



Secure Your Tomorrow Today

**MURANG'A UNIVERSITY OF TECHNOLOGY
STAFF PENSION SCHEME**

MEMBER HANDBOOK

2025

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1. INTRODUCTION

This member handbook describes the structure and benefits provided under the Murang'a University of Technology Staff Pension Scheme ("the Scheme") established through Trust Deed and Rules dated 1st October, 2014.

The Scheme was established by Murang'a University of Technology (Sponsor) to provide benefits to eligible employees upon retirement or to their dependants in the event of death. The Scheme is a defined contributory Scheme with specified rates of contributions.

This handbook is not a legal document and does not cover every aspect of the Scheme. Full details of the Scheme are as contained in the Scheme's Trust Deed and Rules and is available for inspection on request from the Trust Secretary.

2. CORE FUNCTIONS OF THE SCHEME

- 2.1 To keep safe custody of Scheme assets.
- 2.3 To prudently invest member's funds.
- 2.3 To pay benefits to members and or their dependents when due.
- 2.4 To sensitize/educate members.
- 2.5 To ensure proper governance of the Scheme.

3. SCHEME STRATEGIC ORIENTATION

VISION

Provide financial freedom for members in retirement.

MISSION

Ensure prudent investment and effective governance of the fund.

CORE VALUES

The Scheme is committed to adhere to the following core values:



4. DEFINITIONS OF TERMS

- 4.1 “Additional Voluntary Contribution (AVC)”** is a top-up contribution that you can make to the pension Scheme over and above the monthly mandatory 10% of your basic salary.
- 4.2 “Annuity”** means is a contract between a member and an insurance company that provides the buyer with a regular series of payments in return for a lump-sum payment.
- 4.3 “Contracted-out Scheme”** means “an occupational retirement benefits Scheme including an umbrella retirement benefits Scheme or an individual retirement benefits 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 NSSF Pension Fund”.
- 4.4 “Early Retirement Age”** means Retirement from the Pensionable Service of the Member at Fifty (50) Years.
- 4.5 “Eligible employee”** means an employee with a contract of service with the Sponsor or an employee with a contract of service with an Associated Organization which has become a Sponsor by binding itself hereto by a Deed of Adherence.
- 4.6 “Income Drawdown”** means an alternative arrangement to an annuity through which the member may make regular withdrawals from their account in line with the Retirement Benefits Act and Trust Deed and Rules of the Scheme.
- 4.7 “Lower Earnings Limit”** means the amount gazetted by the Cabinet Secretary from time to time as the average statutory minimum monthly basic wage.
- 4.8 “Medical Fund”** means a fund established within the Scheme to which contributions are made and from which the cost of medical benefits can be made as shall be determined in accordance with the Medical Fund Rules.
- 4.9 “Member”** means a person who has become a Member of the Scheme.
- 4.10 “Member Account”** means the total value of the assets held in the Scheme on your behalf.
- 4.11 “Normal Retirement Age”** this shall be in accordance with the member’s letter of appointment or employment contract as tabulated below.

Retirement Ages for Various Staff Categories		
CATEGORY	GRADE	RETIREMENT AGE
Administrative	1-13	60
	14-15	65
Administrative staff living with Disability	1-15	65
Technical staff working in teaching laboratories, teaching workshops and libraries	5-15	65
Academic Staff: Graduate Assistant, Tutorial Fellow, Assistant Lecturer	10 & 11	70
Academic Staff: Lecturer, Senior Lecturer, Associate Professor and Professor	12-15	74

- 4.12 “NSSF Fund”** means the Fund established under Section 18 of the NSSF Act No. 45 of 2013.
- 4.13 “Pensionable Emoluments”** means your basic monthly pay as determined by the Sponsor excluding all allowance and fluctuating emoluments.
- 4.14 “Protected rights”** means benefits under a contracted-out Scheme which derive from Tier II contributions and which must be provided in a specified form as a condition for contracting out.
- 4.15 “Spouse”** means a wife or husband to whom a member is married or was so married immediately before his/her death by any ceremony which would be recognized by a Court of Law in Kenya.
- 4.16 “The Sponsor”** means “Murang’a University of Technology”.
- 4.17 “Tier I Contributions”** means the Mandatory contributions under the NSSF Act, 2013.
- 4.18 “Tier II Contributions”** means for any month, contributions in respect of Pensionable Earnings above the Lower Earnings Limit.
- 4.19 “Trustee”** means an individual or entity appointed to hold and administer retirement benefits on behalf of members of a retirement benefits Scheme.
- 4.20 “Upper Earnings Limit”** means for each financial year, the level of earnings equal to four times National Average Earnings.



