



**MINUTES OF THE 5<sup>TH</sup> ANNUAL GENERAL MEETING OF THE CPF  
INDIVIDUAL PENSION SCHEME HELD AT THE PRIDE INN  
PARADISE BEACH RESORT & SPA, MOMBASA ON THURSDAY  
JUNE 27, 2019 AT 8.30AM**

**PRESENT**

**MEMBERS & EMPLOYERS**

Speakers of the County Assemblies	-	Delegates
Clerks of the County Assemblies	-	Delegates
KCGWU Branch Chairpersons	-	Delegates
Directors/Executive Members	-	Delegates
Members of the County Assemblies	-	Delegates
CPSB Chairmen and Secretaries	-	Delegates
MDs' and Finance Managers	-	Delegates
WASPA officials	-	Delegates
KLGWU Branch Secretaries	-	Delegates
CPA Chairman	-	Delegates
CPA Secretary	-	Delegates
Members	-	Delegates

**TRUSTEES**

Mr. Timothy Wambui	-	National Bank of Kenya (Corporate Trustee)
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**ADMINISTRATOR**

Mr. Hosea K. Kili, <small>OGW</small>	-	Group Managing Director/CEO
Mr. Steve Lugalia	-	Director
Ms. Catherine Nyambala	-	Director
Isabel Juma	-	Co-opted Audit Committee Member
Management & Staff		

**IN ATTENDANCE**

Hon. Eugene Wamalwa	-	Cabinet Secretary, Ministry of Devolution, Arid & Semi-Arid Land
H.E. Wycliffe Oparanya	-	Governor, Kakamega County
H.E James Ongwae	-	Governor, Kisii
Hon. Johnson Osoi	-	Chairman, County Assemblies Forum

**FUND MANAGERS**

Mr. Nicholas Ithondeka	-	Co-op Trust Investment Services Limited
Mr. Nicholas Malaki	-	Sanlam Investment

## **CUSTODIANS**

Mr. Gregory Ndiritu - Equity Bank  
Eva Bore Mwangi - NIC Bank

## **AUDITOR**

Daniel Kahi - Deloitte & Touche

## **RETIREMENT BENEFITS AUTHORITY**

Mr. Nzomo Mutuku - Chief Executive Officer  
Charles Machira - RBA

## **OTHER STAKEHOLDERS AND GOVERNMENT OFFICIALS**

1. Hon. Daniel Kiplagat Chemno – Deputy Governor, Uasin Gishu County;
2. Hon. Judy Oduma – CEO, CAF;
3. Hon. David Kiplagat – Speaker, Baringo County Assembly;
4. Hon. David Shadrack Rotich - Speaker, Bomet County Assembly;
5. Bishop Stephen Ndichu - Speaker, Nyandarua County;
6. Hon. Roba Duba – Secretary General, KCGWU;
7. Justin Kimani - Chairman-Kiambu Public Service Board;
8. Mr. John Biyy – Chairman, Kenya National Union of Nurses;
9. Mr. Joshua Bisir – Branch Secretary, Narok ;
10. Mr. Damon Moraa – Deputy Organising Secretary, Kenya National Union of Nurses.
11. Mr. Reuben Korir - MD, Nakuru Rural Water (NARUWASCO)
12. Engineer Daniel Nganga - Chair, WASPA
13. Jack Mbugua - Secretary Nyandarua CPSB, Chairman CPSB Forum
14. Joseph Ndirangu - Clerk Nyandarua County

## **AGENDA**

1. *Introductions and opening remarks*
2. *Address by Chief Guest*
3. *Reading of the Notice of the Annual General meeting*
4. *Reading and taking note of the minutes of the 5<sup>th</sup> Annual General Meeting held on **20th July 2018***
5. *Presentation of the Corporate Trustee's Report*
6. *Presentation of the Administrator's report*

7. *Presentation of the Scheme's Custodian Reports*
8. *Presentation of the Investment Manager's reports*
9. *Presentation of the Financial Statements and Audited Accounts for year 2018*
10. *Award Ceremony*
11. *Question and Answers*
12. *Presentation by Stakeholders of the Scheme*
13. *Vote of thanks*

#### **MIN.1: 27.6.2019: INTRODUCTION & OPENING REMARKS**

The meeting was called to order at 8.20 a.m. and the opening prayer was given by Hon. Albert Kochei.

