

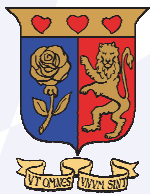
# Governance of pension schemes in Kenya

The case of trustee  
remuneration



# Governance of pension schemes in Kenya

The case of trustee  
remuneration



**Strathmore**  
UNIVERSITY





# Outline



**Strathmore**  
UNIVERSITY

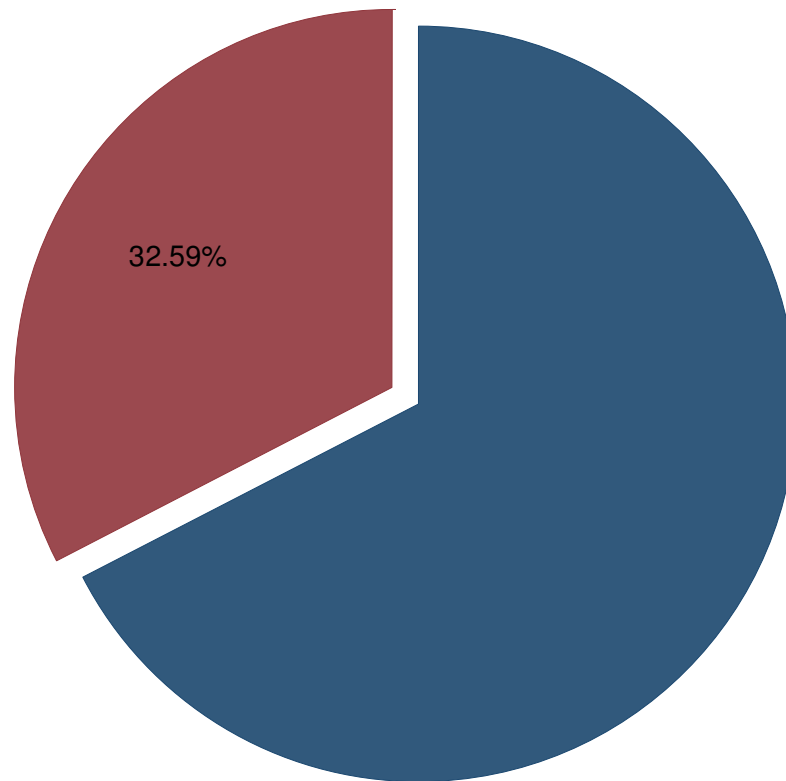
- ✓ Three Key findings on trustees
  - ✓ Remuneration
  - ✓ Engagement & Performance review
  - ✓ Limitations
- ✓ Issues to consider
  - ✓ Trustee perceptions
  - ✓ The issue on governance

# Remuneration



**Strathmore**  
UNIVERSITY

Do you receive a remuneration for your duties?