5. SCHEME GOVERNANCE

- 5.1** The Trustees are mandated to manage and administer the Scheme in line with the Trust Deed and Rules and the provisions of the Retirement Benefits Act and Regulations issued thereunder.
- 5.2** The Trustees hold the assets in trust for the sole purpose of paying pensions and other benefits to members and their dependents. The assets of the Scheme are entirely separate from the operations of the Sponsor. In carrying out their duties, the trustees take advice from professional advisors (actuaries, administrators, fund managers, investment advisors and auditors).
- 5.3** The Scheme is registered and approved under the Retirement Benefits Act and is required to comply with all the provisions of the Act. The Scheme is also approved by the Kenya Revenue Authority (KRA) as a registered Scheme under the Income Act (Cap 470).



6. OVERVIEW OF THE SCHEME

6.1 How does the Scheme work?

Every month you contribute a percentage of your Pensionable Emoluments into the Scheme. Over the period until retirement (or until you leave the Scheme if earlier), your contributions, along with contributions paid by the Sponsor on your behalf that are allocated to your retirement savings, are credited in your Member Account.



The contributions will be invested by the Trustees and will grow broadly in line with the returns achieved each year on the investments. Income to members pension account is distributed in line with the Scheme income allocation policy.

At retirement, the value of your Member Account will be paid as a pension. However, members are allowed to access part of their retirement savings as a cash lump sum, provided that the amount does not exceed one-third of the accumulated benefits. Retirement pension may be paid either as an annuity or income drawdown from provider of members choice.



The amount of your benefits at retirement will depend upon three basic factors:

- 6.1.1** The level of contributions you make to the Scheme including voluntary contributions.
- 6.1.2** The contributions that the Sponsor makes on your behalf that are allocated to your retirement savings.
- 6.1.3** The investment returns credited to your Member Account.

6.2 What benefits does the Scheme offer?

The benefits include:

6.2.1 When you retire (age 50 and above)

6.2.1.1 One third cash lump sum access of your accumulated benefits.

6.2.1.2 Two thirds used to purchase an annuity or an income draw down arrangement.

6.2.2 If you die while still a member of the Scheme

6.2.2.1 If you die while still an active member or deferred member of the Scheme the amount of your accumulated credit in the Scheme will become payable to your beneficiaries. It is the responsibility of the trustees to determine which of your dependants should be eligible to receive part of these benefits and how the benefits should be shared among the eligible dependants.

6.2.2.2 To guide trustees in this exercise it is advisable if you have made nomination of beneficiary(ies) and regularly update your nominations. These nominations help trustees to ensure that the benefits are applied correctly and fairly and with the minimum delays.

6.2.3 What other benefits are available?

The Scheme has a group life cover which covers the following.

6.2.3.1 Death Benefits- Benefits provided is four (4) times of a member's salary.

6.2.3.2 Permanent Total Disability- Benefit is paid if a member is totally and permanently disabled due to illness or accident and cannot be engaged in any occupation for compensation. The benefit is four (4) times of a member's annual salary.

6.2.3.3 Critical Illness Benefit- Paid upon 1st time diagnosis of Heart Attack, stroke, cancer, kidney failure and paralysis. Benefit payable is 30% of the death benefit up to a maximum of 10 Million.

6.2.3.4 Last Expense Benefit- A benefit to cater for funeral expenses of the member, declared spouse, children and parents. It is payable within 48 hours of written notification.

The benefits payable:

Category	Amount
Principal member	Kshs. 200,000
Declared Spouse	Kshs. 150,000
Children	Kshs. 100,000
Parents/ parents in law	Kshs. 50,000

6.2.4 If you leave before you retire (before 50 years)

6.2.4.1 Payment of 50% of Accrued Benefits as cash lump sum;

6.2.4.2 The balance 50% of Accrued Benefits are preserved in the Scheme but may be transferred to your new employer's pension Scheme, or to an individual personal pension plan.



7. MEMBERSHIP

7.1 Who can join?

Any employee who has a contract of service with the Murang'a University of Technology or any other employee permitted by trustees and the Sponsor to join the Scheme.

7.2 Is membership compulsory?

All employees with a contract of service with the Sponsor are required to join the Scheme.

7.3 When can I join the Scheme?

From commencement date and all new staff employed on pension and permanent basis who have completed their probationary period and duly confirmed in employment.