The Group Managing Director/CEO, Mr. Hosea Kili recognized the presence of and welcomed all the dignitaries, the regulator, trustees, directors of the various boards, the members of the scheme as well as management of the Administrator to the AGM. He further recognized the presence of the fund managers, custodians and auditors.

He further introduced the guest honor of the event, that Hon. CS Eugene Wamalwa and also informed the members that the Hon. CS. Eugene Wamalwa was also the guest of honor during the Scheme's 90<sup>th</sup> anniversary celebrations

Lastly, Mr. Hosea Kili thanked the Hon. CS Eugene Wamalwa for supporting the Scheme and invited him to give his remarks.

#### **MIN.2: 27.6.2019: KEY NOTE ADDRESS BY THE CHIEF GUEST**

The Hon. CS Eugene Wamalwa began by thanking the chair of the Board of Trustees, the Group Managing Director and the members for making time and accommodating his request to start the AGM early. He informed the members that he served as a trustee of the Scheme during the time the Scheme was referred to as Kenya Local Government Officers' Superannuation Fund and that during the then chair the scheme changed its name to Laptrust and was proudly associated with the scheme.

In his remarks, he observed that the government was committed to safeguarding the right to Social Security, which was enshrined in the Constitution, under the Bill of Rights,

as well as under the international convention on Economic, Social and Cultural rights, among others. Indeed, the Kenyan government was a signatory to a number of international conventions and regional instruments specifying the right to social security.

He also noted that the pension coverage in Kenya remained very low and numerous studies continued to show low penetration rates for retirement benefits products, with some reporting an excess of 80% of Kenyans without pension or access to retirement benefits, and as a result the issue of social justice and security was very key to the government of Kenya. He noted that the Social pillar of the country's Vision 2030 sought to build a just and cohesive society with social equity and as such special attention had been given to investment in the arid and semi-arid areas, communities with high incidence of poverty, unemployed youth, women and all vulnerable groups.

Despite the challenges, he acknowledged that the pension industry continued to make great strides in enhancing social protection programs as well as the efforts put in place by the government including the Big four agenda. He however noted there remained a lot to be done, and took note of the ongoing industry initiatives between such as the Task Force on the Draft National Retirement Benefits Policy whose objective is to prepare an overarching policy on retirement benefits. He mentioned that the policy would seek to provide adequate, affordable and sustainable retirement benefits through a robust pension system.

He thanked the Scheme and the entire CPF group for not only supporting the Big Four agenda but for the lead role it had taken in shaping the industry. He mentioned that he was particularly impressed by the proposal put forth by CPF to ensure social protections for all Kenyans by way of mandatory pension contribution. He further recognized the role of the Scheme in construction industry and further informed the members that the government was looking forward to partner with the Scheme in a bid to push the affordable housing agenda.

In his closing remarks, Hon. Wamalwa pointed out that while there was much to be done to ensure our people were both covered and had access to social security, the approach must not only reflect best practices but it ought to embrace and harness at its core, the spirit and culture of innovation. He further challenged all in attendance to think broader and broader about the matter of social protection for all citizens. In addition, he recognized the efforts of the Scheme in adopting technology including undertaking online member recruitment

He noted that continued wrangles and fragmentation among industry players had continued to hamper faster development of the sector in some sectors. He discussed the issue of the proposed merger between the funds managed by CPF and Lapfund, which he noted had dragged and caused a rift among the industry players and stakeholders. He committed to spearhead mediation efforts between the three institutions (CPF, Laptrust and Lapfund) in the spirit of reconciliation to reach an agreeable position where no fund or member would be disadvantaged.

Lastly, he assured members that the Ministry remained steadfast in supporting the Scheme for the welfare of all members, both those in active employment and esteemed pensioners.