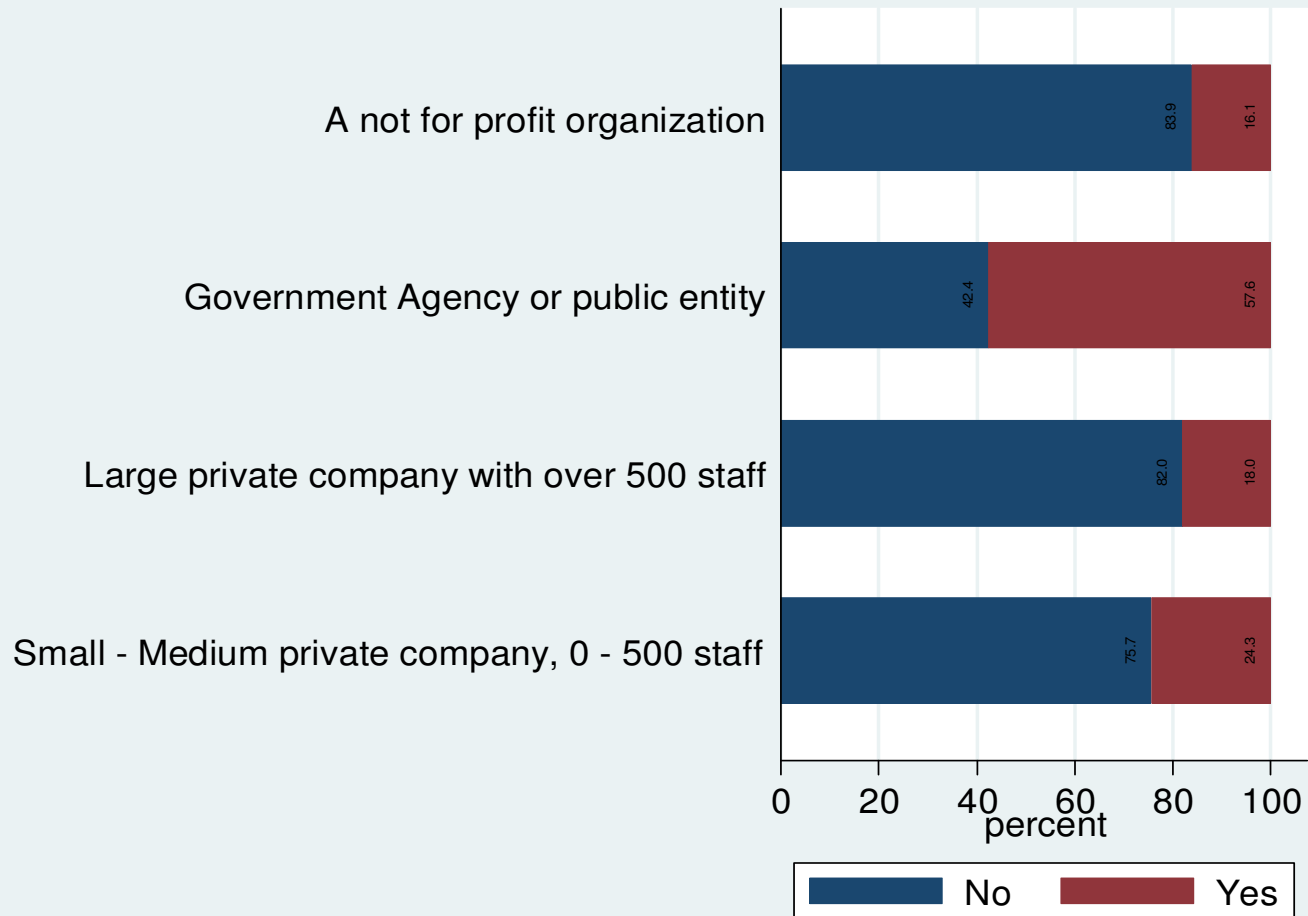


■ Not Remunerated    ■ Remunerated

# Remuneration



Do you receive a remuneration for your duties?



