

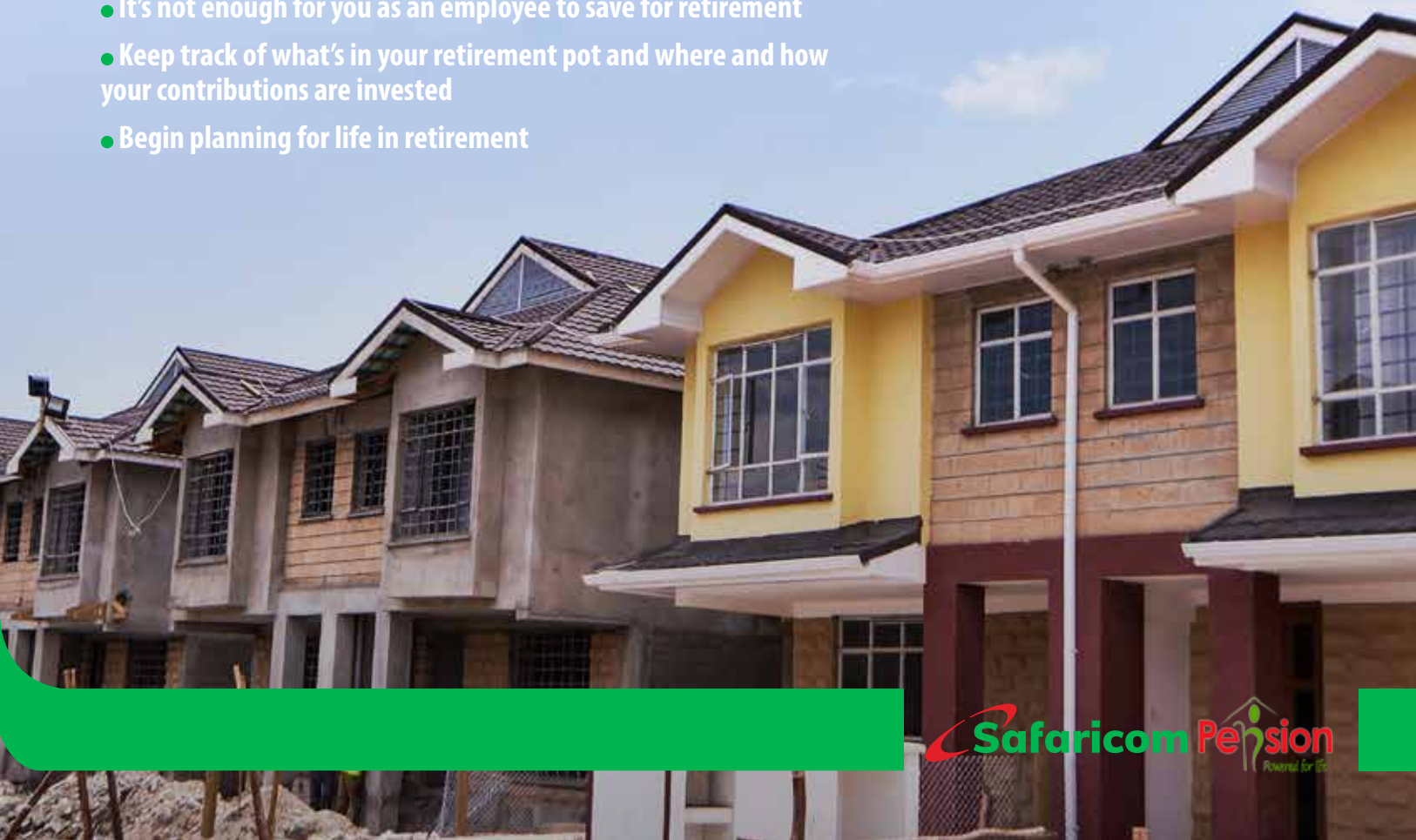


A Safaricom Staff Pension Scheme Publication

July - September 2017

# Your pension, your freedom

- It's not enough for you as an employee to save for retirement
- Keep track of what's in your retirement pot and where and how your contributions are invested
- Begin planning for life in retirement



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## Word from the Chairman

Fellow members and staff, welcome to the second issue of the Pension Scheme's quarterly magazine.