The GMD thanked the Hon. Cabinet Secretary for attending the AGM and also assisted the Hon Cabinet Secretary to join the Scheme.

#### **MIN.2: 27.6.2019: READING OF THE NOTICE OF THE 5<sup>TH</sup> ANNUAL GENERAL MEETING**

The Notice convening the 5<sup>th</sup> Annual General Meeting of the CPF (Individual) Pension Scheme was read by the Board Secretary. It was noted that the Notice had been published in the two daily newspapers (Daily Nation and The Standard) as required and within the statutory timelines.

The Agenda was proposed by Juma Ahmed, Mombasa County and Moses Ombasa Branch Youth Leader Vihiga County respectively.

#### **MIN.3: 27.6.2019: READING & APPROVAL OF THE MINUTES OF THE 4<sup>TH</sup> AGM HELD ON 27.7.2018**

The minutes were taken as read and confirmed as a true record of the deliberations of the 4<sup>th</sup> Annual General Meeting as proposed and seconded by Gerald Mwabire Malindi Water and Nahashon Wachira Chania LAPA Sacco Treasurer respectively.

#### **MIN.4: 27.6.2019: PRESENTATION OF THE CORPORATE TRUSTEE'S REPORT**

Mr. Timothy Wambui of the National Bank of Kenya, (NBK) presented the report of the Corporate Trustee. Some of the highlights from the report are as follows;

- The Scheme was open to any individual to join to enjoy tax exemption benefit and save for retirement.

- The Scheme experienced increase in Net assets for the year of Kshs.280.86 Million, compared to the previous year which had witnessed a decrease of Kshs.34.9 Million owing to exits by a big number of members drawn from the state officers in counties
- The Contributions to the Scheme are voluntary and flexible
- The Scheme closed the year with 5,900 members as 31.12.2018

The Corporate Trustee reported to the delegates their responsibilities as Trustees of the Scheme, which included the following:

- ✓ Prepare fund statement in accordance to IFRS and RBA Act
- ✓ Policy formulation
- ✓ Investment of the scheme funds
- ✓ Evaluates performance of the scheme
- ✓ Quarterly meetings where proper accounting records are discussed
- ✓ They are independent which helps discharge their duties professionally
- ✓ The roles of the Scheme Administrator & Corporate Trustee are independent of each other

Finally, the Corporate Trustee reported that it had established structures and standards to ensure that it discharged its responsibilities independently and free from any unlawful directions or influence. He concluded by noting that the Corporate Trustee remuneration was captured in the annual reports and assured members that the Scheme was managed professionally in accordance with the law and gave his assurance that funds are well spent and accounted for.

The report was adopted by members as presented.

#### **MIN.5: 27.6.2019: PRESENTATION OF THE ADMINISTRATOR'S REPORT**

Mr. Hosea Kili, OGW, the CPF Group Managing Director/CEO presented the Administrator's Report for the year ended 31st December 2018. He began by recognizing the presence of the governors present, Representatives from County Assemblies Forum and former Governor of Tana River County Hussein Gado.

The Corporate Administrator noted that despite 2018 being a tough year for the Financial Services sector and the Scheme being a closed scheme (not registering any new members), the scheme posted positive results for its members. A summary of the status of the Scheme is as detailed below;

- The Scheme fund value stood at Kshs. 926,472,000 as at 31st December, 2018
- Active membership grew from 4,867 in the year ended 31st December, 2017 to 5,989 in the year ended 31st December, 2018.

The Corporate Administrator further noted that within the industry, the Administrator was the first administrator to be certified in ISO 9000:2015. In addition, the Administrator had won several awards during the year, including;

- ✓ 1st Runner up Company of the Year Award
- ✓ The Human Resource Management Award
- ✓ Financial Management Award.
- ✓ 1st Runners Up Innovations, Information and Knowledge Management Award. This was as a result of the real time ERP system.
- ✓ Pension Personality of the Year Award went to the GMD

Mr. Kili reiterated on the importance of social security matters and called for 100% pension contribution by all citizens in the country, and this, he noted, could be achieved through a mandatory pension system. He informed the members that he had agreed to partner with the government to address this issue. Notably he informed members that the administrator had commissioned a research by Infotrack which sought to understand why people were not keen on pension and it emerged that Pension competes a lot with loan products, highlighting the need of pre-retirement benefits by members and therefore called on the regulator to grant access to pre-retirement benefits, such as access to mortgage facilities.