# Remuneration



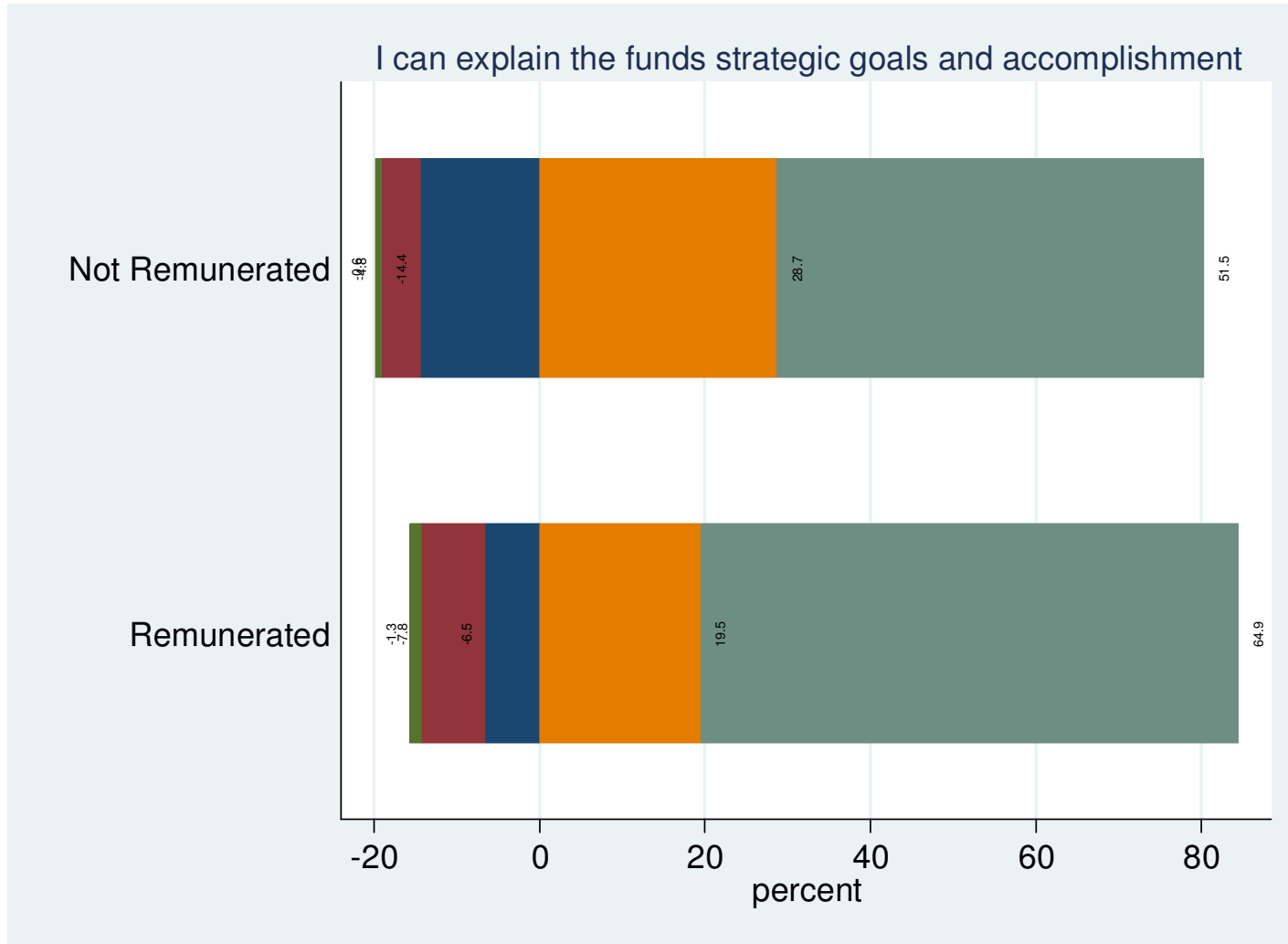
**Strathmore**  
UNIVERSITY

Fund size	mean	sd	min	max
Mega Scheme: Over 2 Billion Shillings	51,125.00	32,432.07	4,000.00	84,000.00
Large Scheme: 500 million to 2 Billion Shillings	38,411.76	24,189.51	3,000.00	90,000.00
Medium Scheme: 100 to 500 million Shillings	32,103.23	19,784.09	10,000.00	100,000.00
Small Scheme: Less than 100 million Shillings	25,021.88	21,899.03	6,000.00	80,000.00
Total	33,137.25	23,657.71	3,000.00	100,000.00