As indicated in the last issue, the Scheme has been implementing various initiatives to achieve its strategic objectives. I am pleased to inform you that the Scheme completed a comprehensive review of the Trust Deed & Rules (TDR). The TDR is the governing document to which all Scheme operations and affairs are anchored upon. The Board of Trustees approved and adopted the revised TDR which aligns the Scheme's operations with the changing policy, regulatory and legislative environment.

The Board is also undertaking a mandatory review of the Scheme's Investment Policy Statement (IPS) as required by the Retirement Benefits Authority (RBA) regulations. The IPS is the governing document which drives all our fund investment strategies and activities. The RBA regulations requires for the IPS to be reviewed every three years. Our current IPS is due for review this year. In this regard, the board has engaged the services of ACTSERV, an independent Investment Advisor to carry out this task.

The Board has also embarked on the crucial task of tendering for the services of two critical service providers. The Board will be recruiting a Fund Manager and Fund Administrator through an open tender process. This is currently ongoing and we hope to have them on board before the year ends.

I am pleased to report that the Scheme's flagship property investment project – Crystal Rivers Mall and Residences is progressing well. The mall is on course for completion and we expect it to be operational in December. The first phase of



**I encourage you to boost your retirement savings by exercising your right to increase your monthly retirement savings contribution through additional voluntary contributions.**

the residential houses is scheduled for completion in the first quarter of 2018. Crystal Rivers Mall has signed up key tenants among them Naivas Supermarket which is the anchor tenant. Also signed up is Nairobi Hospital, Java House and Optica among other top brands. We hope that Crystal Rivers will be your preferred shopping destination.

The composition of the Board of Trustees has changed in the course of the year. I am pleased to announce the election of Peter Njagi and Catherine Wambua as well as the appointment of Paul Kasimu to the board.

I would also like to thank our retiring Trustees – Charles Ndegwa and Maria Shipiri for their immense contribution to the Scheme. Another Trustee – Richard Gitahi retired from the board and was appointed as the Pension Secretary, taking charge

of the newly established Scheme's Secretariat. Richard will serve as the link between the Scheme and all its stakeholders.

I would like to urge you all to take advantage of the benefits that come with a secure retirement plan. I encourage you to boost your retirement savings by exercising your right to increase your monthly retirement savings contribution through additional voluntary contributions (AVC).

The process is straightforward and the form is available on the intranet. For those looking to secure mortgage facilities, I encourage you to take advantage of both the HR mortgage facility as well as the Scheme's Pension Backed mortgage facility. Details of these are available on the intranet as well as the HR office and Pension Secretariat.

Finally, allow me to emphasise the importance of updating your next of kin details with HR as well as nominating your beneficiaries as far as your retirement savings are concerned. Updated records help both HR and the Trustees to efficiently administer your benefits in the unfortunate event of death.

We thank you for your continued support. Enjoy reading this edition and give us your feedback.

Joe



## Key milestones for the year

**T**he Board of Trustees is keen on improving the performance and governance of the scheme. To make this happen, we have lined up several initiatives for the year which include:

- Trust Deed & Rules (TDR) Review – Complete
- Investment Policy statement (IPS) review- In progress
- Development of Member Portal/App- Complete
- Crystal Rivers property development- In progress.
- Development of Scheme Governance tools- In progress
- Review of the list of our service providers- In progress

## Safaricom Staff Pension Scheme name change

Following the incorporation of the Safaricom Staff Pension Scheme under the Perpetual Succession Act chapt. 164, our pension scheme will now be referred to as;

Safaricom Staff Pension Scheme Registered Trustees

### What does this mean for the pension scheme?

The changes in the board will no longer affect its legal standing.

If for instance we are selling property, and a trustee leaves, this does not affect the property transactions. We do not have to look for trustees who were in the office when we purchased Crystal Rivers land to sign; the new trustees can sign and the deal goes through. This way, operations of the Scheme are not hampered.



