



# OCTAGON UMBRELLA RETIREMENT BENEFITS SCHEME



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The scheme is established under an irrevocable Trust, registered with Retirement Benefits Authority and Kenya Revenue Authority with Octagon Pension Services being the Sponsor.

The assets of the sponsor are separated from the assets of the scheme. The compliance management of the scheme is done by MTC Trust Services Limited in line with Retirement Benefits Act





# OCTAGON UMBRELLA RETIREMENT BENEFITS SCHEME

- ✓ Registered by RBA in November 2014 to cater for small and medium organization that have a need to enroll members to a retirement benefits without having to set up a standalone scheme.
  - ✓ Gives these organizations an opportunity to pool together into one scheme with each organization having a chance to design their Trust Rule to suit them.
  - ✓ The funds in the scheme are held in separate accounts but they are invested as one fund.
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- ✓ Prior to the enactment of umbrella retirement benefits schemes regulations in 2017, the scheme was operating as a personal pension scheme with over 70 employers participating with a fund value of 1.2 Billion and over 3000 members.
  - ✓ The current employers in the personal pension plan are being moved to the umbrella fund and by the end of the year we expect the fund to be over Kshs 1.5 billion.
  - ✓ The scheme is a hybrid with both the Pension and Provident Fund features. It also gives the employer an option to decide the proportion of the fund that will be invested in a segregated and guaranteed arrangement.



# BENEFITS OF JOINING OCTAGON UMBRELLA SCHEME

- ✓ The scheme is a hybrid with both the Pension / Provident Fund and Guaranteed / Segregated Features giving employers flexibility on available options.
  - ✓ Flexibility to appoint and move funds to a competitive fund manager who offers better returns.
  - ✓ Each organization has the flexibility to design its Trust rules like any occupational schemes
  - ✓ Provide a Low-cost arrangement to maximize member's benefits
  - ✓ Tax incentives on both employer and employee contributions.
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- ✓ Personalized member engagement and advice on available investment options
  - ✓ Enhanced and interactive self-service system on members' statements
  - ✓ Management of funds in liaison with the management committee
  - ✓ Offer regular training to members and industry updates on a regular basis
  - ✓ Negotiated Insurance covers i.e. Group Last Expense, GLA, GPA, WIBA and Medical insurance for participating employers



# Investment Strategy Options

## 1. Segregated investment option

These can be got from registered Investment managers  
Diversified investments i.e. bonds, equities, cash

### **Pros**

- Trustees can direct strategy
- Transparency
- System of checks and balances

### **Cons**

- Minimal insulation from poor market performance

## 2. Guaranteed / Deposit Administration Fund option

A deposit administration fund is a contract to provide benefits for retirement through an insurance company.

### **Features**

- Investment through a registered insurance company
- Lower exposure to risky investments such as equity
- Guaranteed minimum rate of return – against impairment loss

## 3. Approved issuers

Benefits payable from the fund will remain the same



# Returns Comparison of Umbrella Retirement Benefits Fund 2015 – 2021 Different Insurance Companies

Year	2015	2016	2017	2018	2019	2020	2021	AVERAGE
Octagon Umbrella Fund	15.3%	15.0%	12.0%	11.5%	11.5%	11.0%	10.25%	<b>12.36%</b>
Kenindia	15.00%	12.00%	11.25%	11.50%	11.00%	10.75%	10.75%	<b>11.75%</b>
ICEA Lion	8.20%	9.00%	10.00%	9.00%	10.25%	8.00%	9.25%	<b>9.10%</b>
Sanlam Life	5.00%	10.00%	7.50%	5.00%	11.00%	8.00%	8.70%	<b>7.89%</b>

## Sharia Compliant Pension Scheme

- ✓ Octagon understands the diversity in beliefs and the fact that Kenya is a secular country. Unlike most pension funds, Sharia-compliant schemes are forbidden from investing in 'haram' activities such as alcohol, tobacco, or weapons.
- ✓ Unlike conventional pension funds, Shariah-compliant schemes are prohibited from the payment or receipt of interest which is referred to as "Riba" under Islamic Law. RBA licensed Kenya's first Shariah-compliant pension product in 2013, since then, a few other Shariah compliant products have been launched to meet the growing demand. Among the
- ✓ Fund Managers we work with is Sanlam Investments Limited which is shariah compliant. The pension funds of this specific scheme will be invested differently in compliance with the Islamic Law.



# Put your trust where it belongs



**Octagon Pension Services Limited is regulated by the Retirement Benefits Authority**

## **CONTACT US**

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