

KENYATTA UNIVERSITY STAFF RETIREMENT BENEFITS SCHEME

DRAFT REMUNERATION POLICY

2024

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1.0 INTRODUCTION

Kenyatta University Staff Retirement Benefits Scheme was established on 1st January 1994 to provide retirement benefits for eligible members and their dependants both during their careers and upon retirement. Since its inception, the Scheme has operated in full compliance with the Retirement Benefits Act of 1997.

Regulation 7 (g) of the Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations 2000 states that every Scheme shall have Rules that shall provide for the remuneration of Trustees. Clause 22 (3a) of the Retirement Benefits good governance guidelines provides that the board of Trustees shall ensure that there is an approved trustees remuneration policy in place that sets out the approved sitting allowances and rates of reimbursement for expenses.

Clause 22 (3e) of the same guidelines provides that the trustees remuneration policy is approved by members at an annual general meeting of the scheme at least once in every three years. On 5th May 2023, the Retirement Benefits Authority gazetted the guidelines on Trustee Remuneration Policy and Scheme Expenses to guide Trustees in developing the remuneration policy.

The purpose of this Trustee Remuneration Policy is to set out when, how and the quantum of remuneration to Trustees engaged in the conduct of Scheme business in accordance with the law and industry accepted principles of remuneration.

2.0 POLICY STATEMENT

- 2.1. Provisions of the Trustee Remuneration Policy shall apply in determining the amount of remuneration and benefits broadly categorized as entitlements to members of the Board of Trustees and its Committee(s). This Policy should be read in conjunction with the prevailing law, Scheme Trust Deed and Rules as well as other Scheme governance policies.
- 2.2. In this regard, the following policy principles on Trustee remuneration shall apply:
 - 2.1.1 Remuneration and benefits may be in the form of sitting allowances, transport facilitation or refund, and local or overseas travel and subsistence allowances;
 - 2.1.2 The remuneration rates that apply are as indicated in Clause 8 in this Policy which may be reviewed or amended once in every three years or as may be provided by law;
 - 2.1.3 For prudent facilitation of remuneration and benefits, each Trustee shall declare his or her home address, biodata and residential status to the Scheme Secretary or administrator immediately after the Trustee's appointment. A Trustee shall update the information if it substantially changes during the Trustee's tenure;
 - 2.1.4 Each Trustee shall ensure that the tax obligations in relation to any remuneration, aside from daily subsistence allowance, received are fulfilled as required in the prevailing tax laws;
 - 2.1.5 Trustee remuneration shall be equitably paid to all Trustees without discrimination. However, an additional remuneration may be paid to the chairperson of the Board of Trustees;

- 2.1.6 The Board of Trustees recognizes and appreciates that the Scheme is a separate legal entity from the sponsor and that the sponsor's rules on financial management or remuneration rates are not directly applicable to the Scheme unless specifically adopted by the Board of Trustees through this policy. Where necessary, the Board of Trustees reserves the right to adopt industry accepted best practices;
- 2.1.7 The Trustees shall endeavour to hold meetings in the registered offices of the Scheme;
- 2.1.8 This policy shall be updated when a review of the relevant clauses in the Scheme trust deed and rules or statute is made or every three years, whichever comes first. The policy shall apply to the remuneration of Trustees and persons called upon to assist the Trustees in the discharge of their mandate.

3.0 PURPOSE OF POLICY

- 3.1. The main objective of the Scheme is to provide retirement benefits to its members and beneficiaries. The primary duty of the Board of Trustees is to act in the best interests of the members. The Trustees must ensure that the Scheme remains financially sound through effective management and thereby, meet its obligation of paying out benefits as set out in the Scheme rules;
- 3.2. The purpose of this Trustees' Remuneration Policy is to set out how, when and how much remuneration is to be paid to Trustees and reimbursement of permissible expenses incurred in the conduct of the affairs of the Scheme in accordance with the duties imposed by law. While doing so, the Board of Trustees reiterates its commitment to managing the Scheme with integrity and prudence. The Board of Trustees, by subscribing to this policy, pledges to act in a professional manner with due regard to the Trustees' fiduciary duties and responsibilities, compliance with applicable laws and other policies that apply to the Scheme.