## Overview

# Your questions from the 2017 AGM answered

The Scheme's Annual General Meeting was held on June 8, 2017. Although the turnout was not as expected, we had a fruitful engagement with the members who were present. As the people entrusted with running the affairs of the Safaricom Staff Pension Scheme, we are committed to promoting effective and open communication with all members. And the Question and Answer session gives us a perfect opportunity to do that. It is through this session that we facilitate a mutual understanding of our respective objectives. Below are some of the questions and answers:

### **Q1. Crystal Rivers Business Case: What informed the decision to build a mall yet there are reports of empty malls and houses in Nairobi?**

Market research by Knight Frank showed that there is demand for mall space in Machakos County. We are at almost 50% occupancy even before the mall is complete. We are targeting 90% occupancy when it's opened.

Location is key, and we got it right. There are more than 300,000 residents in Athi River whom we are looking to serve. We are also targeting residents of Kitengela and the larger area served by Mombasa Road.

Mombasa Road is being dualised, which will improve accessibility. The Kenya National Highway Authority in conjunction with KURA are constructing an underpass to the property.

We also put a lot of thought in selecting our anchor tenants. We selected Naivas as the anchor client because they have a good understanding of the catchment area of Mavoko. Nairobi Hospital will also be one of our tenants.

### **Q2: Use of Solar Energy: Now that it's mandatory for all properties to install solar panels, is Crystal Rivers compliant?**

Yes. All our houses will have solar panels.

### **Q3: Corporate Bond and Bank Deposits: What is the status of the corporate bond**



**We will also introduce bus tours to Crystal Rivers for members to see the show houses. We encourage all to attend.**

## Sh70,000

**Cash back offer to the first 50 members who sign up for the houses at Crystal Rivers.**

### **that the Scheme invested in Chase Bank and the deposits in Imperial Bank which is now in receivership?**

For Imperial Bank, the Central Bank is releasing member deposits in installments and the first 10% was released in January. We are likely to recover up to 50% and write off the remaining 50%. We expect to recover full amounts of the corporate bond from Chase Bank since the bank was reopened.

### **Q4: House Design and People with Disability:**

**Have designs for the residential houses at Crystal Rivers taken care of needs of people with disabilities?**

Yes. The apartments will have lifts.



**Q5: Pension contribution:**  
**Can the employer increase the mandatory pension contribution of 7.5% to 10-15%?**

Our IPS is up for review this year and we will engage the sponsor to see if this can be reviewed upwards taking into consideration changes to the NSSF law where if a scheme opts out of NSSF, they are supposed to show that these contributions have been channeled to the occupational pension scheme.

**Q6: Pollution:**  
**The Athi River area is known to be highly polluted. Did you take that into account when putting up the property?**

Land use around Athi River is progressively changing, from industrial to residential, as evidenced by the number of the residential developments that have come up. Recently, land that had been set aside for industrial development is being reverted to residential use.

As a scheme, we are playing our part in ensuring that we do not pollute the environment, which is why we have

**30%**

**Percentage of the mall space that has been let; 50% of space is under negotiation.**

constructed a bio-digester to ensure that we don't discharge untreated waste water into the river.

**Q7: Staff engagement:**  
**Are you engaging Safaricom staff as potential buyers for the houses?**

Last year, we had a short stint of staff activation in HQ1, HQ2, SCC & JCC. Members also received SMS alerts.

In Q3 and Q4 we are going big on this with intensive digital engagements. We want to use members as ambassadors for the project.

We want members to acquire homes at Crystal Rivers. There is a cashback offer of KSh70,000 for the first 50 members who sign up for the houses. Deposits can be paid in

monthly instalments.

We will also introduce bus tours to Crystal Rivers for members to see the show houses. We encourage all to attend.

**Q8: Member education:**  
**Can we have a training forum especially for the old members of the scheme? We need to know about all investment opportunities available and what SSPS is doing to engage staff.**

We have various initiatives planned for members, which will be communicated in due course. This year, member engagement is top of the agenda and the education committee is working on this.

HR has approved our request to survey Safaricom staff so that we can understand their needs and expectations.