# Engagement



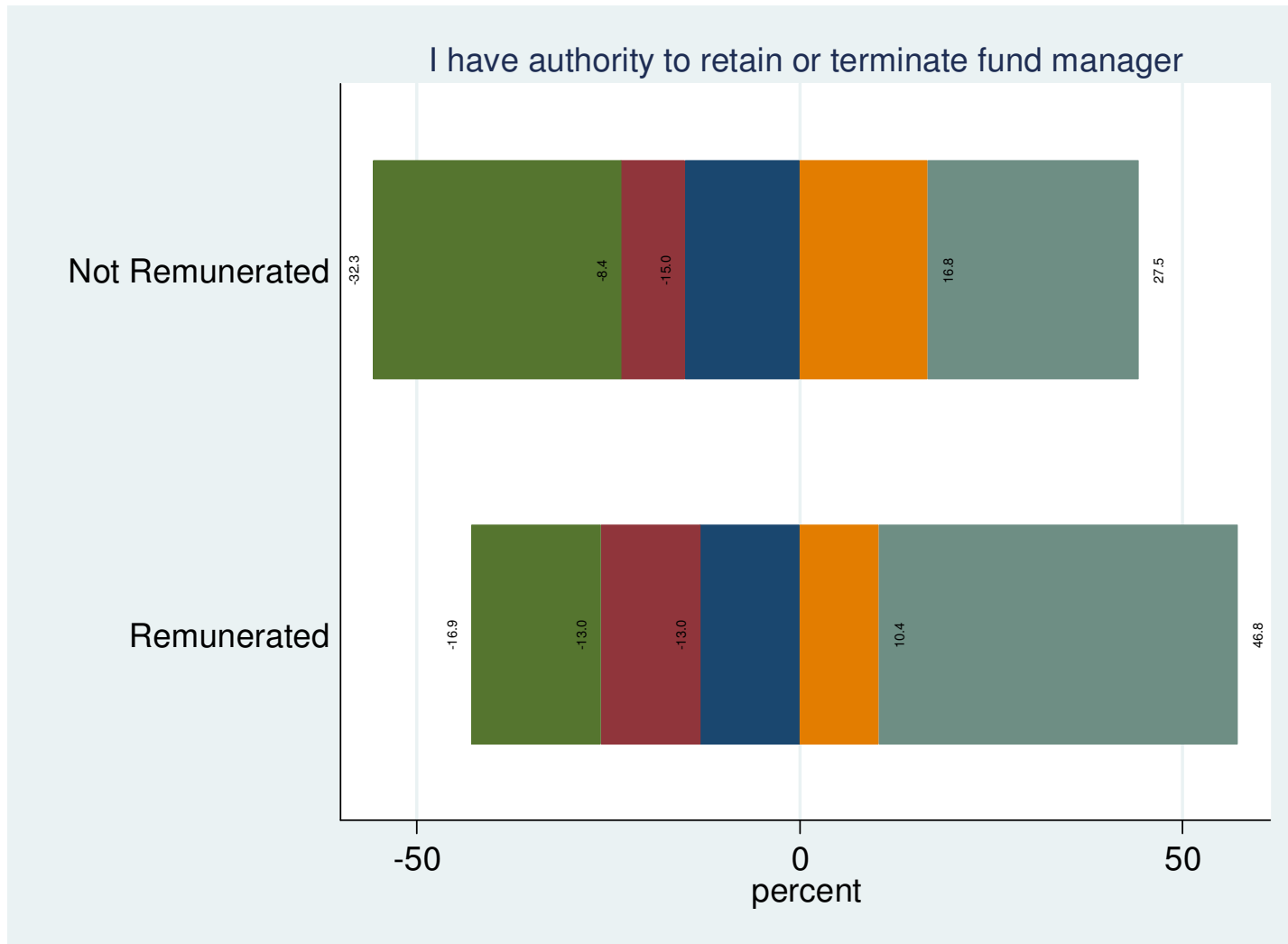
**Strathmore**  
UNIVERSITY



# Engagement



**Strathmore**  
UNIVERSITY

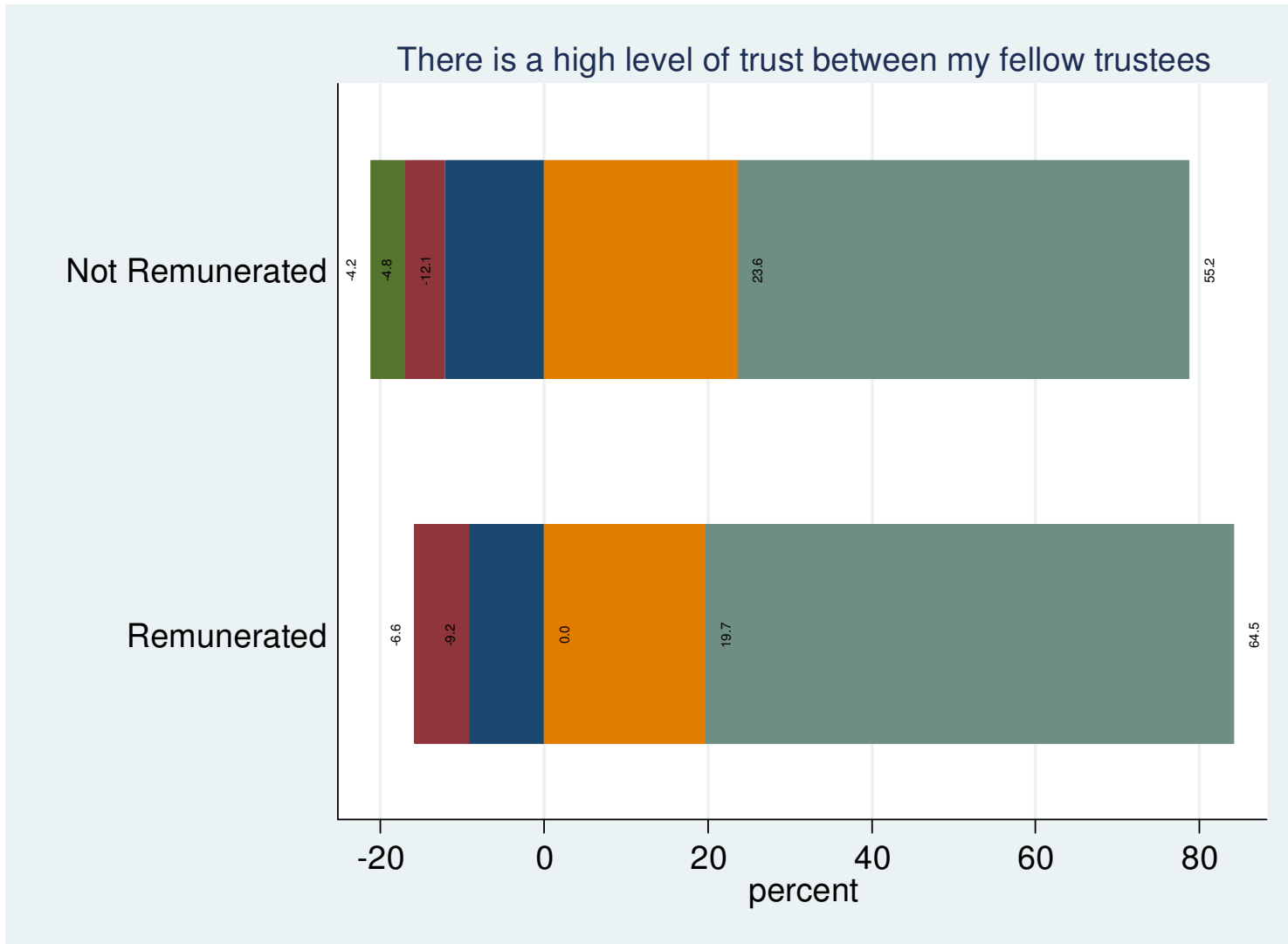




# Engagement



**Strathmore**  
UNIVERSITY



