Britam
With you every step of the way

Britam NSSF Tier II Retirement Solution

Plan your employees' retirement today with our NSSF Act 2013 compliant solution

FRIENDS FOR LIFE

About Britam Holdings Plc

Britam Holdings Plc is a leading diversified financial services group listed on the Nairobi Securities Exchange and with a presence iin seven countries in Africa, namely: Kenya, Uganda,Tanzania, Rwanda, South Sudan, Mozambique and Malawi. We offer a wide range of financial solutions in Life Assurance, General Insurance, Health Insurance, Retirement Planning, Asset Management and Property. These solutions enable our customers to protect and grow their wealth and achieve their financial goals every step of the way.

What retirement solution is ideal for your employees?

The Umbrella Retirement Fund is a retirement fund that pools the retirement investments of multiple employers which reduces the average cost per member and enhances the overall returns and benefits to both you and your employees.

The fund offers two options:

- **Pension scheme -** A third of the accumulated benefit will be paid to your employee as a single lump sum amount and the remaining two thirds will be paid as a regular income for life upon retirement.
- **Provident fund -** The accumulated fund amount will be paid to the retiring employee in one single lump sum.

The Umbrella Retirement Fund is compliant with the **National Social Security Fund (NSSF) Act 2013.**

What is the NSSF Act 2013 and why should you care about it?

The NSSF Act 2013 was introduced on 24 December 2013 to replace the NSSF Act Cap 258 of 1965. It was not fully implemented until 3 February 2023 when the Court of Appeal declared the Act constitutional and directed its implementation with immediate effect.

The Act requires that both you and your employees increase your NSSF contributions from KES 200 per month to 6% of pensionable salary (subject to certain salary maximums). These contributions will be on a graduated scale referred to as tiers.

What are tiers and how is the new contribution calculation done?

TIER 1 CONTRIBUTIONS

These are calculated as 6% of an employee's pensionable income up to a maximum referred to as the Lower Earnings Limit (L.E.L). This is currently capped at KES 8,000 per month. The maximum contribution for Tier 1 contributions is thus KES 480 per month. This is applied both for the employer and employee contributions summing up to KES 960 per month.

TIER 2 CONTRIBUTIONS

Tier 2 contributions are based on 6% of an employee's pensionable earnings currently capped at KES 72,000 per month for the year 2025. The maximum Tier 2 contributions are therefore KES 3,840 per month being calculated as 6% of KES 64,000 (i.e. Upper Earnings Limit (U.E.L) of KES 72,000 minus Lower Earnings Limit (L.E.L) of KES 8,000 for both the employer and employee.

What is the maximum contribution expected by an employee and employer?

The total contribution under the NSSF Act 2013 by an employee will be KES 4,320 (KES 480 + KES 3,840) and a similar amount by an employer of KES 4,320 summing up to KES 8,640 per employee per month.

How will I be expected to make contributions?

TIER 1 CONTRIBUTIONS
Tier 1 contributions MUST BE remitted to NSSF.

TIER 2 CONTRIBUTIONS
Employers have an option to remit Tier 2 contributions to the Britam Umbrella Pension Scheme being a Retirement Benefits Authority (RBA) approved retirement benefits scheme by:

- Joining the Britam Umbrella Pension Scheme and;
- Applying to be a contracted-out employer.

What is the process of contracting out to Britam?

Step 1	Reach out to Britam for assistance with applying to the Retirement Benefits Authority (RBA) to contract out your NSSF Tier 2 contributions.
Step 2	Following approval, the RBA will issue a Contracting-Out Certificate to the employer, which must then be submitted to NSSF.
Step 3	Once approved to Contract-Out, remit Tier II contributions to the Britam Umbrella Retirement Fund.
Step 4	Apply to have the Tier 2 contributions already remitted to NSSF to be transferred to the Britam Umbrella Retirement Fund.

Why contract out to Britam?

1. **Competitive returns**
   A guaranteed rate of return of 5% as well as competitive bonuses.

2. **Professional management of funds**
   The fund is managed by a highly skilled, qualified, and experienced team that handles the day-to-day administration and investment of funds.

3. **Service standards**
   Dedicated support during the setup and contracting-out process. A dedicated relationship manager. A self-service portal access for employees.

4. **Diversification of risks**
   Spread of risk between public and private sectors ensures that you get the best of both worlds.

5. **Prompt benefit settlement**
   Britam ensures prompt settlement of pension benefits and ease of transfer to post-retirement plans and products.

6. **Member education**
   Free member education and continuous industry updates through regular workshops and webinars and similar forums.