We want to go regional since a large number of our members are now in the regions. In the next 12 months, we will introduce an App to engage members anywhere, anytime.

We will also be issuing a quarterly e-magazine; please look out for it.



# Crystal Rivers Picture Speak



The 3 and 4 bedroom townhouses in Athi River.



Front view of the Crystal Rivers Mall in Athi River. Construction is ongoing and we expect it to be operational in December.  
BELOW: Crystal Rivers apartments.



## 10%

A deposit of 10% will be required for all the houses. Safaricom staff can pay half of the deposit and the balance within 10 months

## 6%

Mortgage financing is available via our discounted rates with CBA, KCB Bank and Housing Finance at 6% or 8.5% depending on your basic pay

## Become part of Crystal Rivers community

### Staff Offer

A deposit of 10% will be required for all the houses.

Safaricom staff can pay half of the deposit and the balance within 10 months. For instance, those reserving the 3 bedroom apartments are expected to raise KSh800,000 but they can reserve them with KSh400,000 and pay the balance in 10 instalments of KSh40,000.

Those reserving the townhouses are expected to raise KSh1,450,000 and KSh1,350,000 respectively. They can pay a deposit of KSh725,000 and KSh675,000 respectively and the balance in 10 instalments of KSh72,500 and KSh67,500 respectively.

You can also raise the deposit through a pension-backed mortgage facility at a small processing fee of KSh12,500 payable to MANN Advocates, our pension scheme lawyers. This facility assigns 60% of your pension savings as security for the loan which is issued at market rates but enjoys the 20-year term period.

If your pension is KSh4 million, you qualify for KSh2.4 million to help you pay the deposit and any other costs.

### Mortgage financing

Mortgage financing is available at discounted rates with CBA, KCB Bank and Housing Finance at 6% or 8.5% depending on your basic pay.

For more details, email: [pensions.hr@safaricom.co.ke](mailto:pensions.hr@safaricom.co.ke)

# My pension savings opened the door to my dream house

I used my accumulated benefits as collateral to secure a loan to construct a home, while at the same time saving towards a secure retirement

By Caroline Makena

I have always wanted to build my own house. The only hurdle that stood between me and my dream house was KSh600,000, money that I did not have.

So I decided apply for a loan from my bank. The application was approved and I was ready for the first draw down.

But just as I was about to get down to business, I received a call from the bank telling me that their representatives wanted to come to the site to view the foundation for my house.

This was a shock to me because I thought the valuation the Bank had done on the existing property had taken care of that. In shock, I asked the bank to cancel the loan.

After two weeks, a Housing Finance relationship manager contacted me to inform me about the pension-backed mortgage option. He told me that it would cost me only KSh12,500 and HF would release all the approved amount. I weighed my options and after a month, I went for it and began construction. And just like that, my dream of owning a home became a reality.

So if you are stuck and can't turn your dream into reality, try the pension-backed mortgage option. Here is how to go about it:

Inform your bank's relationship manager that you would wish to use the pension backed mortgage option. The bank will give you the forms to fill and the Safaricom Pension Scheme lawyers, MANN Advocates, will prepare the charge document. Once the Scheme's trustees sign the duly filled forms, you will pay the lawyers KSh12,500 and the bank will release the money you require.

And for those who prefer to buy instead of building a house, money from the pension-backed option can cover deposit and the closing costs. For example, if the house you

want to buy is worth KSh8 million, below is a breakdown of the costs:

**Amount:** KSh8 million payable in 20 years  
**Monthly repayment:** KSh54,545  
**Facility fee 1% of loan:** KSh80,000  
**Excise duty (10% of facility fee):** KSh8,000  
**Mortgage Protection Cover – (Annual fee of 0.59% of loan):** KSh47,200  
**Domestic package – (Annual fee 0.125% of value):** KSh10,000  
**Valuation Fees -** Approximately KSh24,500  
**Quantity Surveyor Charge - 0.1% of the loan:** KSh8,000  
**Legal fees. Approx. 1% to 1.5% of the loan:** KSh120,000  
**Total:** Approximately KSh354,245  
Deposit required is normally 10%, so for KSh8 million, you pay a deposit of KSh800,000.  
Total amount that can be funded from pension is KSh354,245 plus KSh800,000 so you can borrow KSh1,154,245 at an interest rate of 12% annually.