4.0 POLICY OBJECTIVES

- 4.1. This Policy has been designed to align with the Scheme's objective and its strategic and business plan so as to:
 - 4.1.1. Promote certainty and awareness of the guiding principles of Trustee remuneration;
 - 4.1.2. Match the Scheme's expenditure projections to the Scheme's sustainable funding and risk appetite; and
 - 4.1.3. Facilitate Trustees' participation in Scheme activities, protect the Trustees' interests and meet the reasonable expectations of Members

5.0 REMUNERATION FOR THE BOARD AND ITS COMMITTEE(S)

5.1 Financial Compensation

5.1.1 Sitting Allowance

Members of the Board and Committees shall be entitled to a sitting allowance for a maximum of six full Board of Trustees' meeting and six (6) meetings per committee per year as specified below:

- 5.1.1.1. The Chairperson and Members of the Board shall be entitled to a sitting allowance as set out in Clause 8 of this remuneration Policy. The Committee Members as well as the Chairperson of the committee shall be entitled to a sitting allowance as set out in Clause 8 to this remuneration policy for each committee meetings attended;
- 5.1.1.2. Board members attending trainings, seminars, retreats, conferences or other events separate from full Board and committee meetings shall not be entitled to a sitting allowance;
- 5.1.1.3. Annual General Meeting or Special General Meetings and Special Meetings of the Board of Trustees shall be considered as other regular Board meetings and the Trustees shall be paid a sitting allowance as set out in Clause 8 to this remuneration policy;
- 5.1.1.4. Where a meeting is adjourned to another time in the same day or to a different date, there shall be no separate payment of a sitting allowance for the continuation of the meeting.

5.1.2. **Daily Subsistence Allowance**

- 5.1.2.1. Where a meeting or other function of the Board is held outside the Scheme's principal offices, Trustees shall be provided with accommodation or a subsistence allowance as set out in Clause 8 to this remuneration policy;
- 5.1.2.2. The Trustees shall endeavor to hold all meetings at the Scheme's principal offices.

5.1.3. **Transport Allowance**

- 5.1.3.1. Transport allowance is harmonized for all members of the Board of Trustees. They shall be provided/refunded transport for travel to and/or from Scheme activities as set out in Clause 8 to this remuneration policy;
- 5.1.3.2. Board of Trustees shall ensure that they use the most prudent mode of transportation while attending the Trustee meetings;
- 5.1.3.3. Trustee meetings shall be held at the Scheme head office or the head office of the Scheme's Sponsor.
- 5.1.3.4. Board members shall be provided with transportation to the venue of Board meetings or other Scheme events such as meetings, Scheme Sponsored training, AGMs/SGMs etc. In areas served by air transport, the means of transportation shall ordinarily be an economy class return-air ticket. Where this option is not available or the Board member opts to travel by their own means, they shall be compensated according to the applicable Automobile Association of Kenya (AA) mileage compensation rates. In the event that a Trustee opts to use his or her own transport where Scheme transport has been availed, the Scheme shall not make any further transport payment.

5.1.4. **Experts and Other Invited Guests**

- 5.1.4.1 Subject matter experts or resource persons whose participation is pre-agreed by the Board, other than resource persons under contract, shall enter into an agreement with the Scheme and remunerated according to their expertise and performance.
- 5.1.4.2 However, Trustees are encouraged to identify the expertise missing in the Board and hire the expertise using the normal procurement process to ensure transparency and prudent management of resources.

5.1.5 **Taxation**

- 5.1.5.1 All allowances, save for daily subsistence allowance, payable to the Trustees that are categorized as income shall be subject to relevant income taxation requirements.;
- 5.1.5.2 The responsibility to ensure compliance with relevant PAYE taxation requirements shall rest with the Trustees.

5.1.6. **Mode of Payment**

- 5.1.6.1. Payments shall be made using the most convenient and cost-effective method available to the Board of Trustees.;
- 5.1.6.2. Proper records of such payments shall be kept with each member required to sign the Scheme's attendance register and the payments reflected in the Scheme financial reports.

5.2 **Non-Financial Compensation**

- 5.2.1. The Scheme shall take out a reasonable Professional Indemnity Liability cover for Board members from a reputable insurance company on such terms as may be approved by the Board;
- 5.2.2. Such cover shall be limited to an individual Trustee and to a reasonable exposure capping and members shall only be covered whilst engaged in the pursuit of authorized Scheme activities/mandates;
- 5.2.3. Premium expended to purchase the insurance policy covers shall be a Scheme administration expense legitimately incurred by the Board.

5.3. **Applicable Trustees Meetings**

The following are the various categories of the Trustees meetings for the pension Scheme which Trustees shall be remunerated sitting allowances:

- 5.3.1. **Quarterly Trustee Meeting**
These are meetings held on quarterly basis in a financial year so as to ensure there is efficiency in the flow of matters of the Scheme.
- 5.3.2. **Special Board of Trustee Meetings**
These are meetings that are held to handle emerging issues as well as reviewing allocation of benefits on a need basis.
- 5.3.3. **Committee Meetings**
These meetings interrogate and deliberate on various reports and issues.

5.3.4. **Annual General Meeting**

This is a meeting held once a year to report on Scheme activities to members.

