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# KEFRI DC RETIREMENT BENEFITS SCHEME



## MINUTES FOR THE MEMBER'S ANNUAL GENERAL MEETING HELD ON WEDNESDAY 12<sup>TH</sup> OCTOBER 2022 AT KEFRI HEADQUARTERS AND ON 17<sup>TH</sup>, 18<sup>TH</sup> AND 19<sup>TH</sup> OCTOBER 2022 AT OTHER REGIONAL CENTRES

### HEADQUARTERS

#### PRESENT

- |                        |   |                    |
|------------------------|---|--------------------|
| 1. Dr. George Muthike  | - | Chairman           |
| 2. Mrs. Sarah Mogaka   | - | Deputy Chairperson |
| 3. Dr. John Waithaka   | - | Trustee            |
| 4. Dr. Joshua Cheboiwo | - | Trustee            |
| 5. Dr. Agnes Ogada     | - | Trustee            |
| 6. Comm. Rose Osoro    | - | Trustee            |
| 7. Mr. Charles Koech   | - | Trustee            |
| 8. Mr. Timothy Wanjala | - | Trustee            |

#### IN ATTENDANCE

- |                  |   |                      |                      |
|------------------|---|----------------------|----------------------|
| 1. Juliana Makau | - | Trust Secretary      |                      |
| 2. Ali Dzitu     | - | Pension Officer      | - Taking Minutes     |
| 3. Robert Rotich | - | Minet Kenya          | - Fund Administrator |
| 4. Mathew Mue    | - | Sanlam Investments   | - Fund Manager       |
| 5. Amos Ogwang   | - | Standard Chartered   | - Custodian          |
| 6. Edwin Bariu   | - | King'ang'i Kamau &Co | - Auditor            |
| 7. Mary Luvisia  | - | King'ang'i Kamau &Co | - Auditor            |

#### MEMBERS PRESENT

Headquarters, Karura & Nyeri - 208

### **MIN 1/AGM/2022: INTRODUCTION AND ADOPTION OF AGENDA**

The Chairman called the meeting into order at 10.30 a.m with a word of prayer from Francis Gachanja and Abubakar Osore. The Chairman then welcomed all the members and Service Providers present to KEFRI Headquarters on behalf of the Director-KEFRI. He also introduced the Trustees and service providers who were present at the meeting.

The agenda of the meeting was adopted as follows:

- 1.1 Introduction and opening remarks
- 1.2 Confirmation of the Minutes of the last AGM held on 30<sup>th</sup> September, 2021
- 1.3 Statement from the Sponsor – Chairman, KEFRI Board of Directors
- 1.4 Statement from the Chairman, KEFRI DC RBS
- 1.5 Audited Financial Statements for the year ended 30<sup>th</sup> June 2022
- 1.6 Investment Management Report for the year ended 30<sup>th</sup> June 2022
- 1.7 Custody Report for the year ended 30<sup>th</sup> June 2022
- 1.8 Administration Report for the year ended 30<sup>th</sup> June 2022
- 1.9 Question and Answer
- 1.10 Closing Remarks and Wrap-up

### **MIN 2/AGM/2022: CONFIRMATION OF MINUTES**

The Trust Secretary, Juliana Makau, presented the Minutes for the last AGM that took place on 30<sup>th</sup> September 2021 at the Headquarters. The Minutes were confirmed as a true recording of the proceedings and was proposed by Stephen Gitonga and seconded by Sarah Hongo.

### **MIN 3/AGM/2022: STATEMENT FROM THE SPONSOR**

The Chairman-KEFRI Board of Directors, Dr. John Waithaka presented the Statement from the Sponsor. Dr. Waithaka began his statement by appreciating all the members for attending the AGM. He informed the members that their former colleagues have benefited from their own contribution, the employer and the prudent investment decisions made by the Trustees over the years. He pointed out that the Scheme Trust Fund which was established in 1995 has taken great care to Member's beneficiaries in cases where any member passed on while in service. The Chairman extended his gratitude to all the Trustees who have served over the years

to ensure that these two Funds are of great social importance and continue to exist and nurture all the members.

Dr. Waithaka informed the members that our Scheme is mature with an average age of 54.86 years. As the Sponsor, Dr. Waithaka told the members that he is aware and that they will be replacing the retired members in an annual basis to ensure continuity of the Scheme.

Further, the Chairman informed the members that contributions has been remitted to the Scheme despite the tough economic challenges like the COVID 19. During the year 2021/2022 the Institute remitted a total of Kshs.125.8 Million which is 20% of the basic salary of the individual members.

The Chairman concluded by advising the members not to be lured into taking their benefits as a lump sum but commute with 1/3 and the 2/3 buy an annuity. That way the members will be assured of a regular income for the rest of their life. Finally, the Sponsor thanked the members and the Board of Trustees and promised that he will continue to offer his unwavering support to the Scheme.

#### **MIN 4/AGM/2022: STATEMENT FROM THE CHAIRMAN**

The Chairman of the Board of Trustees, Dr. George Muthike, began his statement by informing members that the Scheme has continued to serve members upon retirement and beneficiaries of those members who happen to pass on while in service. The Trustees continue to appreciate the Sponsor for his continued support to the Scheme and also recognize the hard work put by the current Trustees and those who served in the past.

On the Scheme Membership and performance, the Chairman informed the Members that the Scheme began the year with membership of 749 active members and closed with 727 members. Despite the huge withdrawals amounting to Kes.106.3 Million, the Scheme had a growth of Kes.38.19 Million albeit lower than last year.

