DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY STAFF RETIREMENT BENEFITS SCHEME

MEMBER'S INFORMATION HANDBOOK

SECOND EDITION

INTRODUCTION

This booklet describes **DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY STAFF RETIREMENT BENEFITS SCHEME** (the Scheme) which provides for retirement benefits for the employees of Dedan Kimathi University Of Technology who belong to the Scheme. The booklet sets out how benefits are calculated.

FUND CONSTITUTION

This booklet is a guide to the benefits provided by the Scheme but it cannot override the Trust Deed and Rules (TDR). The TDR is a legal document governing the Fund and can be inspected by the Members upon request. If there is any conflict between this booklet and the formal documents, the terms of the latter will prevail.

THE TRUSTEES

The Trustees are individual trustees half of whom are appointed by the Sponsor and the other half are nominated by the Members. Their role is to look after the investments of the Scheme and to ensure that it is properly administered.

HOW IS THE FUND FINANCED?

The Fund consists of contributions from the Sponsor and the Members together with interest earnings and capital increases thereto. These contributions are invested and held separately from the Sponsor's s assets.

TAXATION

The Fund is approved by the Commissioner of Income Tax under the Income Tax Act (Cap.470) as well as "The Income Tax (Retirement Benefit) Rules" which means that Members get full tax relief on their contributions and the Fund grows free of both Income Tax and Capital Gains Tax.

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A DEFINITIONS

Throughout this handbook, you will come across terms which require explanation, and these are set out below:

Commencement Date

means the 1st day of July 2009 when the Fund commenced operations.

Early Retirement Date

Means the fiftieth (50th) birthday or such other birthday thereafter when the member retires before the Normal Retirement Date.

Eligible Employee

Means a full-time permanent employee or a full time contract employee with a contract terms of three months or above who has voluntarily joined the pension scheme of the Sponsor or a full time permanent employee or a full time contract employee with a contract terms of three months or above who has voluntarily joined the pension of an associated organization which has become a Sponsor by binding itself hereto by a deed of adherence

Employer/Sponsor

Means the **DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY** which expression herein where the context so admits includes any subsidiary thereof and any other company by which as a result of any amalgamation or reconstruction or otherwise, the business of the said DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY or any subsidiary thereof, may for the time being be carried on.

Entry Date

means the first day of the month.

Member

means an Eligible Employee who having been admitted to Membership of the Scheme in accordance with the Rules and includes any person who is entitled to or in receipt of a benefit under the Scheme and has not ceased to be a member in terms of these Rules.

Normal Retirement Date

The normal retirement age is your 60th birthday for the non-academic staff, 65th birthday for non -academic staff working in teaching laboratories & University libraries, and 74th birthday for Member designated as Academic staff.

Members who have been registered as disabled, are allowed to retire on their 65th
birthday.

Salary

Means the Member's basic annual salary as determined by the Sponsor, excluding gratuity,

housing allowance, any cost of living allowance, special remuneration for performing special duties or acting in a vacant post, locomotion or subsistence allowance, free honorarium or bonus of any kind, overtime payment, director's fees or any other fluctuating emolument being received by the Member at the relevant date.

B ADMISSION TO MEMBERSHIP

- ***When do I join the scheme?***

On becoming employed by the Sponsor on or after the Commencement Date and on becoming an Eligible Employee and after completion and submission to the Trustees of a form prescribed by the Trustees, which shall be effective from the Entry Date coincident with or next following the date upon which the Trustees receive such completed form.

- ***How do I join the scheme?***

To join the Scheme, you will be required to complete and submit to the Trustees a form prescribed by the Trustees to effect membership into the scheme. You will also be required to supply evidence of age satisfactory to the Trustees and such of your Dependants or beneficiaries as the Trustees may require and give the Trustees such other information as they may require for the purpose of the Scheme.

- ***Can I also be a member of the N.S.S.F.?***

Yes. You and the Sponsor will be required to pay the Statutory Contributions to the NSSF, upon approval of contracting out of the scheme Tier II contributions will be paid to the scheme and will be accessed as a pension at retirement. The scheme is already a contracted scheme effective 14th June 2023.

- ***How is the scheme financed?***

The Scheme is financed by contributions made by the Sponsor, Member and the additional voluntary contributions from Members plus accrued interest earned through investing the contributions.

C CONTRIBUTIONS

- ***What do I contribute to the fund?***

You contribute 7.5% of your basic salary.

- ***Voluntary Contributions***

You may elect to pay voluntary contributions at amounts and intervals as agreed with the Trustees. If the Trustees require so, you shall give notice of your intention to start, reduce, or stop paying voluntary contributions.

- ***What does the Sponsor contribute to the scheme?***

The Sponsor contributes 15% of your salary.

D RETIREMENT BENEFITS

- ***What am I entitled to at normal retirement?***

Upon retirement on attainment of Normal Retirement age, you will be entitled to a third (1/3) of the total Scheme Credit, the balance of the Scheme Credit shall be utilized to:

i. To purchase an annuity; or
ii. To purchase an income drawdown; or
iii. Both.

PROVIDED THAT you will have the opportunity of selecting your preferred Annuity service provider or Income Drawdown.

- ***What am I entitled to at Early retirement?***

A Member may with the consent of the Sponsor retire from the service of the Sponsor at any time after the attainment of the age of fifty years.
In such event the member shall be entitled to one third (1/3) cash lump sum benefit representing the Member's Scheme Credit standing to the credit of his account at that date, the balance of the Scheme Credit shall be utilized to:

i. To purchase an annuity; or
ii. To purchase an income drawdown; or
iii. Both

- ***Do I pay income tax on my retirement benefits?***

No. The total benefits at retirement is exempted from taxes.