Employees on fixed term contract are eligible to join the Scheme immediately on appointment.

All new staff will join on the first day of the month coincident with or next following the date of having been confirmed in employment.

7.4 How do I join the Scheme?

You will need to complete an application form and nomination of beneficiary form. The forms can be obtained from the Scheme Trust Secretary.

7.5 If I join, what happens to the pension funds that I have in other schemes?

You can opt to leave your benefits with the former Scheme until Retirement Age at which point you will receive payment as per the Scheme rules on members leaving at retirement. Alternatively, you may opt to transfer your pension benefits from your former Scheme to this Scheme. The Scheme accepts transfers from other pension arrangements registered by the Retirement Benefits Authority and Kenya Revenue Authority. Further details will be provided to anyone who is interested.



8. CONTRIBUTIONS

Both you and the Sponsor contribute to the Scheme.

8.1 How much do I contribute to the Scheme?

You are required to pay Scheme contributions of 10% of your Pensionable Emoluments. Your contributions will be deducted from your Pensionable Emoluments in monthly installments and will be paid to your Member Account.

Your contributions are deducted from your basic salary each month.

A member is allowed to make additional voluntary contributions specifically to provide for a post-retirement medical fund. The Scheme rules have been amended to accommodate this change. The amendments have also made a provision that allows members to transfer a portion of their retirement saving, up to a maximum of 10%, into the post-retirement medical fund.

8.2 How much does the Sponsor contribute to the Scheme?

Murang'a University of Technology pays an amount equal to 20% of your Pensionable Emoluments on your behalf.

8.3 How much can I get as tax relief?

Your contributions are deducted from your Pensionable Emoluments before tax is calculated which means that full tax relief is granted without the need to claim it. Contributions up to a maximum of Kshs 30,000 per month or 30% of pensionable emoluments (whichever is less) are tax deductible.

8.4 Can I make Additional Voluntary Contributions to the Scheme?

Yes, you may make Additional Voluntary Contributions (AVCs) to the Scheme by completing the AVC form. These amounts will be deducted from your salary each month through payroll, paid to the Scheme, and credited to the member portion of your account.

Your AVC form will specify the rate of your AVCs. Any changes to the AVC rate can be made with prior notification to both the employer and Scheme trustees.

Please note that the Sponsor is not obligated to increase the contributions made on behalf of a member who is making AVCs.



9. INTEREST ON MEMBER'S ACCOUNT

What rate of interest will be paid on contributions paid to my account?

The investment objective of the Scheme is to produce a long-term return for growth of your retirement saving.

The interest to be credited to the members shall be based on the performance of the Scheme.

The interest earned on your contributions within the Exempt Account will not attract income tax while interest earned on Non-exempt Account will attract tax at a rate of 30%.

If you leave mid-way in the year, you will be eligible to receive differential interest on your Accumulated Credit.

10. RETIREMENT BENEFITS



10.1 What is my benefit at Normal Retirement Age?

Upon retiring from the service of the University at your Normal Retirement Age, you will be eligible to receive an amount not exceeding one third of your total accumulated credit as a cash lump sum and the balance is used to purchase an annuity or income drawdown from the provider of your choice.

10.2 Can I take my benefit in the form of a cash lump sum?

The Scheme is registered as a defined contribution pension Scheme; as such, cash lump sum access is restricted to a maximum of one third unless the outstanding balance after commuting the one third is considered trivial.

11. BENEFITS ON EMIGRATION

You may opt for payment of your total accumulated pension benefits before attaining the Retirement Age when you emigrate from Kenya to another country.

11.1 What is emigration in relation to pension benefits?

This is moving from Kenya to another country without the intention of returning to reside in Kenya. You must attain permanent residence in the new/other country for you to be considered to have migrated permanently.

11.2 What is payable to you upon emigration?

A Cash Lumpsum of your Accumulated Benefits (Contributions and Interest) will be payable to you upon provision of proof of permanent residence of the other country and exit of service of the Sponsor. The benefits are subject to applicable taxes in accordance with the provisions of the Income Tax Act.

11.3 What is required of Trustees?

Trustees shall, fourteen (14) days prior to effecting such a payment to a member, submit their approval to the Retirement Benefits Authority.

12. DEATH BENEFITS

12.1 What benefits are payable should I die before retirement?

12.1.1 If you die before your Normal Retirement Age as a contributing member, the following benefits are payable to your nominated beneficiaries:

12.1.1.1 A lump sum equal of your own contributions and the Sponsor's contributions together with the interest accrued thereon.