The Chairman reported that last year the Scheme faced challenges in the investment environment. The Scheme began the financial year a positive net return of 3.23% for the first quarter ended 30<sup>th</sup> September 2021. The second quarter ended 31<sup>st</sup> December 2021, the Scheme gained a net return of 0.63%. The third and fourth quarters experienced major changes in valuations of the assets invested in quoted equities, Treasury Bonds and the offshore market. That led to a net return of -1.2% which was a dip from last year's declared net return of 14.2%.



The Chairman also briefed the Members on governance and compliance of the Scheme. He began by informing members that during the year the Scheme was required to comply with Good Governance Practices and the Mortgage Regulations. The Chairman reported that all the documents on the above regulations were worked on and forwarded to the Retirement Benefits Authority (RBA) for approval and the Trustees were given further directives on the same. The Board of Trustees also submitted the revised policies as directed by RBA and awaits its approval. Further, the Chairman informed the members that once the policies are approved by RBA, they will embark on conducting member education on the contents of the policies and in particular how each member can benefit from the mortgage facility. The members were also informed that the Board of Trustees prepared a new Investment Policy during the year as required by law. The policy will guide the Fund manager on how the Scheme assets are to be invested in compliance with the Retirement Benefits Act.

On the post-retirement Medical Scheme, the Chairman informed members that the Sponsor had embarked on the process of hiring a consultant to advise on setting-up the Fund and advise on the contribution levels for each member. However, the bidders were non-responsive and the process was not successful. The Chairman informed Members that our Administrator has stepped in through their Actuarial department to provide the services at no extra cost. Members were informed that once the process is done the Trustees will educate them on the same. Further, the Chairman informed members that each year there are new regulations and the Scheme is required to comply with. The Most recent being the Data Protection Act and guidelines on Treating Customers Fairly. The Chairman assured Members that as Board they will embark on working towards compliance with these regulations.

On the Board composition and continuity, the Chairman informed members that in the financial year ended 30<sup>th</sup> June 2022, the Scheme independent Trustee, Mrs. Mary Gitahi, who was the vice chairperson, retired from the Board having served for a period of six years. She was replaced by Dr. Agnes Ogada, appointed through a competitive process conducted by the Institute of Certified Public Accountants of Kenya (ICPAK). Further, the Chairman informed members that Trustee Francis Ochung' retired from on 10<sup>th</sup> October, 2021 and was replaced by Mr. Timothy Wanjala after a successful election process. The two Trustees together with Trustee Charles Koech were all vetted by RBA in December 2021. Also, the Chairman



informed the Members that the Chairman, Dr. Letema retired from the KEFRI Board of Directors on 2<sup>nd</sup> May 2022. The Board of Trustees awaits the Sponsor to nominate his replacement to the Board of Trustees. The Chairman thanked all those Trustees for their contribution and wished them well in their endeavors.

The Chairman also briefed the Members on the fraud case that occurred in the Pension Secretariat which had been a concern of every member. He reported that on 25<sup>th</sup> November 2021, the Trust Secretary reported to the Board of Trustees, through the Chairman, some alleged fraudulent activities by an employee who was a clerk cum driver, Mr. John Mboya Omenda. An *ad hoc* Committee of four members was appointed on 29<sup>th</sup> November 2021 to carry out investigations into the allegations. The Committee tabled a report before the Board on 9<sup>th</sup> December 2021 which revealed that an amount of Kes. 3,775,891.00 had gone unaccounted for. An amount of Kes. 3,015,300.00 was from the Trust Fund and Kes. 760,591.00 from the Administrative account. Further, the Committee report revealed how the fraud was carried out and gave the employee, Mr. Omenda three opportunities to explain himself and he admitted to have carried out the fraud. The Trustees also gave him an opportunity to payback the funds acquired fraudulently which he didn't. The Board later appointed another *ad hoc* committee, on disciplinary issues to handle the matter with members from the Human Resource and Legal Offices of the Sponsor as well as Trustees who were not part of the earlier Committee. The Committee listened to submissions from the secretariat staff and later tabled its recommendations to the Board. The Board then made a decision to dismiss Mr. Omenda and also reported the matter to the Kenya Police-Kikuyu Police Station as it was a criminal matter. Finally, the Chairman promised the Members that the Board of Trustees remain committed to service delivery and that their fiduciary role has never departed from them.

#### **MIN 5/AGM/2022: AUDITOR'S REPORT AS AT 30<sup>TH</sup> JUNE 2022**

Ms. Mary Luvisia presented the Auditor's report as at 30<sup>th</sup> June 2022. In her report, the Auditor gave highlights on the schemes' financial performance and their financial position as at the end of the financial year. The Scheme's financial performance for the year was summarized as follows:

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE  
2022**

	Notes	2022 Shs	2021 Shs
<b>CONTRIBUTIONS AND BENEFITS</b>			
Contributions	4	190,967,870	191,090,441
Transfers in from other schemes		1,158,350	322,576
Benefits payable	5	(106,331,371)	(275,029,722)
		<hr/>	<hr/>
Net surplus from dealings with members		85,794,903	(83,616,705)
		<hr/>	<hr/>
<b>RETURNS ON INVESTMENTS</b>			
Investment income	6	314,992,483	274,736,135
Loss on disposal of treasury bonds	9	(5,377,514)	(913,513)
Gain on disposal of quoted equity investments	13	302,244	1,681,759
Fair value loss on treasury bonds	9	(88,341,249)	(3,695,930)
Fair value (loss)/gain on equity investments	13	(195,516,605)	142,293,058
Fair value (loss)/gain on offshore investments	15	(27,113,866)	9,126,979
Investment management expenses	7	(11,812,267)	(10,718,345)
		<hr/>	<hr/>
NET RETURNS ON INVESTMENTS		(12,866,744)	412,510,143
Administrative expenses	8	(25,534,711)	(21,642,010)
		<hr/>	<hr/>
Net return before taxation		(38,401,485)	390,868,133
Taxation charge on income from unregistered scheme	22	(9,200,587)	(6,274,267)
		<hr/>	<hr/>
Net return for the year		(47,602,072)	384,593,866
		<hr/>	<hr/>
Increase in net assets		38,192,831	300,977,161
		<hr/> <hr/>	<hr/> <hr/>