It is as simple as that. Go there and get thyself a home. The scheme is building very nice houses at Crystal Rivers in Athi river. Please check them out if building is not your thing.

*Makena is a member of the Education and Governance committees*

**Sh12,500**

Amount of money you will pay to the lawyers for processing the facility

**Sh600,000**

Amount of money that Makena needed to make dream of building a house a reality



“

So if you are stuck and can't turn your dream into reality, try the pension-backed mortgage option



# Mandharini –Kilifi

The Scheme has also invested in luxury holiday homes in Mandharini, Kilifi County. The development won the “Best Development, Africa,” award at the prestigious International Property Awards in Dubai in 2011 and 2012 on design and sustainability



**M**andharini is a Swahili word that describes a place with a beautiful view. And true to its meaning, the resort, developed along the shores of the Indian Ocean, features 125 luxury homes with unmatched views of the sheltered Kilifi Creek and the David Jones Golf Course.

The 150-acre development also includes a long and winding private beach, bars and restaurants, and a five-star tourist hotel.

Each home features a private garden with a swimming pool, extensive outdoor living space, jogging tracks hand-curved Swahili doors, imported finishes, luxurious en suite bathrooms and fully fitted kitchens.

The master plan for the high-end project was done by WATG, one of the world’s leading resort and villa architects.

Twenty-two homes have already been sold and occupied.



Under Phase 1, there are 7 homes available for sale ( 2, 3 and 4 bedroom villas) with a variety of golf or creek views. Prices range from KSh38 million to KSh65 million.

Safaricom staff are encouraged to take advantage of the discounted staff mortgage scheme.

## An awesome weekend getaway destination

Safaricom staff can also book a holiday for family or friends at discounted rates for as low as KSh20,000 per night. Each

unit can accommodate up to eight people. Airport transfers are available from Malindi and Mombasa airports.

- Boat rides
- Beach bar
- Cycling
- Self catering option
- Dining at the beach bar
- Private chef option

# 125

Mandharini will have 125 luxury homes, which are also perfect for a weekend getaway, with unmatched views of the sheltered Kilifi lagoon and the David Jones Golf Course.

For more details on Mandharini email: [pensions.hr@safaricom.co.ke](mailto:pensions.hr@safaricom.co.ke)



# It's your pension, not anyone else's

Kasimu says it is essential for members to appreciate the value of their pension and why they are saving in the first place

## Q: Tell us about yourself

A: I am a Human Resources practitioner with years of experience in various industries and countries. I joined Safaricom in July 2017. Prior to that, I worked with East Africa Breweries for six years. Before that I was at Kenya Airways as Group HR Director. I also worked with Barclays as HR Director. I am passionate about people and my main focus is building talent and creating a culture of engagement.



**It is essential for members to appreciate the value of their pension and why they are saving in the first place**

## From your experience, what are some of the benefits offered by pension schemes, say for Safaricom staff?

Pensions are part of the overall employer value propositions. There is the statutory NSSF contribution and what we manage as private companies. Pension schemes exist to ensure a decent life for people after employment.

I have been a principal pension officer in several organisations and I think there was a big shift in the early 2000s. We used to have defined benefit pension plan with a specified pension payment. Benefits are computed using a formula that considers factors such



Paul Kasimu, Director of Resources, Safaricom.



» as number of years of service and salary. Then came the defined contribution where the employer and employee make contributions on a regular basis.

The amount you contribute and performance of the scheme define what you get upon retirement. Schemes should be able to add value to members' returns.

### **What are some of the challenges you have come across in pension scheme management?**

I realised that people are not interested in matters pension. They come to AGMs just because they are dragged to come and listen.

One of the things the HR teams and trustees should be working on is how to get members to participate in AGMs and educate them on pensions.

The best thing about pension schemes is that it is like a forced savings plan. It enhances your savings at retirement. It is like portfolio diversification. Members should be encouraged to increase their contributions.

