at 0.05 critical value since the reported p value 0.001 was less than the critical value of 0.05. An increase in pre-retirement withdrawal regulation stipulation to allow an extra withdrawal by one unit leads to an increase in cumulative saving by 0.632 units, which in essence is a de-growth in savings. Thus, the regulations need to be properly administered to strike a balance between complying with the constitutional requirement of "right to property" and mobilizing savings to alleviate "old age poverty".

5.3 Conclusion

It can be concluded that pre-retirement withdrawal regulation has facilitated massive withdrawal of benefits meant for retirement by households diminishing old age saving. The regulation

exposes households that do not secure stable jobs to allow continuation of saving to old age poverty.

The study has shown that the average withdrawal rate was 46% and yet the trend shows that in 2012 60% would be the withdrawal rate. The implication is that the retirement schemes are exposed to uncertainty in their investment strategies to ensure that they keep liquid so as to honour withdrawals when they fall due. As much as there is an inducement for households to save for precautionary measures such as loss of job, the retirement benefit schemes have been reduced to be short-term investment vehicles subject to labour turnover trends. The question of retirement savings adequacy may arise from the pre-retirement withdrawal trends set.

It is possible to conclude from the trend that in case of massive labour turnover and rising unemployment levels that the saving culture for households is poor. This is in relation to the high percentage withdrawal shown as a result of change in regulation. It depicts Kenya as a country of net consumers and not net savers.

From the ensuing discussion it can be concluded that the factors advanced as necessary for a country's population to save must be strengthened so that households would be induced to save even when there are opportunities to consume. More savings vehicles that are not contingent to external factors need to be established to facilitate sound retirement planning.

5.4 Recommendations for Policy

It was recommended that the regulators and policy makers should craft investment vehicles that are stable in nature and their term period is not subjected to external factors to mobilize savings and inculcate a saving culture in households. The average pre-retirement withdrawal percentage should be reduced from the current 46% in the study to avoid exhaustion of savings meant for old age.

80% of labour force in Kenya is not to be covered by any saving vehicle (RBA, 2012). Customized products should be introduced to ensure that every able worker saves prior to retirement. Social security savings should be raised from the current statutory threshold to guarantee a reasonable minimum amount payable to households on retirement to furnish a decent post-retirement life style. This amount should not be accessible to households under any circumstance prior to retirement.

Most households have diversified their savings between cash and non-cash forms. Most cash-taking savings vehicles are regulated while the non-cash forms are mostly unregulated. Regulations of such items as real estate should be enacted to safeguard the welfare of households by ensuring they are not lured into investing into illegal or dubious transactions. Further, the ownership of these non-cash forms of savings should be recognized and grouped as retirement savings vehicles.

5.5 Limitations of the Study

One of the limitations of this study is the accuracy and completeness of the data given by respondents. Most respondents could not trace the statements of their savings with their retirement benefit schemes and had to approximate based on their contributions.

Moreover, there was a limitation of resources of time and finances where the number of respondents selected was those within Nairobi and the sample size tending towards those who are still in active employment.

The period of study used in this study captured data from the year that pre-retirement withdrawal regulations were first enforced. This limitation poses a difficulty to have comparative trends in the periods before the regulations were enacted.

5.6 Suggested Areas for Further Research

From the limitations above a study would need to be carried out across the country to establish the effect of pre-retirement withdrawal regulations on the adequacy of household savings post retirement relying on secondary data. This study should use an enhanced scope of respondents to include leavers and contributors in different levels.

Another study may be carried out to establish the level of saving in non-regulated assets by households. Moreover, another study may be carried out to investigate the various savings products available in Kenya for retirement planning and possible diversification mix.

Further, a study should be carried out to establish the adequacy of accrued retirement benefits post retirement. This study would be evaluating the appropriateness of the laws being put in place in enhancing savings.

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APPENDIX 1

RESEARCH QUESTIONNAIRE

SECTION A: Background information

1. Gender

a) Male b) Female

2. Marital status:

a) Single b) Married c) Widow(er) d) Divorced

3. Age bracket (yrs)

a) 11-20 b) 21-30 c) 31-4 d) 41 and above

4. Highest level of education attained

a) Primary b) Secondary c) Tertiary d) University

5. When did you join your first Retirement Benefit Scheme (RBS)?

a) 1-3yr ago b) 3-6 yrs ago c) 6-8 yrsago d) Above 8yrs ago

6. Were you saving before you joined the RBS?

44

- a) Yes b) No

If yes, how were you saving?