## STATEMENT OF NET ASSETS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022

	Notes	2022 Shs	2021 Shs
<b>INVESTMENTS</b>			
Treasury bonds	9	2,159,017,741	1,909,276,944
Treasury bills	10	36,672,181	333,478,274
Term deposits	11	184,079,562	30,030,096
Corporate bonds	12	20,702,026	-
Quoted equity investments	13	632,784,767	713,616,319
Offshore investments	14	82,013,113	109,126,979
		3,115,269,390	3,095,528,612
<b>FIXED ASSETS</b>			
Property, plant and equipment	15	2,576,700	3,151,948
<b>CURRENT ASSETS</b>			
Bank balance	16	19,332,921	4,027,255
Contributions and other receivables	17	20,197,041	13,436,376
Benefits held in trust	18	105,348,373	137,029,794
		144,878,335	154,483,425
<b>LIABILITIES</b>			
Benefits held in trust	18	105,348,373	137,029,794
Benefits payable	19	6,923,150	5,194,756
Accrued expenses and other payable	20	10,959,513	10,814,429
Tax payable	22	2,278,895	1,103,343
		124,509,931	154,142,322
<b>NET ASSETS</b>		<b>3,137,214,494</b>	<b>3,099,021,663</b>
<b>REPRESENTED BY:</b>			
Balances allocated to members	21	3,137,214,494	3,099,021,663

Ms. Luvisia stated that in the Auditor's opinion, the accompanying financial statements give a true and fair view of the financial transactions of the scheme as at 30<sup>th</sup> June 2022.



## **MIN 6/AGM/2022: INVESTMENT MANAGEMENT REPORT**

Mr. Mathew Mue gave the presentation of the Scheme's investment report as at 30<sup>th</sup> June 2022. In his report, Mr. Mue made an introduction on Sanlam Investments EA Limited. He further explained the role of a fund manager in Pension Schemes and these include:

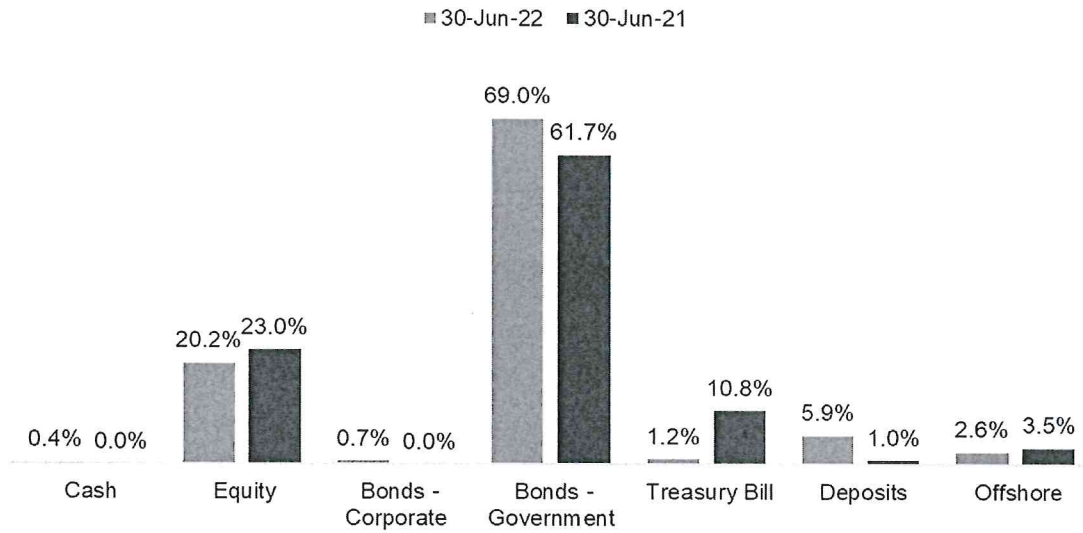
1. Advise the Trustees on the available investment options:
  - Fixed Income – Treasury bills & bonds, Commercial paper & Corporate bonds and fixed deposits
  - Domestic Equities
  - Offshore Investments
  - Alternative Investments e.g. unlisted equities
2. Invest scheme assets according to the approved investment policy.
3. Report to the Trustees on the performance of the scheme funds.
4. Submit appropriate quarterly returns to RBA.

The Fund Manager then gave the economic review for the year.