### **What are the other challenges?**

One of the mistakes people make is accessing a portion of their contribution when they change jobs. Most people tend to misuse it. My advice is, don't use that money. Resist that and try to put it in an annuity. The other thing is that members don't hold the service providers to account. Don't be anonymous to matters pension. Be appraised by attending some of the events they organise.

### **As a pension trustee, what great lesson have you learnt?**

The big one is your displacement ratio. How much pension are you creating by the time you leave employment? It was a wakeup call for me. I had to look at my voluntary contributions. Also, I learnt to avoid the temptation to access the cash on changing employers.

The other is the fiduciary responsibility; how you allocate your estate. Most people don't sign the nomination forms, others fear it is a bad omen. Allocation helps trustees make decisions. We have had cases of family



**I have seen people attend pension meetings a week before they retire. That is too late. You have to prepare for retirement early enough.**



members fighting over pension yet all one needed to do was allocate nominees.

### **What would you advise an employee who leaves employment unexpectedly?**

The realities are such that, if it is about survival, you will have to access your pension. If you are under 50, the law sets the percentage you can't access. The point is, if you access any part of it, be prudent. Invest, but avoid being too entrepreneurial with pension. Remember the purpose of pension is for you to use it when you need it the most and that's in retirement.

If you have a passive source of income, use it instead of using your retirement savings. The reason is, the older we get, the more our bodies require more in maintenance, medical, and such. When I was growing up, parents sent us to school and paid for our education so that in future, we'd become their retirement plans. This has changed. Children are disappearing from their parents' lives like happens in the West.

### **Word of advice for employees aged over 40?**

I have seen people attend pension meetings a week before they retire. That is too late. You have to prepare for retirement early enough. Apart from the pension, how else do you use the disposable income? Invest wisely.

### **How can members prepare for retirement without feeling alienated?**

If you are 40, you need to start having more calculated moves on how you save. It's also critical how you psychologically prepare for retirement. You find there are people who retire but keep the same routine. You need to be psychologically prepared to exit.

### **What do you do when not looking after talent in Safaricom?**

My purpose is to inspire the possibility in others. I engage with the youth in church and the community. I am also a Rotarian, at the Rotary Club of Muthaiga. I love traveling, it is my way of de-stressing. I also love spending time with family.



# What 2017 budget means for you and your contributions

In his budget speech, the CS offered good news to pension scheme members

**K**enya, like her East African neighbours, presents her budget to the National Assembly in the second week of June.

This year, however, Treasury Cabinet Secretary Henry Rotich presented the Budget in March to allow for the dissolution of Parliament in preparation for the August 8th General Election.

The theme for the 2017/18 budget was “Creating jobs, delivering a better life for all Kenyans”, perhaps in response to concerns that many of the country’s citizens have not shared in it’s economic growth and prosperity.

In his budget speech, the CS offered good news to pension scheme members, which we are delighted to bring to your attention:

## 1 Harmonisation of tax rates

Amendment of Income Tax Act, Third Schedule Para 5(d) (ii):

In 2016, changes to the Personal Income tax bands that are applied in taxing income and emoluments was not extended to taxation of retirement benefits. However, this was harmonised in the 2017 budget.

Below are the new brackets that will apply to

## New tax brackets

On the first	KSh.147,580	10%
On the next	KSh.139,043	15%
On the next	KSh. 139,043	20%
On the next	KSh. 139,043	25%
On all income over	KSh. 564,709	30%

your pension:-

What does it mean for you as a member?

You will save on tax when redeeming your pension upon retirement. This does not apply when you redeem before the mandatory age of 50. Therefore for those retiring from January 2018, they will enjoy the new tax brackets.

## 2 Tax Exemption for transfers into REITS and ABS Amendment of VAT Act

Transfer of assets into Real Estate Investment Trust (REITS) and assets backed securities (ABS) to be exempted from VAT.

What this means for pension schemes?

This tax concession will increase appetite for retirement benefit schemes to unitise and

transfer property into REITS. This can apply to the Crystal Rivers Mall and Mandharini properties, when the right time comes.