- a) With friends, relatives
- b) Secret place
- c) Save with an institution that is regulated by Central Bank
- d) In asset form

Others (specify).....

If not, why?.....

.....

7. Why were you saving?

- a) Precautionary measures
- b) Accumulation of wealth
- c) Save for future investment and consumption
- d) Meet social and religious obligations
- e) Education

Others (specify).....

.....

8. Have you changed jobs in the last 8 years?

- Yes No

If yes when did you change job(s)?

- a) 1yr back b) 2yrs back c) 3yrs back d) Above 3yrs back

9. Have you changed jobs more than once in 8 years?

- Yes No

10. Did you withdraw your retirement benefits from former employer(s) upon leaving employment?

Yes No

If yes when did you withdraw?

How long after leaving employment?

How much did you withdraw?

a) 100% of own contribution b) Less than 100% of own contribution

c) 100% of own contribution and 50% of employer contribution

d) Other (explain)

11. Have you withdrawn your retirement benefits more than once due to change of jobs?

Yes No

12. Please fill the table below with amounts involved:

Year	Cumulative Saving	Pre-retirement withdrawal Amount	Retirement Scheme Name
2005			
2006			
2007			
2008			
2009			
2010			
2011			
2012			

a) SECTION B: Factors that affect the savings culture

On a scale of 1-5, tick in the appropriate box on how you strongly agree or disagree with the statements given.

Scale	1	2	3	4	5
	Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree

Statement	1	2	3	4	5
People with lower incomes always save less than those with relatively higher incomes.					
Socio-economic factors like political stability affect an individual's willingness and propensity to save					

The number of savings products offered can greatly impact on a person's willingness to save					
Access to the savings and security will always be considered when choosing a mode of saving					
Inflation rates greatly affect an individual's level of savings					
The interests offered on savings and those charged affect saving					
Social responsibility and the cost of living affect the amount an individual can save					
Awareness about the savings vehicles affect the timing and level of savings by an individual					

SECTION C: Awareness of Regulation on RBS.

Statement	1	2	3	4	5
Contributors are aware about the regulations surrounding Retirement Benefit Schemes					
Trustees and fund managers facilitate education for members					
Contributors follow closely the changes in RBS regulations and adhere to them					
Withdrawal regulations prior to retirement are clearly understood					
Continuous changes in regulation have been understood and fully implemented by your RBS					

SECTION D: The Effect of Change in Regulation on the savings

Statement	1	2	3	4	5
Contributors request for their entire contribution and 50% of employers immediately they exit their current job					
The amounts paid out to leavers has increased since the Amendment Bill 2010 on payment of benefits					
The fund value has shrank faster affecting the since the commencement of the bill than before the coming in of the bill.					
Pre-retirement withdrawal regulation has affected the stability and performance of your RBS					
The number of leavers has increased since the coming in of the pre-retirement benefits withdrawal regulation on retirement benefits					
The fund value has grown much slower in the periods after the passing of the Amendment Bill 2010					
The scheme is incurring more expenses to adhere to the new Amendment Bill 2010 thus reducing the fund value for the RBS					

SECTION E: Ways to Improve Household Savings

Statement	1	2	3	4	5
Increasing the savings rate in RBS will greatly improve the saving culture					
Household saving will always improve if the RBS can ensure security, convenience and market returns					
The older generation is biased and rigid about saving and therefore the youth should be targeted by RBS					
Increase in the number of savings products and their quality will improve household savings					
Reaching out to the community through financial education programmes will improve household savings,					

APPENDIX 2

Registered Schemes No.

- 1 A P A Insurance Limited Staff Retirement Benefits Scheme
- 2 AAR Holdings Limited Staff Pension Scheme
- 3 Africa Merchant Assurance Company Limited Staff Retirement Benefits Scheme
- 4 African Banking Corporation Limited Staff Provident Fund
- 5 African Economic Research Consortium (AERC) Provident Fund
- 6 African Evangelistic Enterprise Staff Provident Fund Scheme
- 7 Alexander Forbes Retirement Fund
- 8 Alexander Forbes Staff Provident Fund
- 9 Aon Minet Insurance Brokers Staff Pension Fund
- 10 Aon Minet Umbrella Retirement Fund
- 11 Apollo Insurance Company Limited Staff Retirement Benefits Scheme
- 12 Association of Kenya Insurers (AKI) Staff Retirement Benefits Scheme
- 13 Automobile Association of Kenya Staff Retirement Benefits Scheme
- 14 Bamburi Cement Limited Staff Retirement Benefits Scheme
- 15 Bank of Africa Kenya Limited Staff Provident Fund
- 16 Bank of Baroda (Kenya) Staff Provident Fund
- 17 Bank of India Staff Pension Scheme
- 18 Barclays Bank of Kenya Limited Staff Pension Fund
- 19 BAT Kenya Ltd. Staff Provident Fund (Old Fund)
- 20 BAT Kenya Provident-Trust A/C (1991) Fund
- 21 Bible Society of Kenya Staff Pension Plan
- 22 Bible Translation & Literacy (EA) Staff Retirement Benefits Scheme
- 23 BOC Kenya Limited Staff Provident Fund
- 24 BOC Kenya Limited Staff Provident Fund