# Performance



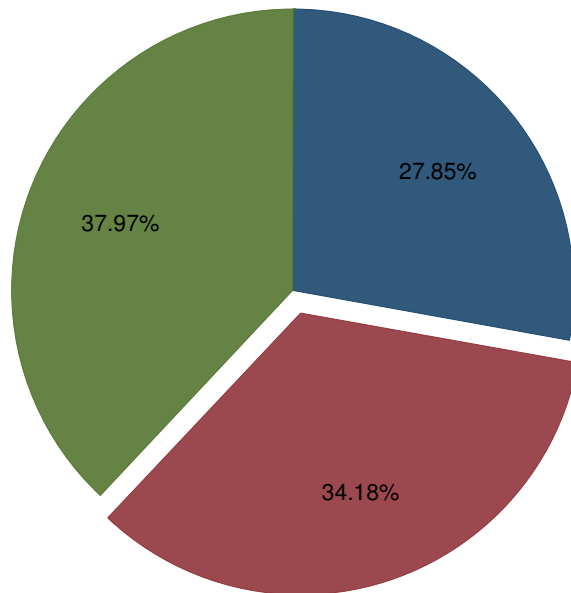
**Strathmore**  
UNIVERSITY

Remunerated

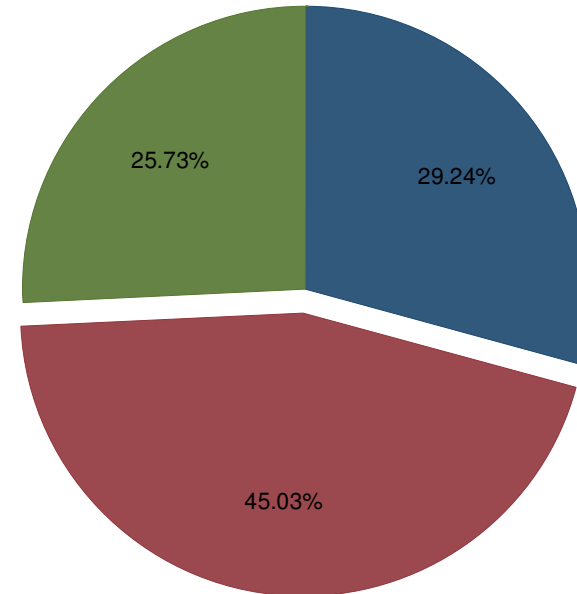
Not Remunerated

How is your performance as a trustee monitored?