## 3 Trustee Remuneration

Amendment of RBA Act Section 5:

Objectives and functions of the Retirement Benefits Authority were expanded to include approval of trustees’ remuneration.

What this means for members and the Board of Trustees:

- Every after three years, members will have the right to approve trustees’ remuneration during the AGM.
- This move is in line with the SDG 16 - Peace Justice and Strong Institutions – and our strategic pillar of Effective and Sustainable Governance.

We welcome this move because it ensures accountability on our part.

The above changes, which will take effect on January 1, 2018, were contained in Special Issue *Kenya Gazette Supplement* No. 48 under Legal Notices 49, 50 and 55 and in the Finance Bill 2017.



# Changes in the Board of Trustees

**T**hree members retired from the Board this year. Two member trustees, Richard Gitahi and Charles Ndegwa were replaced by Catherine Muthoki Wambua (Customer Operations) and Peter Gitonga Njagi (Regional Operations).

One Sponsor nominated trustee Maria Shipiri was replaced by Paul Kasimu (Director Resources). Join me in wishing the new trustees all the best in their new assignment. We are happy to have them on board.

## Our committee reconstitution

Following the change of Board members, we reconstituted the committees as follows:

## Administration and Education Committee members

Paul Kasimu, Peter Njagi, Catherine Wambua and Caroline Makena

## Investment Committee members

Wangezi Kanjama, Yumbya Nyamai, Catherine Wambua and Peter Njagi

## Governance Committee members

Joe Ogutu, Caroline Makena, Wangezi Kanjama and Yumbya Nyamai

## Our Secretariat office

Our secretariat office, which is located in SCC mezzanine floor, is now fully functional. The office is run by our Pension Secretary Richard Gitahi, who handles the day-to-day operations of the scheme. He works with all committees to deliver the mandate of the trustees.



**Our Pension Secretary, Richard Gitahi, runs the Scheme's secretariat which is located at Safaricom Care Centre, Mezzanine Floor.**

## SPONSOR NOMINATED TRUSTEES:



**Bob Collymore**

Bob holds all committees accountable.



**Joe Ogutu**

Joe is the Chairman of the Safaricom Staff Pension Scheme. He is also a member of the Governance Committee.



**Paul Kasimu**

Paul is a member of the Administration and Education committee.



**Wangezi Kanjama**

Wangezi is a member of both the Investment and Governance committees.

## MEMBER NOMINATED TRUSTEES:



**Peter Njagi**

Peter is a member of both the Education & Administration and Investment committees.



**Catherine Wambua**

Catherine is a member of both the Administration & Education and Investment committees.



**Caroline Makena**

Caroline is a member of both the Administration & Education and Governance committees.



**Yumbya Nyamai**

Yumbya is a member of both the Investment and Governance committees.

## SECRETARIAT OFFICE



**Richard Gitahi**

Richard is the Pension Secretary. He works with all committees.



# Preparing for retirement bliss

Transitioning from working life to retirement can be hard if you are not well prepared. Planning ahead allows you to decide when and how you will retire



**Whereas you may not have any control on the kind of emergency that comes your way, an emergency fund will lessen your burden and stress**

**6**

**Save up to six months, or even more of your expenses. This cannot be achieved overnight. You will need to be frugal, disciplined and determined.**

By Catherine Wambua

**L**ife begins at 40. At least that's what I hear. For sure, once you hit 40, something seems to change in your psyche. Some seem more confident, more sure of themselves, but we also have those who simply panic. Everything becomes a crisis. They panic about growing older, about getting grey hair, about increased cost of living, and worst of all, they panic about not having saved enough for retirement.

If you are in this situation, chances are you are not alone. Below are tips to help you get ready for life after retirement:

## **1 Life during the retirement years**

Write down, as vividly as possible, what you expect to be doing in your retirement years. Are you traveling - to which countries,

how often? What hobbies do you have - how much do they cost, how often do you engage in them and with whom? Where will you be living, what kind of neighbourhood - is it your home or are you paying rent? How much rent are you paying?