- 25 British American Insurance Co. Limited Staff Pension Plan
- 26 British American Insurance Company (Kenya) Limited - Umbrella Pension Fund
- 27 Bunson Travel Staff Provident Fund
- 28 Cadbury Kenya Limited Staff Retirement Benefits Scheme
- 29 Cannon Assurance (Kenya) Limited Staff Retirement Benefits Scheme
- 30 Capital Group Staff Provident Fund
- 31 Capital Group Staff Provident Fund
- 32 Central Bank of Kenya Staff Pension Scheme
- 33 Central Bank of Kenya Staff Pension Scheme
- 34 CFC Bank Limited Staff Retirement Benefits Scheme
- 35 Chase Bank Staff Retirement Benefits Pension Scheme
- 36 Chase Bank Staff Retirement Benefits Pension Scheme
- 37 Christ is the Answer Ministries Staff Retirement Benefits Scheme
- 38 CIC Pension Plan
- 39 Citibank Kenya Provident Fund
- 40 Coca - Cola Africa Ltd Staff Provident Fund Scheme 2004
- 41 Consolidated Bank of Kenya Ltd Staff Retirement Benefits Scheme
- 42 Consumer Insight Staff Retirement Benefits Scheme
- 43 Consumer Insight Staff Retirement Benefits Scheme
- 44 Co-operative Bank of Kenya Staff Retirement Benefits Scheme
- 45 Corporate Insurance Company Limited Staff Retirement Benefits Scheme
- 46 Credit Bank Limited Staff Retirement Benefits Scheme
- 47 Crown Industries Limited Staff Retirement Benefits Scheme
- 48 Crown Industries Limited Staff Retirement Benefits Scheme
- 49 Davis &Shirliff Limited Staff Retirement Benefits Scheme
- 50 Daystar University Provident Fund
- 51 Daystar University Provident Fund
- 52 Deacons Kenya Limited Retirement Benefits Scheme
- 53 Development Bank of Kenya Staff Retirement Benefits Scheme
- 54 Diamond Trust of Kenya Limited Staff Pension and Life Assurance
- 55 Document Handling Kenya Ltd. (DHL) Staff Retirement Benefits Scheme
- 56 Dyer and Blair Limited Retirement Benefits Scheme
- 57 EABS Bank Staff Retirement Benefits Scheme
- 58 EARS Group of Companies Staff Retirement Benefits Scheme
- 59 East Africa Portland Cement Co. Ltd Staff Retirement Benefits Scheme
- 60 East African Breweries Limited Staff Provident Fund
- 61 East African Educational Publishers Ltd Pension & Life Assurance Scheme
- 62 Equatorial Commercial Bank Limited Staff Provident Fund
- 63 Equity Bank Staff Retirement Benefits Scheme
- 64 Ernst & Young Staff Retirement Benefits Scheme
- 65 Eveready Batteries Kenya Limited Staff Pension & Life Assurance Scheme