7. **End-to-end retirement planning solutions**
   Tailormade solutions that cater for both pre and post-retirement planning ensuring a secure future with structured pension plans. Retirees receive a steady monthly income, providing financial stability and peace of mind throughout their retirement years.

8. **Compliance**
   Transparency in all our dealings and compliance with laid-down investment regulations.

9. **Access to Britam Afya Pension**
   Get access to Britam Afya Pension, a post-retirement medical savings fund through which your employees can save towards purchasing medical insurance at retirement.

THE REPUBLIC OF KENYA

LAWS OF KENYA

THE NATIONAL SOCIAL SECURITY FUND ACT

NO. 45 OF 2013

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NO. 45 OF 2013

NATIONAL SOCIAL SECURITY FUND ACT

[Date of assent: 24th December, 2013.]

[Date of commencement: 10th January, 2014.]

An Act of Parliament to establish a National Social Security Fund, to provide for contributions to and the payment of benefits out of the Fund; and for matters connected therewith and incidental thereto

[Act No. 45 of 2013, Act No. 16 of 2014, Act No. 1 of 2021.]

PART I – PRELIMINARY

1. Short title

This Act may be cited as the National Social Security Fund Act, 2013.

2. Interpretation

(1) In this Act, unless the context otherwise requires—

"Actuary" has the meaning assigned to it in the Retirement Benefits Act (Cap. 197);

"Annual General Meeting" means an annual general meeting convened in accordance with section 63;

"Auditor General" means the Auditor General appointed under Article 229 of the Constitution;

"Authority" means the Retirement Benefits Authority established under section 3 of the Retirement Benefits Act (Cap. 197);

"benefit" means a benefit payable under this Act;

"brother" means brother by any law obtaining in Kenya and includes half-brother;

"Board" means the National Social Security Fund Board of Trustees established under section 5;

"Cabinet Secretary" means the Cabinet Secretary for the time being responsible for matters relating to Social security;

"contract of service" means an agreement, whether entered into orally or in writing, and whether express or implied, to employ or to serve as an employee for a period of time and includes a contract of apprenticeship or indentured learnership;

"contracted-out scheme" means an occupational retirement benefits scheme including an umbrella retirement benefits scheme or an individual retirement benefit scheme which has been approved and registered by the Authority for purposes of receiving Tier II Contributions and, where applicable, Tier II Fund Credit transfers from the Fund;

"contribution" means a contribution payable under 'this Act;

"court" means the High Court of Kenya;

20. Mandatory Contributions to the Fund

(1) From the commencement date and subject to the provisions of sub-section (3) and section 21, an employer shall pay to the Pension Fund in respect of each employee in his or her employment—

(a) the employer's contribution at six per centum of the employee's monthly pensionable earnings; and

(b) the employee's contribution at six per centum of the employee's pensionable earnings deducted from the employee's earnings.

(1A) An employer shall pay the contribution under subsection (1) on the ninth day of each month or on such later date as the Board may, in consultation with the Cabinet Secretary, prescribe.

(2) Notwithstanding the provisions of subsection (1), the contributions in the first five years shall be deducted in accordance with the Third Schedule.

(3) Tier I contributions shall be credited to the employee's Tier I Fund Credit and, subject to the provisions of section 21, Tier II contributions shall be credited to the employee's Tier II Fund Credit.

[Act No. 1 of 2021, s. 6.]

21. Contracting out by employer

(1) An employer may opt to pay Tier II contributions in respect of its employees into a contracted-out scheme it participates in or opts to establish or to participate in.

(2) The opt-out under subsection (1) may be exercised subject to the following conditions—

(a) the employer shall make written request of its intention to opt out to the Authority at least sixty days before opting to contract-out in such a way;

(b) the written request required under paragraph (a) shall clearly set out such details of the contracted-out scheme as the Authority shall require from time to time in order to ascertain that the contracted-out scheme meets the Reference Scheme Test;

(c) within thirty days from the date of receiving the written request and provided that the contracted-out scheme satisfies the Reference Scheme Test specified in the Fourth Schedule, the Authority shall respond in writing indicating its approval or otherwise to the employer and notify the Board accordingly;

(d) where such approval is received, Tier II Pension Fund Credits in respect of the employees shall be transferred from the Pension Fund to the approved contracted-out scheme; and

(e) the contracted-out scheme shall maintain an accurate record of Protected Rights which shall be paid in the same manner as for benefits in respect of Tier II Contributions as prescribed in Part V of this Act.

(3) An employer shall pay Tier I contributions to the Pension Fund.

22. Restriction on employer in regard with deductions from earnings

An employer is entitled to recover from his employee's earnings, the employee's contribution by way of a deduction there from for purposes of paying the employee's

Britam
With you every step of the way

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