Write down your estimated annual expenses for the lifestyle you want. Can you currently afford that lifestyle? What is the gap between what you want and what you currently have? You need to have a clear plan to get to where you are going. Luck is not a strategy.

So how do you close any existing gaps?

## **2 Budget and track your spending**

A budget helps you figure out where you want to spend your money and tracking helps you see how you are spending your money. For a start, do this for three months





and you will be amazed by what you discover. Those impromptu habitual catch up sessions with the girls at the local coffee shop can be lots of fun but they can also easily set you back. Sitting in traffic for three to four hours daily while driving to and from work can be hectic! Seek a cheaper option such as taking the bus, train or carpooling with your neighbours.

### 3 Spend less than you make

If you spend every shilling you make, it means you save nothing. This is common sense, but you will be amazed at how many people seem to think they can justify this. In their mind, it's their employers fault for paying them little; they haven't been promoted; their bonuses should have been higher; their colleagues are show offs, the government is taking too much in taxes; the world is corrupt, the church is uncaring; it's everybody's fault. Certainly not yours though. Let's be clear about one thing here, your savings are low because you have not been saving enough. Period.

### 4 Pay yourself first

Our natural tendency is to spend all the money we have easy access to, often on frivolous things. To avoid this trap and improve your savings, have money deducted from your payslip or bank account automatically.

For example, you can increase your pension saving from 7.5 to 10 percent, and with every annual salary adjustment increase your savings by 3%. This will help you learn to keep your living expenses low and your savings high.

### 5 Debt snowball

If you have several loans you are paying off, list them from the smallest to the largest. Once done, increase the amount you are paying on your smallest loan even if it's by a thousand. Once you finish paying it off, your sense of accomplishment and satisfaction will give you the momentum to clear the next loan on your list. By the time you realise, you will be debt free.



**If you are thinking of starting a business, do it now, while you are young, have energy, when you have a steady income. You can afford to make mistakes and learn from them early. This will help you build your entrepreneurial muscles early**

### 6 Save money to purchase things you want

How many times did your parents tell you to save up to buy things you really want? So now you are older and working and think you are wiser, right? Why save up for a car, cooking gas, a new shoe or, dress when you can get a bank loan or borrow from friends and family? Today, you spend more than you make and live in perpetual debt. The lesson is; save even for the little things in your life.

### 7 Build an emergency fund

Emergencies can happen anytime and anywhere. You can get a burst water pipe or house fire or car failure. Now, let's agree pregnancy, wedding ceremonies and hanging out with your buddies are not emergencies! Whereas you may not have any control on the kind of emergency that comes your way, an emergency fund will lessen your burden and stress.

### 8 Save 6 months worth of your expenses

You need to face the days ahead with dignity. The logic here is that while you look for another job or another source of income, you will sustain your current lifestyle without much disruption. What are your monthly expenses – rent, utility bills, car fuel, school fees, etc? Save up to six months, or even more of your expenses. This cannot be achieved overnight. You will need to be frugal, disciplined and determined.

### 9 Being an entrepreneur

The most amazing thing about most of us is that we think we can set up a successful business on retirement. With no expertise in running a business, we get shocked when we lose all our money. How can we work so hard over the years then end up in abject poverty?

If you plan on starting a business, do it now, while you are young, have energy, when you have a steady income. You can afford to make mistakes and learn from them. This will help you build your entrepreneurial muscles early so that you can succeed in your retirement years should you want to run your own businesses.

### 10 Check progress

Every year, check how well you are sticking to the plan. Don't forget to celebrate your small successes. Remember it's up to you to fix your life, no one will do it for you.

*The writer is a member of both the Administration and Investment committees*

# ESSENTIAL CONTACTS

If you have any questions with regards to Pension Scheme affairs, contact;

## **SSPS SECRETARIAT – All Scheme matters**

**Location:** Safaricom Care Centre (SCC), Mezzanine Floor

**Secretary:** Richard Gitahi, CPAM.

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## **CRYSTAL RIVERS - SALES AND ENQUIRES**

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## **ADVENT VALUERS LTD**

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## **MANDHARINI, KILIFI - SALES & HOLIDAY RESERVATIONS**

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