- 66 Eveready Batteries Kenya Limited Staff Pension & Life Assurance Scheme
- 67 Family Bank Staff Pension Scheme
- 68 Farmer`s Choice Staff Retirement Benefits Scheme
- 69 Fina Bank Limited Provident Fund Scheme
- 70 First Assurance Company Ltd Staff Retirement Benefits Scheme
- 71 Full Gospel Churches of Kenya Staff Retirement Benefits Scheme
- 72 Full Gospel Churches of Kenya Staff Retirement Benefits Scheme
- 73 G4S Security Services (Kenya) Limited Staff Retirement Benefits Scheme"B"
- 74 Gateway Insurance Company Ltd Staff Retirement Benefits Scheme
- 75 Giro Bank Limited Staff Pension Scheme
- 76 Giro Bank Limited Staff Pension Scheme
- 77 Henkel Limited Staff Retirement Benefits Scheme
- 78 Henkel Limited Staff Retirement Benefits Scheme
- 79 Higher Education Loans Board Staff Retirement Benefits Scheme
- 80 Hilton Nairobi Limited - Staff Pension Scheme
- 81 Hilton Nairobi Limited - Staff Pension Scheme
- 82 Image Registrars Staff Provident Fund
- 83 Image Registrars Staff Provident Fund
Insurance Company of East Africa Limited Staff Provident Fund and Life Assurance
- 84 Scheme
- 85 Insurance Regulatory Authority Staff Pension Scheme
- 86 International Bible Society Staff Retirement Benefits Scheme
- 87 K- Rep Group Staff Provident Fund
- 88 K- Rep Group Staff Provident Fund
- 89 Kencell Communications Limited Staff Retirement Benefits Scheme
- 90 Kenindia Assurance Company Limited Pension Scheme
- 91 Kenya Agricultural Research Institute (KARI)Staff Retirement Benefits Scheme
- 92 Kenya Airports Authority Staff Retirement Benefits Scheme
- 93 Kenya Bankers Sacco Staff Retirement Benefits Scheme
- 94 Kenya Commercial Bank Staff Pension Fund
- 95 Kenya Kazi Limited Staff Pension Scheme
- 96 Kenya Litho Limited Staff Retirement Benefits Scheme
- 97 Kenya Medical Research Institute (KEMRI) Pension Fund
- 98 Kenya Post Office Savings Bank Staff Retirement Benefits Scheme
- 99 Kenya Power & Lighting Company Staff Retirement Benefits Scheme
- 100 Kenya Shell Provident Fund
- 101 Kenya Tea Development Authority Staff Provident Fund
- 102 Kenya Utalii College Staff Pension Scheme
- 103 KLSA Pannel Kerr Forster Staff Retirement Benefits Scheme
- 104 KLSA Pannel Kerr Forster Staff Retirement Benefits Scheme
- 105 Knight Frank Kenya Limited Staff Provident Scheme

- 106 Knight Frank Kenya Limited Staff Provident Scheme
- 107 Kobil Petroleum Limited Staff Retirement Benefits Scheme and Group Life Assurance Scheme
- 108 KPMG Kenya Certified Public Accountants Staff Provident Fund
- 109 Livingstone Registrars Staff Pension Scheme
- 110 Longhorn (K) Limited Retirement Benefits Scheme
- 111 Madison Insurance Company Limited Staff Retirement Benefits Scheme
- 112 Maersk Kenya Limited Staff Retirement Benefits Scheme
- 113 Mastermind Tobacco (K) Limited Staff Retirement Benefits Scheme
- 114 Mini Bakeries (Nairobi) Limited Staff Pension Scheme
- 115 Mini Bakeries (Nairobi) Limited Staff Pension Scheme
- 116 Nation Media Group Staff Retirement Benefits Scheme
- 117 National Bank of Kenya Staff Retirement Benefits Scheme
- 118 NIC Bank Limited Staff Provident Fund
- 119 Nokia Siemens Networks Kenya Limited Staff Retirement Benefits Scheme
- 120 Old Mutual Kenya Staff Provident Fund
- 121 Oxfam Staff Provident Fund
- 122 Oxford University Press East Africa Limited Staff Retirement Benefits Scheme
- 123 Pan Africa Insurance Co. Limited Staff Retirement Benefits Scheme
- 124 Paper Convertors (K) Ltd Pension Scheme
- 125 Phoenix Publishers Limited Staff Pension and Life Assurance Scheme
- 126 Pioneer Assurance Limited Staff Pension Scheme
- 127 PricewaterhouseCoopers Retirement Benefits Scheme
- 128 Safaricom Limited Staff Retirement Benefits Scheme
- 129 SDV Transami (Kenya) Limited Staff Retirement Benefits Scheme
- 130 Southern Credit Banking Corporation Staff Retirement Benefits Scheme
- 131 Stanbic Bank Limited Staff Pension and Life Assurance Scheme
- 132 Standard Chartered Kenya Pension Fund
- 133 Statpack Retirement Benefits Scheme
- 134 The Jubilee Staff Retirement Benefits Scheme
- 135 The Kenya Airways Limited Staff Provident Fund
- 136 Total Kenya Limited Staff Retirement Benefits Scheme
- 137 Transnational Bank Limited Staff Pension Scheme
- 138 Tusker Mattresses Staff Provident Fund
- 139 Unilever Tea Kenya Limited Staff Retirement Savings Plan
- 140 Wanandega Savings & Credit Co.-operative Society Provident Fund