How is your performance as a trustee monitored?



■ We do not monitor ■ Informally  
■ Formally



■ We do not monitor ■ Informally  
■ Formally

# Performance



**Strathmore**  
UNIVERSITY

Fund performance / Trustee Pay	mean	sd	min	max
Not Remunerated	5.809048	4.036652	0	15.5
Remunerated	6.000972	3.529782	1.2	15
Total	5.872146	3.870258	0	15.5

# Limitations



**Strathmore**  
UNIVERSITY

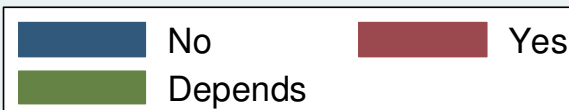
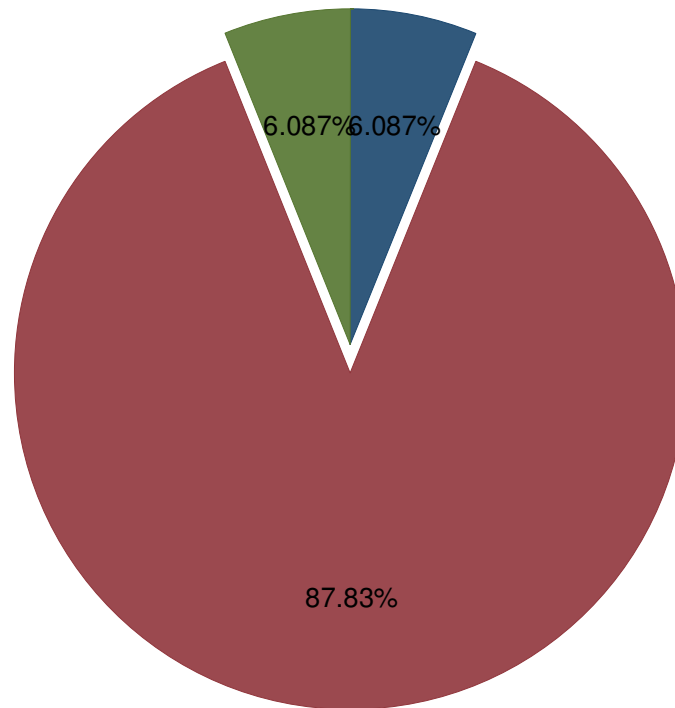
<i>What, in your opinion, most limits your ability to satisfactorily conduct your duties as trustee</i>	Percent
There are no limits	12.59
No motivation to prioritize	4.655
Fund Governance issues	22.73
Industry/regulatory factors	2.868
Poor working relations with service providers	3.865
Lack of Knowledge/experience	0
Time constraints with sponsor duties	53.28
Total	100