## **SUMMARY VALUATION OF THE FUND**

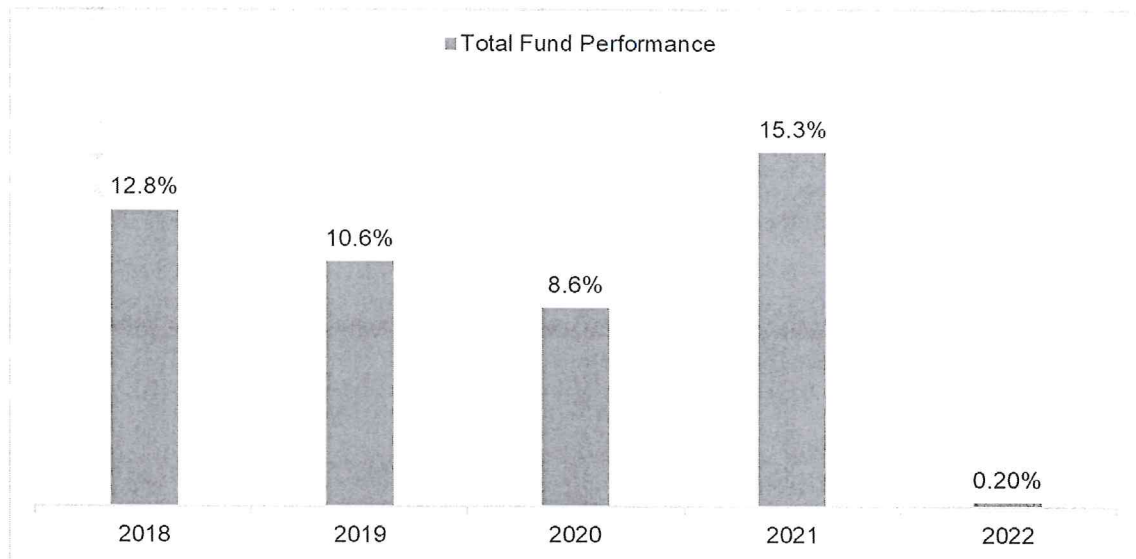
<b>KEFRI Defined Contribution RBS</b>	
<b>Value of investment portfolio as at 30<sup>th</sup> June 2021</b>	<b>3,096,052,536</b>
Pension Contributions	173,207,376
Pension Withdrawals	(146,173,406)
Investment growth	4,760,450
<b>Value of investment portfolio as at 30<sup>th</sup> June 2022</b>	<b>3,127,846,956</b>

## Asset allocation



The Fund's increased its weighting in government bonds.

## Total Performance for the Year 2021/2022



The Fund's return was impacted by the Russia-Ukraine war, rise in inflation and shortage of dollars in Kenya.

## MIN 7/AGM/2022: CUSTODY REPORT

Mr. Amos Ogwang' of Standard Chartered Bank presented the Custody Report as at 30<sup>th</sup> June 2022. In his report, he informed the members on the roles of the Custodian which include the following:

- Hold in safekeeping assets/securities such as stocks, bonds, commodities such as precious metals and currency (cash), domestic and foreign
- arrange settlement of any purchases and sales and deliveries in/out of such securities and currency
- collect information on and income from such assets (dividends in the case of stocks/equities and coupons (interest payments) in the case of bonds) and administer related tax withholding documents and foreign tax reclamation
- Administer voluntary and involuntary corporate actions on securities held such as stock dividends, stock splits, business combinations (mergers), tender offers, bond calls, etc.
- provide information on the securities and their issuers such as annual general meetings and related proxies
- maintain currency/cash bank accounts, effect deposits and withdrawals and manage other cash transactions
- perform foreign exchange transactions

The custodian then gave a summary of the Scheme assets under custody as shown below:

### ASSETS HOLDING CONFIRMATIONS AS AT 30.06.2022 KENYA FORESTRY RESEARCH INSTITUTE DC RBS (KE0000014840)

ASSET	VALUE AS AT 30.06.2022	RATIO (%)
Bank Balance	340,426.25	0.01
Corporate Security	20,708,797.19	0.66
Fixed Deposits	184,123,452.05	5.91
Equities	632,784,751.20	20.31
Offshore	82,013,472.20	2.63
Treasury Bills/Bonds	2,195,698,908.43	70.47
<b>Total</b>	<b>3,115,669,807.32</b>	<b>100.00</b>



## KENYA FORESTRY RESEARCH INSTITUTE SRBS FUND B (1880B) TRUST FUND

ASSET	VALUE AS AT 30.06.2022	RATIO (%)
Bank Balance	4,613,049.65	4.67
Fixed Deposits	6,721,802.74	6.80
Treasury Bills/Bonds	87,457,225.25	88.53
Total	<b>98,792,077.68</b>	<b>100%</b>

Further, the Custodian gave an explanation for the differences in figures with the Auditor and the Fund Manager. He pointed out that the differences are due to timing and valuation methodologies.

### MIN 8/AGM/2022: ADMINISTRATION REPORT

The Administration report was presented by Mr. Robert Rotich from Minet Kenya. His presentation was as follows:

#### a) Roles of the Administrator

Mr. Robert presented the roles of the Administrator as shown below:

- Maintaining and updating records of members and reconciliation of scheme records from various service providers;
- Preparation of annual benefit statements for members.
- Processing of members benefits at the point of separation with the employer
- Accounting services – Preparing annual reports and accounts of the scheme
- Legal Services - Preparation of scheme Rules and providing other legal support services
- Asset Consulting & Peer Performance Comparative survey
- Conducting Trustees Training, Induction and Members awareness sessions

#### b) Compliance Profile

On compliance of the Scheme, Mr. Rotich reported that the Scheme was compliant in all aspects of law governing Retirement Benefits Schemes as shown below:

**The compliance profile of the Scheme as at 30 June 2022:**

Item	Requirements	Status
Contributions remittance	Monthly contribution deductions to be paid to the Custodian by 10 <sup>th</sup> of the following month.	Compliant; remittances relating to the current financial year paid in full.
Scheme financial statements as at 30 June 22	Duly approved and signed audited accounts to be filed with Retirement Benefits Authority.	Compliant
Annual General Meeting	Schemes to hold an Annual General meeting not later than 30 June 2023	Compliant
Member statements	Members issued with annual statements by 30 June 2022 Members may access their statements online on real-time basis	Compliant; online access options available to members via mobile and PCs
Trust Deed & Rules	Every scheme should have a Trust Deed & Rules in place to govern the management of the scheme.  The Deed should be updated when any changes are made or in case of new legislation.  Deed incorporating legislative updates and Regulations on governance guidelines prepared	Compliant; The Scheme Rules have been updated with all legislative changes, including Mortgage Regulations, to date.
Retirement Benefits Authority Levy	The Scheme should pay a levy to the Retirement Benefits Authority not later than 31 October 2022	Compliant; statutory dues for the period ending June 2021 to be paid to the RBA by 31 October 2021
Statement of Investment Principles	Every scheme should have a Statement of Investment Principles in place to guide the investment of the assets.	Compliant; The Board updated and renewed this policy during the period under review.

Item	Requirements	Status
Trust Board Composition	Defined Contribution Schemes – a half of trustees should be member representatives and the other half sponsor Representatives.	Compliant; all vacancies in the Board have been filled up for the year under review.
Trustees Certification	The RBA regulation requires all trustees to attend Trustee Development Certification Program; New Trustees are required to undergo certification within 6 months of appointment	Compliant; All Trustees were successfully certified, including those who join the scheme during the year under review
Filing of abandoned Benefits under UFAA 2011 (Year 2020)	Trustees to declare any abandoned benefits and file annual online return under Unclaimed Holders Reporting Portal to UFAA on 31 October 2021	Compliant: The Scheme does not have any abandoned benefits
Post-Retirement Medical Fund	The Board of Trustees is working with the Sponsor, to explore all possible avenues for setting up a Post-Retirement Medical Fund under the Scheme	On going
Good Governance Guidelines	The Board in compliance with	Compliant – The governance policy was prepared, approved by the Board and filed with the RBA.

### c) Budget Changes

The Administrator presented the Budget changes that were pronounced by the Minister of Finance with respect to the Pension Industry as shown below:

- a) Following the gazettelement of the Minimum Wages through Legal Notice number 125 dated July 1, 2022, the Retirement Benefits Authority has prescribed a revised trivial pension from Kes. 9,200.00 to limit of Kes. 10,820.00 effective May 1, 2022.
- b) The Cabinet Secretary in charge of National Treasury and planning through Legal Notices Number 71,72,73 and 74 of 2022 made substantive changes to the Retirement Benefits Act No. 3 of 1997 Subsidiary Legislations;



- i. In addition to providing a report on investments, Trustees should also state the net rate of return credited to the Member's account; Trustee should ensure that information relating to the net return on investments as credited to each member's account is an agenda at the Annual General Meeting.
- ii. Trustees will share audited accounts and Member statements within 30 days after submission of the audited accounts
- iii. Trustees may use other means other than electronic means to share a summary of the audited accounts and Members' benefits with the Members.

#### **d) Gross Replacement Ratio (GRR)**

Finally, the Administrator presented the Gross Replacement Ratio to the Members. This is a concept that measures the effectiveness of a pension system in replacing employment income whilst a member is in retirement. It looks at the proportion of income in retirement compared to that, in retirement. On average Kenyans receives 40% of their pre-retirement income, whilst in retirement.

#### **MIN 9/AGM/2022: QUESTION AND ANSWER**

Members were given a chance to ask questions and which were answered as follows:

- ❖ The Drawdown and Annuity explanation is not clear?
  - Drawdown option is paid for a period of ten years while Annuity is for life.
- ❖ This year's performance is very low, why?
  - The performance is better than our peers and it will not be the trend.
- ❖ On the fraud case, how will the money be recovered?
  - The Trustees will institute a civil case to try and recover the money lost.
- ❖ Secretariat salaries are the same as last year and one staff was dismissed. Why?
  - The dismissed staff was put on interdiction first and was receiving salary until his dismissal. Also, the other staff received their annual increments within the financial year.
- ❖ The administrative expenses increased by Kes 3.9 Million. Why?

- There were increased Trustees meetings because of the Good Governance Policies which the Board was required to comply with and drafting of the Mortgage policies.
- ❖ The loss on Treasury Bonds is very large. Can the Fund Manager do something?
  - The loss on Treasury Bonds is highly influenced by the changes of interest rates and the Fund Manager cannot do much on that. However, loss is not realized, it's just a valuation.

#### **MIN 10/AGM/2022: VOTE OF THANKS**

Mr. Stephen Ndungu gave a vote of thanks on behalf of the members and closed with a word of prayer at 14.30pm.