12.1.1.2 The Lump Sum will be paid for the benefit of your dependents as set out in the Nomination of Beneficiary Form and in accordance with the provisions of the trust deed and rules and any applicable death benefits policy that may be put in place by the trustees from time to time.

12.1.1.3 It is important to note that the Trustees have the power to pay or apply any benefit arising from the Scheme as a result of your death to your nominated beneficiaries or any other person they deem was a dependent prior to your death.

12.2 Who would receive these benefits?

You may nominate one or more of your dependants to whom you would wish the Trustees to pay the Benefits due in the event of your death in the Nomination of Beneficiary Form.

You may change your Nomination at any time in writing. Nomination forms may be obtained from the Trust Secretary or the Administrator's office.

12.3 What happens if I die while I am a deferred member?

If you die after you have left pensionable service with an entitlement to a deferred benefit, the Scheme will pay as a lump sum, the total accrued amount retained in the Scheme, to your beneficiaries.

13. INCOME TAX PROVISIONS

Members who choose to access their retirement benefits before reaching the early retirement age of 50 years are not eligible for tax relief on their lump sum benefits.

However, benefits will be tax-exempt in the following cases:

- When accessed upon attainment of retirement age;
- When accessed after completing at least 20 years of scheme membership, regardless of age;
- When a member withdraws due to ill health before reaching retirement age.

14. DATA PROTECTION

14.1 The Administrator shall implement and maintain a comprehensive written information security program that contains appropriate security measures to safeguard the personal information of the Scheme's Members and/or Stakeholders that the Administrator receives, stores, maintains, processes or otherwise accesses in connection with the provision of services herein.

14.2 Notwithstanding the foregoing "personal information" shall not include information that is lawfully obtained from publicly available information, or from state or local government records lawfully made available to the general public.

15. OTHER BENEFITS

15.1 Mortgage (2009 Regulations)

The regulations allow you to use up to 60% of accrued benefits as security for purposes of securing a mortgage for purposes such as:

- 15.1.1 Property acquisition.
- 15.1.2 Construct a home.
- 15.1.3 Carry out repairs.
- 15.1.4 Secure financing for deposits, stamp duty, valuation fees and legal fees but excluding arrangement and commitment fees and any other transaction cost.

16. ONLINE PORTAL ACCESS

The member statements can be viewed online using the link below:

- » Link: <https://portal.enwealth.co.ke>
- » Scheme code: LPS52
- » Member number: your Payroll number (without the prefix zero)

You can dial ***483*091#** and use the Scheme code and member number given to view your last balance and last contribution.

Please note that you will be required to register first (Select register after clicking on Portal Link to register).

This will allow you to log into the online portal thereafter.



17. FREQUENTLY ASKED QUESTIONS

17.1 Can I use the benefits as security for a loan?

No. The Rules of the Scheme do not allow assignment of retirement benefits. The Law was changed to allow for limited assignment of retirement benefits for securing housing mortgages.

17.2 Can I borrow against my contributions?

No. The Rules of the Scheme do not allow borrowing against your Scheme contributions.

17.3 Can I pay a lump sum to my pension contributions?

No, it is not allowed unless done through the payroll. This is a measure to reduce money laundering activities.

17.4 What is the limit of AVC one can pay?

Voluntary contributions to the Scheme have no limit.

17.5 On income draw down, how different is it from annuity?

On annuity, the payments are perpetual and attached to the principle member's lifetime unless the annuity is taken jointly between the principle member and the spouse.

Annuities could have a guaranteed period as illustrated. For a guaranteed annuity (i.e. where the guarantee period is 5, 10, 15 or 20 years), the balance of pension is payable to the nominated beneficiary(s) if death occurs within the guarantee period.

Sample annuity quote is as below:

Date of Birth: 05/07/65

Purchase Price: Kshs. 7,570,198

Guarantee Period/ Amount paid Monthly

Escalation Rate	0 years	5 Years	10 Years	15 Years	20 Years
0 %	83,445	82,141	79,252	65,988	61,128
3 %	63,445	67,470	65,036	55,630	48,941
5 %	59,179	56,275	58,412	49,362	41,750

On Income drawdown, the member decides the amount he/she wants to receive in a year to a maximum of 12% p.a of his/her balance. After 10 years, the member has the option of cashing out, transferring the balance (if any) to annuity or renew the contract.