E DEATH IN SERVICE BENEFITS

Upon the death of a Member while in the service of the Sponsor, the Member shall be entitled to:

A lump sum benefit equal to the Member's Scheme Credit at the date of his death. The benefits shall be payable to the Member's Nominated Beneficiary or beneficiaries or in the absence of such nomination of beneficiaries at the Trustees' discretion to the benefit of such Dependant or other Beneficiary as the Trustees may determine.

F DEATH OF DEFERRED MEMBER

Upon the death of a Member who had deferred their benefits, the Trustees shall pay the deferred Member's Scheme Credit at the date of the Member's death to the deceased Member's Nominated Beneficiary or beneficiaries or in the absence of such nomination of beneficiaries at the Trustees' discretion to the benefit of such Dependant or other Beneficiary as the Trustees may determine.

G ILL HEALTH RETIREMENT

- ***What happens if I retire on medical grounds?***

a) Ill Health in Service

If a Member retires or is retired from service of the Sponsor, upon medical evidence of a qualified medical practitioner approved by the Sponsor and the Trustees that he is incapable, by reason of infirmity of mind or body, of discharging his employment duties and that such infirmity is likely to be permanent, he shall be entitled to a Lump Sum Payment equal to his Scheme Credit. The benefits paid will be tax free.

b) Ill Health in Deferment

Upon ill-health-in-deferment of a Member, upon medical evidence of a qualified medical practitioner approved by the Sponsor and the Trustees that he is incapable by reason of infirmity of mind or body of discharging any duties and that such infirmity is likely to be permanent, he shall be entitled to a Lump Sum Payment equal to his Scheme Credit. The benefits paid will be tax free

H BENEFITS ON LEAVING SERVICE BEFORE NORMAL RETIREMENT AGE

- ***What happens if I leave the employment before retirement age?***

(a) When you leave service of the Sponsor, you may opt to be paid up to fifty percent (50%) of your total accrued benefits and the investment income thereof that has accrued in respect of those contributions. The balance of the contributions shall be retained in the Scheme until you reach Early Retirement Age or until you become entitled to the Sponsor's contributions on the following grounds:

i. You leave employment as a result of ill-health or subsequently during deferment becomes incapacitated on grounds of ill-health which if you were in employment would occasion your retirement; or
ii. Where you transfer your benefits to another Scheme; or
iii. where you are emigrating from Kenya to another country without any present intention of returning to reside in Kenya. In the case where you are emigrating from Kenya, you shall obtain the approval of the Trustees, which shall be copied to the RBA, to withdraw your benefits.

(b) If you are entitled to a deferred pension and you die before Normal Retirement Date, the Death in Services Benefits provision shall apply.

I NOMINATION OF BENEFICIARY

- ***What is meant by a register of beneficiary?***

You are encouraged to nominate one or more of your dependents to whom you would wish the Trustees to pay the Benefits due in the event of your death. You may change your nomination at any time in writing to the Trustees and received by the Trust Secretary at the registered office of the Scheme.

J ASSIGNMENT OF BENEFITS

- ***Can I borrow against the fund benefits?***

No, however You may assign not more than 60% of accumulated benefit under the Rules as collateral security for securing a mortgage loan upon approval of the Trustees and subject to the Regulations issued by the Retirement Benefits Authority from time to time.

- ***Can I acquire medical cover from my Retirement Benefits?***

You may elect to pay additional voluntary contributions in respect of funding of a Medical Fund to be accessed at retirement.

You may assign Benefits accruing from membership of the Scheme or payable under the Rules for purposes of transferring up to 10% of your benefits to a medical-cover provider in the event where you have been unable to build a post-retirement medical fund from additional voluntary contributions.

- ***What is the process when one leaves?***

Please see below the withdrawal process on leaving service:

Step 1	***Consultation through Pension Office/Minet on benefits payable***
Step 2	***Member completes leaver's form and returns to Pension Office***
Step 3	***Pension Office instructs Minet to process benefits***
Step 4	***Minet forwards benefit calculations worksheet and discharge form to the Trustees***
Step 5	***Minet advises Trustees/member of benefits.*** ***Trustees execute discharge form.***
Step 6	***Minet facilitates benefit payment to the member's bank account, annuity/income drawdown service providers of member's choice***

K MANAGEMENT & ADMINISTRATION OF THE FUND

- ***Who manages the scheme?***

The Scheme is managed by the Board of Trustees.

How is the scheme administered?
The Trustees have in addition appointed the following service providers to assist in the management and administration of the scheme:

a) Administrator
Minet Kenya Financial Services Limited
Minet House
Mamlaka Road/Processional Way
Nairobi

b) Investment Managers

The scheme is managed by two investment managers under guaranteed & Segregated investment. The current fund Managers noted as below

Guaranteed Fund Manager
ICEA Lion Insurance Company Limited
ICEA Building

Segregated Fund Manager
Old Mutual
Old Mutual Investment Group
Investment
Group

c) Scheme Custodian
KCB Bank Kenya Limited
KCB Towers, 7th Floor, P. O. Box 30664-00100, Nairobi, Kenya,

- ***To whom do I refer queries?***
- All queries should be directed to any member of the Board of Trustee or through the office of the Pensions Secretariat.
- Direct contact with service providers is only permitted where approval has been granted by the Trustees.

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THE END
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