#### **MIN 11/AGM/2022: DRYLANDS ECO-REGION RESEARCH CENTRE-KITUI**

##### **PRESENT**

- |                        |   |          |
|------------------------|---|----------|
| 1. Dr. George Muthike  | - | Chairman |
| 2. Dr. John Waithaka   | - | Trustee  |
| 3. Dr. Agnes Ogada     | - | Trustee  |
| 4. Mr. Timothy Wanjala | - | Trustee  |

##### **IN ATTENDANCE**

- |                    |   |                    |   |                |
|--------------------|---|--------------------|---|----------------|
| 1. Ali Dzitu Fundi | - | Pension Officer    | - | Taking Minutes |
| 2. James Akello    | - | Sanlam Investments | - | Fund Manager   |
| 3. Andrew Mutuku   | - | Minet Kenya        | - | Administrator  |

##### **MEMBERS PRESENT**

Kitui & Garissa - 38

#### **PRELIMINARIES AND PRESENTATIONS**

The meeting at the Drylands Eco-Region Research Centre, Kitui was held on 17<sup>th</sup> October, 2022. The Regional Director, Dr. Albert Luvanda called the meeting to order at 9.20am. He then welcomed the members, Trustees and service providers to Kitui. The meeting was chaired by Dr. George Muthike who presented the Chairman's statement. More presentations were made by the Sponsor, Service Providers as well as Dr. Agnes Ogada who presented the Auditor's report on behalf

of King'ang'i Kamau & Kamau Company. The Custody report was presented by Mr. Timothy Wanjala.

## **QUESTION AND ANSWER**

Members were given a chance to ask questions and were answered as follows:

- ❖ What is the minimum contribution to the AVC?
  - The minimum amount is Kes.1,000.00 to run for at least 12 months.
- ❖ On the fraud case, how would a driver withdraw Kes.3.7 Million?
  - He was not just a driver, he also handled clerical duties; Driver cum clerk.
- ❖ As per the fraud case, it looks like there are gaps in the secretariat. What are the Trustees doing on the same?
  - The Board of Trustees have asked the Sponsor to second additional staff to the secretariat to allow segregation of duties.
- ❖ Which country are our offshore investments held?
  - The offshore investments are held within the USA capital market.
- ❖ The Administrative expenses are higher compared to last year, why?
  - There were several regulations to be complied with and also the Trustees had to attend mandatory trainings.
- ❖ Consultancy fees was nil last year and this is there, why?
  - The Trustees engaged a consultant to draft the Investment Policy Statement (IPS) which is a requirement every three years.
- ❖ Is the monthly pension being taxed?
  - Yes, any amount above Kes. 25,000.00

Dr. Albert Luvanda, the Regional Director, gave a vote of thanks on behalf of the members. The meeting ended at 1.30pm with a word of prayer.

## **MIN 12/AGM/2022: KIBWEZI SUB-CENTRE**

### **PRESENT**

- |                        |   |          |
|------------------------|---|----------|
| 1. Dr. George Muthike  | - | Chairman |
| 2. Dr. John Waithaka   | - | Trustee  |
| 3. Dr. Agnes Ogada     | - | Trustee  |
| 4. Mr. Timothy Wanjala | - | Trustee  |



## IN ATTENDANCE

- |                    |   |                    |   |                |
|--------------------|---|--------------------|---|----------------|
| 1. Ali Dzitu Fundi | - | Pension Officer    | - | Taking Minutes |
| 2. James Akello    | - | Sanlam Investments | - | Fund Manager   |
| 3. Andrew Mutuku   | - | Minet Kenya        | - | Administrator  |

## MEMBERS PRESENT

Kibwezi & Taita Taveta - 35

## PRELIMINARIES AND PRESENTATIONS

The meeting at Kibwezi Sub-Centre was held on 18<sup>th</sup> October 2022. The assistant Regional Director, Mr. Michael Okeyo called the meeting into order at 08.30am. He then welcomed the members, Trustees and Service Providers to Kibwezi. The meeting was chaired by Dr. George Muthike who presented the Chairman's statement. More presentations were made by the Sponsor, Service Providers as well as Dr. Agnes Ogada who presented the Auditor's report on behalf of King'ang'i Kamau & Company. The Custody report was presented by Mr. Timothy Wanjala.

## QUESTION AND ANSWER

Members were given a chance to ask questions and were answered as follows:

- ❖ Can I nominate my mother in the joint life annuity?
  - You can only include your mother in the annuity contract as a beneficiary but not as a joint annuitant.
- ❖ Can those on contract contribute AVC?
  - No. Only employees who are permanent and pensionable are members of the Scheme and can contribute AVC.
- ❖ Is pension paid only when one is 60 years?
  - When a member is below 50 years, he/she can be paid 50% of the employee's accumulated benefits and 50% of the employer's accumulated benefits. The other portion is accessible at age 50 years and above.
- ❖ What options does those on contract have towards their retirement?
  - Those on contract can open an Individual Pension Plan with insurance company and may transfer their accumulated benefits when they are put on permanent basis by the Sponsor.

Florence Mwanziu gave a vote of thanks on behalf of the members. The meeting ended at 12.30pm with a word of prayer from the Chairman, Dr. George Muthike.

#### **MIN 13/AGM/2022: COAST ECO-REGION RESEARCH CENTRE-GEDE**

##### **PRESENT**

- |                        |   |          |
|------------------------|---|----------|
| 1. Dr. George Muthike  | - | Chairman |
| 2. Dr. John Waithaka   | - | Trustee  |
| 3. Dr. Agnes Ogada     | - | Trustee  |
| 4. Mr. Timothy Wanjala | - | Trustee  |

##### **IN ATTENDANCE**

- |                    |   |                         |   |                |
|--------------------|---|-------------------------|---|----------------|
| 1. Ali Dzitu Fundi | - | Pension Officer         | - | Taking Minutes |
| 2. James Akello    | - | Sanlam Investments      | - | Fund Manager   |
| 3. Andrew Mutuku   | - | Minet Kenya             | - | Administrator  |
| 4. Amos Ogwang'    | - | Standard Chartered Bank | - | Custodian      |

##### **MEMBERS PRESENT**

Gede & Lamu - 32

##### **PRELIMINARIES AND PRESENTATIONS**

The meeting at the Coast Eco-Region Research Centre was held on 19<sup>th</sup> October 2022. The Regional Director, Dr. Wekesa called the meeting into order at 09.30 am. The meeting started with a word of prayer from Joyce Gathoni. He then welcomed the members, Trustees and service providers to Gede. The meeting was chaired by Dr. George Muthike who presented the Chairman's statement. More presentations were made by the Sponsor, Service Providers as well as Dr. Agnes Ogada who presented the Auditor's report on behalf of King'ang'i Kamau & Company.