Sample annuity quote is as below:

Date of Birth: 05/07/65 (Has no bearing on draw down amounts)

Purchase Price: Kshs. 7,570,198

	Withdrawal Rate	Gross Monthly Amount	Monthly Tax Payable	Net Monthly Amount	Expected Residual Balance after 10 Years	Amount Paid by end of 10 Years
Option 1	10 %	63,084.98	-	63,084.98	6,541,442.45	7,570,198.00
Option 2	11 %	69,393.48	-	69,393.48	5,879,983.47	8,327,217.80
Option 3	12 %	75,701.98	-	75,701.98	5,279,342.22	9,084,237.60

17.6 If the pension is paid as a guarantee for 10 years, what if I live for another 30 years after I retire?

You will continue enjoying the monthly payment for the rest of your life.

17.7 What is the process of claiming my pension benefits?

You will continue enjoying the monthly payment for the rest of your life.

Upon exit, the process is as follows:

- 17.7.1** Obtain withdrawal notification form from either the Scheme Trust Secretary or through the online portal.
- 17.7.2** Execute the withdrawal form and attach all the required documentation including prove of bank account, copy of ID, letter of separation with Sponsor and copy of KRA PIN certificate.
- 17.7.3** The executed withdrawal form will then be forwarded to the Trustees for approval through the Trust Secretary office.
- 17.7.4** The approved withdrawal form shall be sent to the administrator for benefit computation.
- 17.7.5** Payment instructions issued to the Scheme Custodian for crediting member account
As per the Law, the member should be paid within thirty (30) days of raising the claim.

17.8 What is the impact of the Data Protection Act?

Privacy laws are more relevant today than they were before and in the world of today personal data is regarded as a valuable asset. This is seen in the Data Protection Act (the “Act”) which was assented to on 8th November, 2019.

In the Pensions Sector, personal information is frequently collected. Members are required to give out information on their next of kin for purposes of the Nomination of Beneficiary form. This is considered as personal data and any processing of the same is now regulated under the Act. Processing of data can be via collection, storage, use, disclosure or destruction of personal data.

Scheme Trustees qualify as data processors under the Act and with this role, comes the responsibility to comply with the data processing principles set out in Section 25 of the Act. These principles include; processing data in accordance with the right to privacy, ensuring that personal data is collected only for a necessary and legitimate purpose, and providing valid information to the employee before collecting personal data.

17.9 Who can change the Rules and when?

The Trustees may change the provisions of the Trust Deed & Rules governing the Scheme, but only with the consent of the Sponsor and subject to the approval of the Retirement Benefits Authority and Commissioner of Income Tax.

17.10 How do I plan ahead for retirement?

The Trustees are committed to helping you achieve a secure retirement, but this can only happen if you spend time thinking about the future and planning ahead for the day you retire. To assist you with your planning, you will be provided with an annual benefit statement, which will show the build-up of your benefits.

Periodic training sessions are arranged with the service providers through which relevant information is availed to assist you in effective retirement planning.

17.11 What is Income Replacement Ratio?

A Replacement Ratio is a person's gross income after retirement, divided by his or her gross income before retirement.

In simple terms, it is the percentage of the pre-retirement income that you are likely to need to maintain a similar standard of life in retirement.

As a rule of thumb, you need 70% to 80% of pre-retirement income to meet your expenses during retirement.

17.12 Will I receive information about benefits once I leave the Sponsor?

If you leave the Scheme with an entitlement to deferred benefit, you will continue to receive your annual benefit statement.

This can be viewed online through the administrator's online portal and can also be sent through your email on request. As such it is important you let the Trustees know of any changes in your contact information and that of your beneficiaries.

17.13 Can I obtain any further information about the Scheme?

On written request to the Trustees, you will be provided with a copy of the Trust Deed and Rules and all amendments. You can also request that a copy of the annual accounts of the Scheme be made available for reference.

17.14 What if I wish to make a complaint regarding my benefit entitlement?

You should put your complaint in writing through the Chairperson of the Board of Trustees for the Trustees' consideration. The Trustees will then look into the facts of your dispute and after considering the resentations of all other interested parties, will make their decision. Such decision will be final and binding on all persons.

However, if you feel your complaint has not been fully addressed you are free to contact the regulator, Retirement Benefits Authority.

17.15 Can I assign my benefits to someone else, or use them as collateral for a loan, mortgage etc?

Yes, you can assign up to 60% of your accrued benefits in the Scheme for a consideration for the purpose of furnishing a guarantee by the Scheme, in favor of an institution, in respect of a loan to be granted by the institution.

However, under no circumstances will you be allowed to assign your benefits to anyone else or use them as security for a loan except as provided under the Retirement Benefits Act.