Lastly, Mr. Kili appreciated the contribution of all stakeholders including the members of the Scheme, the service providers and other strategic partners, the Board and the entire management team and staff and further asked members to engage with the Corporate Administrator through the satisfaction surveys to help improve on service delivery. Mr. Kili further appreciated the Regulator and also noted the continuous engagements with the regulator to strengthen relationship between the Scheme and the regulator.

**MIN.6: 27.6.2019: PRESENTATION OF THE INVESTMENT MANAGEMENT REPORT**

Mr. Nicholas Ithondeka presented Fund Manager's Report as at 31<sup>st</sup> December 2018. The main highlights of the reports had been captured in the respective Corporate Trustee's Reports and as detailed in the following Investment Summary;

There was a slight drop in 2017 due to the election but the Scheme has managed to recover so far.

**IPP Investments Summary**

<b>Assets</b>	<b>2017 Kshs'000</b>	<b>2018 Kshs'000</b>
Cash and cash equivalents	51, 829	44, 807

Fixed deposits	173,766	172,279
Government securities	278,846	505,481
Corporate Bonds	10,132	10,019
Quoted Equities	151,494	216,023
Assets under custody	<b>666,067</b>	<b>948,609</b>
Receivables	14,171	20,922
Payables	(34,626)	(43,059)
<b>Total Assets</b>	<b>645,612</b>	<b>926,472</b>

Further it was noted that the Investments were compliant with the Investment Guidelines as provided under the Retirement Benefits Act and the regulations thereunder. None of the asset classes had exceeded the limits prescribed by the law.

In summary the scheme had a good year and same performance is expected for the coming year.

The report was adopted by members as presented.

#### **MIN.7: 27.6.2019: PRESENTATION OF THE CUSTODY REPORT**

Mr. Gregory Mwangi presented the Custody Report as at 31<sup>st</sup> December 2018.

The main highlights of the reports had been captured in the Corporate Trustee's Report.

#### **Investment Summary**

<b>Assets</b>	<b>2017 Kshs'000</b>	<b>2018</b>
Cash and cash equivalents	51,829	44,807
Fixed Deposits	173,766	172,279
Government securities	278,846	505,481
Corporate Bonds	10,132	10,019
Quoted Equities	151,494	216,023
Assets under custody	<b>666,067</b>	<b>948,609</b>
Receivables	14,171	20,922
Payables	(34,626)	(43,059)
<b>Total Assets</b>	<b>645,612</b>	<b>926,472</b>

The Custodian confirmed that they could account for all the assets of the Scheme and further, that there was no violation, at all, in any class of the investment.

The Report was adopted by members as presented.

<p><b>MIN.8: 27.6.2019: PRESENTATION OF THE FINANCIAL STATEMENTS &amp; AUDITED ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2018</b></p>
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Mr. Daniel Kahi, on behalf of the Scheme Auditors Messrs. Deloitte & Touche presented their Report to the members reflecting true and fair financial position of the Scheme as at 31<sup>st</sup> December, 2018.

Audited accounts give a fair view of the transactions of the fund. Basis of opinion is based on IFRS reporting as described in the auditors' responsibility and CPA Fredrick Aloo signed the report and confirms that the balances agree with the Custodian and Fund Manager.

They also confirmed their independence from the Fund in accordance with International Ethics Board for Accountant's Code of Ethics for Professional Accountants.

The Accounts were adopted by members as presented.

<p><b>MIN.9: 27.6.2019: REMARKS BY SCHEME STAKEHOLDERS</b></p>
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***Remarks by Hon. Hussein Dado, CA Ministry of Devolution and formed govern, Tana River County***

He began by noting that the history of scheme was long and requested the trustees as well as the administrator to keep the fund going and growing. He also expressed his concerns on the many products that the Administrator was undertaking and requested the Administrator to ensure nothing slips off.