##### **QUESTION AND ANSWER**

Members were given a chance to ask questions which were answered as follows:

- ❖ On the fraud case, does the culprit have the ability to pay?
  - The Trustees will follow the legal procedure whether he has the ability to pay or not.

- ❖ What is the 15% on the Income Drawdown?
  - It's the maximum amount a member can withdraw per year. Its 15% of the fund balance per year.
- ❖ How can a short term or casual employee invest in Sanlam Investments?
  - They can invest directly to the Sanlam Money Market fund on an individual basis but not through the Scheme.

The RD expressed his gratitude for the lessons learnt at the AGM and thanked Staff for their patience and participation. The meeting ended at 2.10 p.m. with a word of prayer by Hassan.

#### **MIN 14/AGM/2022: RIFT VALLEY ECO-REGION RESEARCH CENTRE-LONDIANI**

##### **PRESENT**

- |                        |   |                    |
|------------------------|---|--------------------|
| 1. Mrs. Sarah Mogaka   | - | Deputy Chairperson |
| 2. Dr. Joshua Cheboiwo | - | Trustee            |
| 3. Comm. Rose Osoro    | - | Trustee            |
| 4. Mr. Charles Koech   | - | Trustee            |

##### **IN ATTENDANCE**

- |                    |   |                    |   |                |
|--------------------|---|--------------------|---|----------------|
| 1. Juliana Makau   | - | Trust Secretary    | - | Taking Minutes |
| 2. Nicholas Malaki | - | Sanlam Investments | - | Fund Manager   |
| 3. Dan Mogoi       | - | Minet Kenya        | - | Administrator  |

##### **MEMBERS PRESENT**

Londiani & Marigat - 49

##### **PRELIMINARIES AND PRESENTATIONS**

The meeting at the Rift Valley Eco-Region Research Centre was held on 17<sup>th</sup> October 2022. The Regional Director, Dr. David Langat called the meeting into order at 10.45 am. The meeting started with a word of prayer from David Kitur. He then welcomed the members, Trustees and service providers to Londiani. The meeting was chaired by Mrs. Sarah Mogaka who presented the Chairman's statement. The Minutes for the last AGM were confirmed as a true recording of the proceedings. More presentations were made by the Sponsor, Service Providers as well as Comm.

Rose Osoro who presented the Auditor's report on behalf of King'ang'i Kamau & Company.

### **QUESTION AND ANSWER**

Members were given a chance to ask questions which were answered as follows:

- ❖ Explain the difference between fund value in the audited accounts and investment report.
  - The audited financial statements contain accruals and provisions like tax, RBA levy and contributions receivable. The fund manager's report does not contain these accruals.
- ❖ In the Income Drawdown option, is the 15% payable monthly or annually?
  - The retiree determines the frequency which he wishes to be paid-monthly, quarterly or annually. The 15% payable is the maximum annual withdrawal and as such it is spread as per the retiree's choice.
- ❖ Are there other investment options available for the Scheme other than T-bills and T-Bonds?
  - The Retirement Benefits Regulations has given guidance on the allowable investment options (asset classes). It is the role of Trustees to balance returns, risk and liquidity for the Scheme. In the case of KEFRI, the scheme has an advanced age profile and as such there is only some level of risk that the scheme can take. The Board has limited investments in government securities to 80%.
- ❖ The money lost through the fraudulent activities, has it been provided in the financial statements?
  - This has already been booked in the financial statements. Since this remains an active case, we await the necessary legal action by the relevant authorities.

Ms. Roxventa Ongugo gave the vote of thanks on behalf of the members present. The meeting ended at 2.00 p.m. with a word of prayer by Caroline Gikunda.

### **MIN 15/AGM/2022: LAKEBASIN ECO-REGION RESEARCH CENTRE-MASENO PRESENT**

1. Mrs. Sarah Mogaka - Deputy Chairperson
2. Dr. Joshua Cheboiwo - Trustee



- |                      |   |         |
|----------------------|---|---------|
| 3. Comm. Rose Osoro  | - | Trustee |
| 4. Mr. Charles Koech | - | Trustee |

### **IN ATTENDANCE**

- |                    |   |                    |   |                |
|--------------------|---|--------------------|---|----------------|
| 1. Juliana Makau   | - | Trust Secretary    | - | Taking Minutes |
| 2. Nicholas Malaki | - | Sanlam Investments | - | Fund Manager   |
| 3. Dan Mogoi       | - | Minet Kenya        | - | Administrator  |

### **MEMBERS PRESENT**

Maseno, Ramogi, Migori & Kakamega - 59

### **PRELIMINARIES AND PRESENTATIONS**

The meeting at the Lake Basin Eco-Region Research Centre was held on 18<sup>th</sup> October 2022. The Regional Director, Dr. John Otuoma called the meeting into order at 10.30 am. The meeting started with a word of prayer from George Etindi. He then welcomed the members, Trustees and service providers to Londiani. The Minutes for the last AGM were confirmed as a true recording of the proceedings as proposed by Omondi Oketch and seconded by Brian Machote. The meeting was chaired by Mrs. Sarah Mogaka who presented the Chairman's statement. More presentations were made by the Sponsor, Service Providers as well as Comm. Rose Osoro who presented the Auditor's report on behalf of King'ang'i Kamau & Company.