# Trustee Perceptions



**Strathmore**  
UNIVERSITY

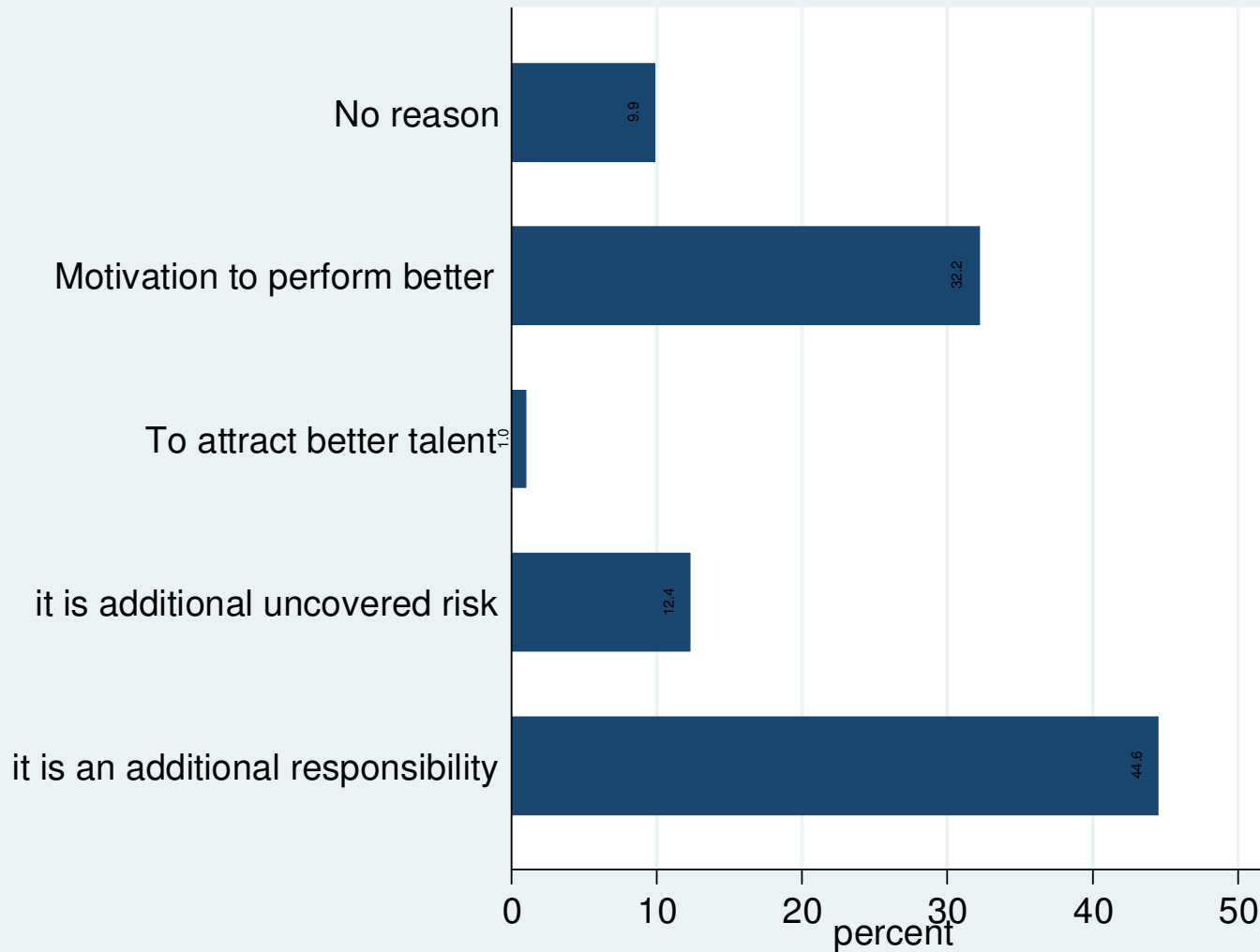
In your opinion should trustees be remunerated?



# Trustee Perceptions



In your opinion should trustees be remunerated? Why?