He noted that the Scheme had the capability to rival the NSSF given the numbers and fund value.

He recognized and commended the transparency of the Administrator by publishing the financials with RBA.

He also recognized the efforts of the Administrator in being all inclusive by introducing Salih product to cater for the Muslim fraternity.

Lastly, he called on the members of the county assembly and county governments to support the Scheme by attending the AGM since this was their scheme.

**Steve Lugalia, Representing the Board Chairman CPF Financial Services**

The Scheme made a strategic decision to engage CPF as a corporate administrator which was very prudent and the Scheme is reaping the benefits now. The private company (CPF) invested in three other subsidiary companies which all belong to members.

The awards that have been earned by the respective companies have been given by external parties who have taken cognizance of the manner in which the companies have been managed professionally.

For the very first time, CPF declared a dividend of Ksh.149 per share amounting to Ksh.14, 970,000 to the Laptrust DB Scheme.

**Ezra Ngoje, County Pensioners Association**

Thanked the GMD for sponsoring the Pensioners Association AGM which was held on 25.6.2019, honoring payment of the pensioners between the 21<sup>st</sup> and 23<sup>rd</sup> day of the month. However, he requested for a pension increase although he noted that the blame is not entirely on CPF but on RBA who need to help in collection of outstanding debt to enable the pension increment to become a reality.

He also addressed the county officials to ensure that they remit all the pension deductions in a timely manner to avoid regretting their decision in retirement.

**Eng. Daniel Nganga, Muranga Water & Chairman Water Services Providers Association (WASPA)**

Thanked the GMD for the pension services within the water service providers and the timely innovation of conversion of gratuity to pension. He also recognized the presence of all water service representatives. They are in the process of finalizing the appointment of a water representative to the Board of CPF.

He called upon all the county governments to take charge of water management and tree conservation to ensure that the future projected population growth is catered for.

**Hon. Roba Duba, Secretary General, Kenya County Government Workers Union**

Hon. Roba Duba began by thanking all the members present for their attendance including the shop stewards and their support to the Schemes and the Administrator.

He requested the Governor Ongwae to support staff to attend the AGM. He also requested that the Regulator to take responsibility and ensure collection of outstanding debts which is amounting to Ksh.20B. The Council of Governors was also

requested to put the National Government under pressure to pay the unremitted money to the Scheme.

The GMD was requested to ensure that the profits realized should benefit both the pensioners as well as the active members.

He emphasized that there is need to improve the relationship between county governments and employees to ensure that workers' welfare is secured. There is need for a tripartite commitment and agreement among the Counties, National Government and Council of Governors to ensure protection of employees and labor matters are adequately dealt with.

***Ms. Judy Oduma, CEO County Assemblies Forum (CAF)***

34 County Assemblies prescribe to CPF but unavailability is not a sign that they are pulling off but they are engaged in budget participation. To this end, they would like to request that in future AGM dates be reviewed to accommodate this category of staff.

The Daily Nation had a photograph of a former employee as a maize hawker which is a good reason to fast track the bill to ensure that honorable members are well taken care of in their retirement.

***Mr. Nzomo Mutuku, CEO Retirement Benefits Authority (RBA)***

Thanked the Trustees and Administrator for convening the AGM and invitation to RBA. He congratulated the Scheme for celebrating the 90 years of existence. He confirmed that all service providers who made presentations are duly licensed by the Regulator.

He congratulated the Administrator for being innovative and starting the Salih Fund and mpension. He informed members that part of their mandate is to inform and advise government on policy issues which include mandatory pension.

He noted that the meeting had the largest member turn out among the schemes under their supervision. The sector has grown over the years due to collaboration of different players making a mark in the country's GDP. They have registered 37 umbrella schemes so far.