### **QUESTION AND ANSWER**

Members were given a chance to ask questions which were answered as follows:

- ❖ Can a member utilize the 40% provided for in the law to purchase a house which is still under construction in Kisumu under affordable housing?
  - The provisions of the law currently are that the houses to be purchased must have a certificate of completion, meaning that they should not be off-plan houses or those under construction.
- ❖ What measures have been put in-place to assure members that the same incident of fraud is not repeated in future?
  - Internal controls have been strengthened and the Sponsor is also going to provide an accountant as support towards the Scheme.

- ❖ Are retirees receiving any support and advice on selection on the annuity options available?
  - Yes. The Secretariat provides this support to the retirees upon exit from the Scheme.
- ❖ Can the NOB Form be amended to ensure that if a member has a financially irresponsible spouse, the children of minority age get a responsible guardian?
  - The Board shall consider to amend the form. Members should however note that the NOB Form is a guide to the Board of Trustees and as such Trustees are required to conduct due diligence before any disbursement is done.
- ❖ The Mortgage Regulations seem to favour those with a lot of funds and senior staff. Can Trustees comment on this?
  - The Mortgage Regulations have a maximum amount and not a minimum amount. There will be Member education conducted for each of the Scheme Members to appreciate how the Policy will work.
- ❖ How can a retiree with more than once spouse have all his spouses in the joint annuity?
  - The joint annuity requires only one spouse to be enjoined in the annuity. Other spouses can be put as beneficiaries in case both the retiree and joint annuity are deceased within the guarantee period. It is up to the retiree to select which spouse he wishes to have as a joint annuitant.
- ❖ Explain the meaning of escalation in an annuity.
  - Escalation is an annual increment on the annuity.
- ❖ How are benefits computed for members who retire/exit within the financial year?
  - The Scheme policy is that the members' benefits are computed as the total accrued benefits up to the date of exit plus the fund performance for the quarter in which the member is exiting.

Dr. Otuoma gave the vote of thanks on behalf of the members present. He commended the Board of Trustees for the good work done over the years. The meeting ended at 2.45 p.m. with a word of prayer by George Etindi.

## **MIN 16/AGM/2022: RIFT VALLEY ECO-REGION RESEARCH CENTRE-TURBO**

### **PRESENT**

1. Mrs. Sarah Mogaka - Deputy Chairperson
2. Dr. Joshua Cheboiwo - Trustee
3. Comm. Rose Osoro - Trustee
4. Mr. Charles Koech - Trustee

### **IN ATTENDANCE**

1. Juliana Makau - Trust Secretary - Taking Minutes
2. Nicholas Malaki - Sanlam Investments - Fund Manager
3. Dan Mogoi - Minet Kenya - Administrator

### **MEMBERS PRESENT**

Turbo & Lodwar - 29

### **PRELIMINARIES AND PRESENTATIONS**

The meeting at the Rift Valley Eco-Region Research Centre (Turbo) was held on 19<sup>th</sup> October 2022. The Assistant Regional Director, Mrs. Joyce Okumu called the meeting into order at 10.40 am. The meeting started with a word of prayer from George Mmasi. She then welcomed the members, Trustees and service providers to Londiani. The Minutes for the last AGM were confirmed as a true recording of the proceedings as proposed by Patrick Makatiani and seconded by Christol Bitok. The meeting was chaired by Mrs. Sarah Mogaka who presented the Chairman's statement. More presentations were made by the Sponsor, Service Providers as well as Comm. Rose Osoro who presented the Auditor's report on behalf of King'ang'i Kamau & Company.

### **QUESTION AND ANSWER**

Members were given a chance to ask questions which were answered as follows:

- ❖ What happens to the balance of the funds if an annuitant dies before the guarantee period is over?
  - The balance is paid to the nominated beneficiaries as per the percentages allocated to each of them. Members should be cautious not to select no

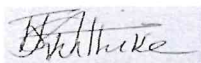
guarantee since if the member dies, then the beneficiaries will not get any payment from the insurance company.

- ❖ Please explain how the officer who defrauded the scheme was able to do so and for how long.
  - The officer was majorly forging request letters and documents for widows and orphans particularly from a certain region. He would then cash the monies for upkeep and not channel the monies to the beneficiaries. This was done for a period of about one year. Trustees took action once the matter was discovered and is currently before the government authorities for legal action.
- ❖ The members commended the Board of Trustees for taking appropriate action immediately after noting the fraud.
- ❖ Can Trustees be able to assist with clearance of loans of members especially those retiring and have loans with SACCOs?
  - The Retirement Benefits Regulations have clearly stated that pension is not assignable, meaning that pension benefits cannot be used to pay any liabilities with a lending institution or the sponsor upon the exit of a member from the Scheme. However, the Trustees and Secretariat have been working with SACCO representatives to persuade members exiting and have loans to commit to pay their loans especially those taken with the SACCOs. This has been working well and encourage members to continue with their support.

Mrs. Joyce Okumu gave the vote of thanks on behalf of the members present. The meeting ended at 2.00 p.m. with a word of prayer by George Mmasi.

**Signed for Circulation**

Chairman



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Date

**31<sup>st</sup> August 2023**

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**Signed for Confirmation**

Chairman

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Date

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