# Illustrative Comments



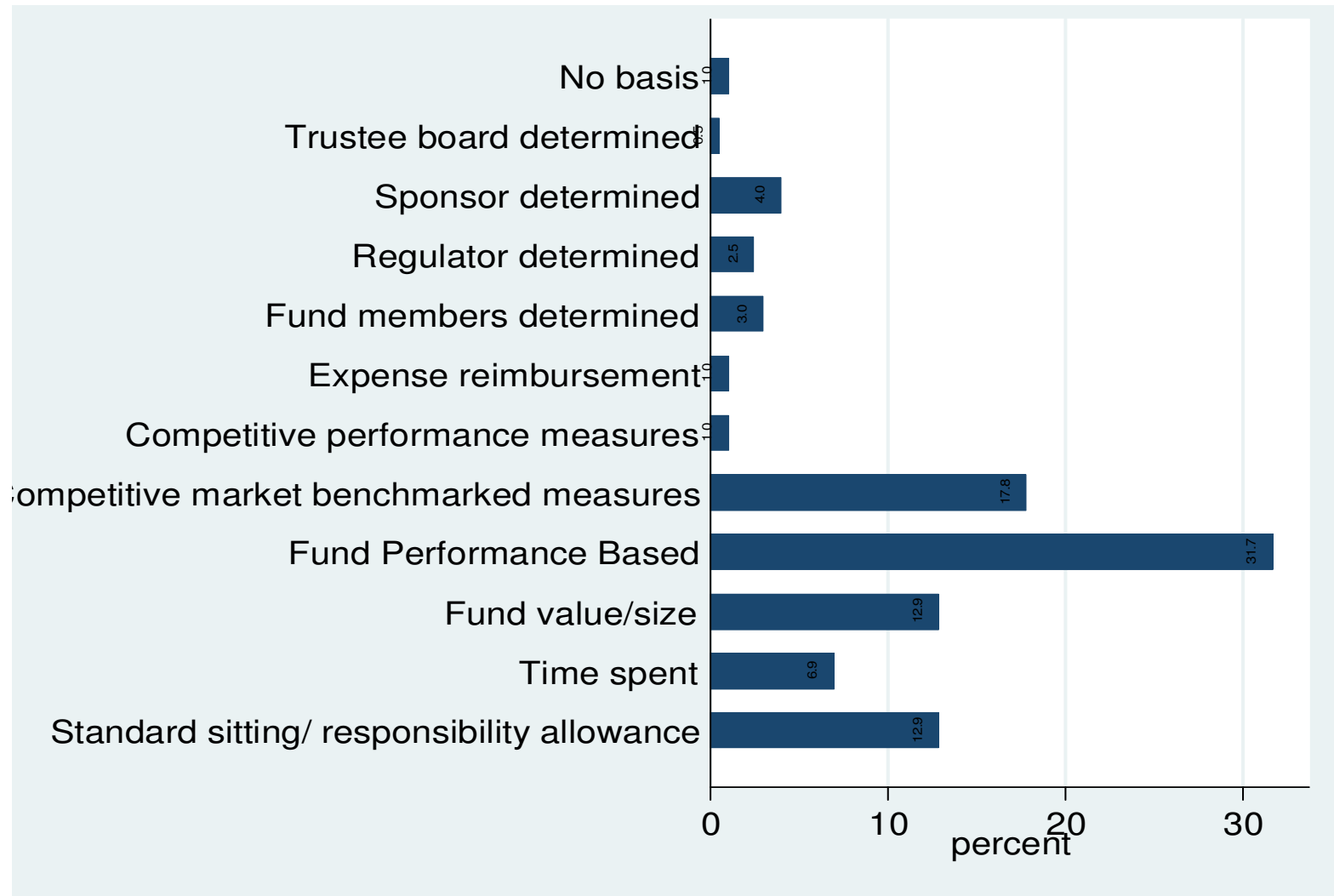
**Strathmore**  
UNIVERSITY

- *“Yes because of the responsibilities they are expected to carry out and the risks inherent in being a trustee”*
- *“Yes they should, because they are performing a fiduciary duty where they are even liable for prosecution. Remuneration is also important to motivate trustees to work hard and acquire more knowledge for the betterment of the scheme.”*
- *“No, it would lead to trustees being more focused on earning instead of the actual role. Will also create unnecessary competition among members.”*

# Trustee Perceptions



**Strathmore**  
UNIVERSITY





# Illustrative Comments



**Strathmore**  
UNIVERSITY

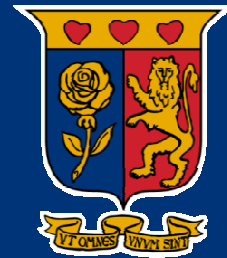
- *“It should be a flat amount that is sustainable in the long run. Fair criteria would be basing the remuneration with the responsibilities at hand after bench marking the current market.”*
- *“Sitting allowance approved by members during AGM meeting depending on the scheme performance or fund value at that moment which can be reviewed only during AGM by member’s decision to do so.”*
- *“The RBA needs to come up with a formula for determining remuneration based on size of the scheme.”*



**Strathmore**  
UNIVERSITY

# The issue on governance

- As organizations and the environment in which they operate become more complex, and as legitimate interests in those organizations become more diversified, how those organizations are governed becomes a more critical issue



# Strathmore

---

## UNIVERSITY

Ole Sangale Road, Madaraka Estate. PO Box 59857-00200, Nairobi, Kenya  
Tel +254 (0)20 606155, 606268, 606380 Fax +254 (0)20 607498  
Mobile +254 (0)722 25 428, (0)733 618 135 Email [info@strathmore.edu](mailto:info@strathmore.edu)  
[www.strathmore.edu](http://www.strathmore.edu)