5.4. **Other Principles of the Trustee Remuneration Policy**

- 5.4.1. Trustees shall set an annual budget for the expenditure to be incurred in the running of the affairs of the Schemes, including a budget for Trustee remuneration;
- 5.4.2. The Trustees shall set the budgeted expenses incurred by Trustees to attend a duly constituted meeting of the Board of Trustees or a committee of the Board;
- 5.4.3. Trustees must disclose where the payment of these costs may give rise to a conflict of interest; and
- 5.4.4. Frequency, cost of training, seminars, conference and retreats of Trustees shall be prudently managed and within the annual budget approved by Trustees. Provided that during such training, seminars, retreats, workshops Trustees shall not be paid a sitting allowance but shall be reimbursed for reasonable accommodation and travel expenses.

6.0 SUMMARY OF PERMISSIBLE TRUSTEES REMUNERATION

This Table Sets Out a Summary of Permissible Remuneration and Incentives for Trustees

NO	EXPENDITURE ITEM	EXPENSE DETAILS	MAXIMUM EXPENSES/FEEES
1	Sitting allowance	Taxable sitting allowance paid to a Trustee when he/she attends a duly constituted meeting of Trustees or Board Committee. Provided that the Chairperson may be paid an additional sitting allowance of up to KShs. 5,000 for a meeting.	Maximum sitting allowance payable to Trustees based on Scheme Fund Value at the beginning of the Scheme year as set out below: - a. Fund value not exceeding KShs. 500M – Maximum KShs. 10,000 before tax; b. Fund value of more than KShs.500m but not exceeding KSh.1 Billion – Maximum KShs. 15, 000 before tax; c. Fund value of more than KShs.1 billion but not exceeding KShs.10 billion – Maximum KShs. 25,000 before tax; d. Fund value of more than KShs.10 billion – Maximum KShs. 40,000 before tax.

2	Daily Subsistence allowance	This allowance may be claimed and paid up to a set maximum per day when a Trustee attends a duly constituted meeting of the Board of Trustees outside his/her normal place of residence. The allowance shall only be paid where the Scheme has not made other accommodation arrangements for the Trustee. When a Board meeting or function is held outside the Scheme's main offices, Trustees will be provided with accommodation or a reasonable subsistence allowance.	Maximum Nairobi, Kisumu and Mombasa – twenty thousand shillings For other locations such as Nakuru, Eldoret, Naivasha, and Lodwar, the allowance will be determined based on the applicable considerations for these areas. Other towns – fifteen thousand shillings
3	Travel Allowance	Board of Trustees shall be provided with transportation to the venue of a duly constituted meeting or scheduled activities of the Scheme. In international travel or areas served by air transport, the means of transportation shall ordinarily be an economy class return air ticket. Where this option is not available or a Trustee opts to travel by their own means, the Trustee shall be compensated according to the applicable Automobile Association of Kenya (AA) mileage compensation rates. In the event that a Trustee opts to use his or her own transport where Scheme transport has been availed, the Scheme shall not make any further transport payment.	Actual transport costs or AA rates for a maximum vehicle capacity not exceeding one thousand eight hundred cubic centimeters, (1800CC).
4	Training Expenses	Actual costs incurred in attending training programmes, seminars. and conferences related to the Scheme business whose duration shall not exceed five days in each year. The number of days excludes the dates for the Trustee development programme Kenya training. Provided that no sitting allowance shall be paid to a Trustee for such trainings, seminars or conference. Stakeholder sensitization forums held by the Authority shall not be considered as trainings	Actual cost

5	Foreign Accommodation Allowance	The allowance shall be paid using the rate stipulated in this schedule in line with the rates published by the United Nations circular that gives the daily allowance for various categories and destinations. The allowance shall only be paid where the Scheme has not made other accommodation arrangements for a Trustee.	Not exceeding the maximum published by the United Nations for different countries up to an overall maximum of five hundred United States dollars per day before tax.

7.0 REVIEW OF THE TRUSTEE REMUNERATION POLICY

This remuneration policy shall be reviewed by members during the annual general meeting after every three (3) years save for changes as a result of government policies and regulatory provisions.

8.0 ADOPTION OF TRUSTEES REMUNERATION POLICY

	Expense	Amount (exclusive of tax)
1.	Chairperson's Sitting Allowance	KShs. 25,000
2.	Trustee's Sitting Allowance	KShs. 20,000
3.	Daily Subsistence Allowance (Major Towns)	KShs. 20,000
4.	Daily Subsistence Allowance (Other Towns)	KShs. 15,000
5.	Foreign Accommodation Allowance	Not exceeding the maximum published by the United Nations for different countries up to an overall maximum of five hundred United States dollars per day
6.	Travel Allowance	Actual transport costs or AA rates for a vehicle capacity not exceeding 1800cc

9.0 DECLARATION

The Board of Trustees of Kenyatta University Staff Retirement Benefits Scheme adopted this Remuneration Policy during a meeting held on **18th October 2024** taking into consideration the retirement benefits authority guidelines on trustee remuneration policy and scheme expenses.