The RBA will be announcing their outreach programmes targeting informal sector to drive pension coverage. RBA has been collaborating with county governments in reaching the informal sector such as markets by sensitizing and educating members on the ground. They also offer free retirement training for 2 days in preparation for retirement. Going forward they look at partnering with Huduma Centres to provide services further to the people.

He noted that generally the Schemes are compliant with exception of property portfolio which is above the recommended threshold and the high administrative costs. They will however work with the Trustees to amend these. He commended the publishing of accounts to the public.

Unremitted contribution to the Schemes continued to increase and this requires a holistic solution to manage which reflects the funding value which has been eroded

The Regulator expects that in line with the presidential directive of accounting officers being held accountable, all outstanding debt will be settled. If schemes are in good financial positions and sponsors honoring their obligations, there is no reason why pension cannot be increased.

The Regulator is developing good governance guidelines which will be rolled out in July, guidelines on post medical retirement covered, and guidelines on customer service among others.

The Regulator approved change of name from LURF to County Pension Fund (CPF)

***Hon. James Ongwae, Governor Kisii County and Chairman Human & Labor Relations Council of Governors (COG)***

Technical committees were formed to establish smooth transition of employees from national government to county government.

Some of the recommendations from the technical committees were as follows;

- Establish a new scheme for members and close Laptrust and Lapfund to new members owing to the debt status.
- Merge the two closed schemes which should continue operating until the last member leaves
- Endorse the CPF under Sec132 of the County Government Act which was adopted wholly except for nomination of managers to the schemes which should be managed by 50% of county employees and 50% employers but not government
- Pending debts of both schemes need to be addressed through national budget since the county funds are not able to settle these debts since there is no clarity of succession from the former Local Authorities and County Governments.
- A proposal has been made to Parliament to factor these debts in the funding of counties

COG requested that the CPF TDR to be amended to provide for clear appointment process of trustees in a manner that is representative of the membership.

The current bill has had about 7 variations because Lapfund and Laptrust are not working together as this is the only way to ensure the bill passes.

Members of Parliament are requested not to reduce the benefits of the employees

Governors are trying to harmonize schemes of service, disciplinary process and terms of promotions. This exercise is anticipated to be finalized within the next 2 years. This progress can be attested by the members of Public Service Boards.

#### **MIN.10: 27.6.2019: QUESTION & ANSWER SESSION**

The Question and Answer Session was facilitated by Mr. Steve Lugalila, GMD/CEO Mr. Hosea Kili, Mr. Joseph Rono and Mr. Christopher Mitei. Members' concerns were adequately and satisfactorily addressed.

#### **MIN.11: 27.6.2019: AWARD CEREMONY**

The following Sponsors were recognized for various awards under various categories. The award ceremony was facilitated by Albert Kochei assisted respectively as indicated below for the different categories;

##### **1. Consistency in Remitting IPP (Gratuity) – Joseph Kering**

1. Turkana County
2. Tharaka Nithi County
3. Nandi County

##### **2. Sponsors – Charles Machira, RBA**

1. Nairobi Pentecostal Bible College
2. 4NT Sacco
3. Open Arms International

##### **3. Gratuity - Roba Duba**

NEPAD

##### **4. Sponsor of the Year 2018**

County Government of Turkana - GMD

**MIN.12: 27.6.2019: VOTE OF THANKS**

A gift was given to the highest contributing members on M-Pension for the day were;

1. Wilfred Mbai - Ksh.10,000
2. John Oscar Juma - Ksh.10,000
3. Hussein Gado - Ksh.5,000

They were awarded another equivalent amount which shall be credited to their respective accounts.

Members were requested to collect all the AGM materials for their reference.

The vote of thanks was given by Oscar Juma a Trustee of the Board of Trustees of Laptrust Scheme and there being no other business, the meeting ended with a closing prayer by Sheikh Ibrahim Lethome 2:50 p.m.

**Signature in Confirmation of Minutes:**

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**TIMOTHY WAMBUI**

**FOR: THE TRUSTEES OF CPF INDIVIDUAL PENSION SCHEME  
[NATBANK TRUSTEE & INVESTMENTS SERVICES LTD]**

\_\_\_\_\_  
**DATE**