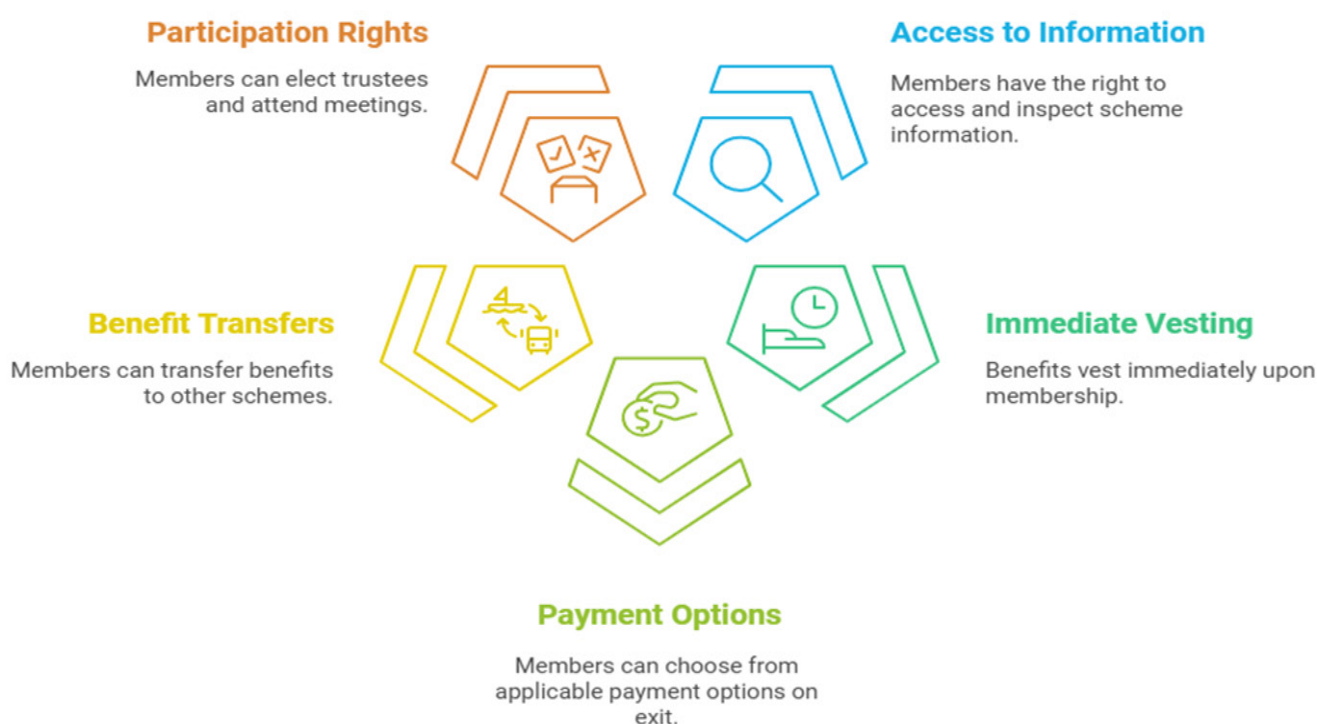
17.16 What if I go to live in a village or someplace where communication is difficult?

If, for some reason you have not claimed your benefits from the Scheme, and the Trustees have not been able to trace your whereabouts, they shall only be accountable for your benefits for a limited period as may be guided by the applicable legislation as at that time. It is your responsibility to keep the Trustees informed of your whereabouts if you have not claimed your benefit entitlement from the Scheme.

17.17 What is the difference between my membership in NSSF and the Murang'a University of Technology staff Pension Scheme?

NSSF is a mandatory state Scheme that requires every employer and employee to register and contribute to. Murang'a University of Technology Staff Pension Scheme is an occupational Scheme, established by the Sponsor on voluntary basis for the benefit of employees of Murang'a University of Technology.

17.18 What are my rights as a member of the Scheme?



DISCLAIMER

This member handbook has been issued to provide you with a guide to your pension benefits. As such, it does not cover every aspect of the Scheme's structure and composition. Full details of how the Scheme operates are set out in the Trust Deed & Rules, which may be amended from time to time. Should there be any question of interpretation between the Trust Deed and Rules and this handbook, the Trust Deed and Rules takes precedence over the handbook.

For further information about any aspect of the Scheme, please contact the Chairperson (Board of Trustees), Trust Secretary or the Retirement Benefits Authority. Contact details are provided below. All inquiries will be treated in the strictest confidence.



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