



KENYA POWER
PENSION FUND
Defined Contribution



POST RETIREMENT MEDICAL FUND (PRMF)

MEMBER INFORMATION BOOKLET

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Introduction

Access to quality health care continues to be a major challenge in retirement. As people advance in age, they become more susceptible to diseases resulting in the need for more medical attention. This is compounded by the higher medical insurance premiums associated with their age bracket. In response to this challenge, the Fund has established the Post Retirement Medical Fund (PRMF).

This is a scheme under the Defined Contributions Fund whose goal is to provide members in active employment with the opportunity to accumulate some savings, that will later be used for their health care coverage in retirement. This purpose of this booklet is to answer some of the questions you may have and deepen your understanding regarding the Post Retirement Medical Fund. Please read it carefully and keep it safely for your future reference.



01 How does the PRMF work?

The PRMF has been set up within the existing pension scheme and the Trust Deed and Rules amended accordingly to allow for provision of the PRMF. The Deed of Amendment specifies the contributions to be made by yourself. It also sets out the benefits payable to members who join the PRMF

All contributions received into the PRMF are invested in different assets as specified by the Retirement Benefits Act.

02 Who are the Trustees?

The Board of Trustees of the Kenya Power Pension Fund DC Scheme also exercise their Trustees' responsibilities over the PRMF, and manage its affairs in accordance with the requirements of the Retirement Benefits Act.

03 Who is eligible to contribute to the PRMF?

All members of the Kenya Power Pension Fund in employment can contribute to the Post-Retirement Medical Fund.

04 How much should I contribute towards the PRMF?

Contributions into the PRMF are made as additional voluntary contributions. As a member, you decide the rate of contribution in line with your target benefit.

The employer makes no contributions.

05 Where are my contributions invested?

The PRMF contributions are invested in accordance with the Retirement Benefits Act and Regulations. The main assets in which your contributions are invested are:

- Government bonds and Treasury bills
- Shares of companies listed on the Nairobi Stock Exchange
- Corporate Bonds issued by companies and listed on the Nairobi Stock Exchange.
- Bank Deposits.
- Offshore markets.

Contributions remain invested until the benefits become due.

The assets of the PRMF may continue to be invested together with the assets of the main pension scheme. However, once the value of the PRMF assets exceeds Kshs.50 million, then the funds are required to be invested separately from the main pension fund assets.



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How safe are my contributions and the investments of the PRMF?

The Board of Trustees are required to:

- Appoint a registered custodian who is responsible for holding the assets on behalf of members. The custodian must be a registered bank that is licensed by the Central Bank of Kenya.
- Form a specific fund to segregate the assets for post-retirement medical from the main fund taking into account all legal requirements.
- Invest the fund separately from the main fund if the PRMF value is more than Ksh 50 million.
- Appoint a registered Fund Manager who advises on where to invest the assets in accordance with the Retirement Benefits Act and Regulations, and the post retirement medical scheme investment policy statement

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How do I know the value of my contributions with interest?

Every year, the Trustees will issue you with a statement showing:

- Your membership/Staff Number
- Your Name
- Your Dates of Birth
- Your Date of Joining employment
- Your Date of Joining scheme
- Your member contribution opening balances with interest
- Your member contributions during the year
- Interest credited to your member contributions during the year
- Your member closing balances.

The statement also serves as proof of membership

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What are the benefit levels to be provided?

There are two options:

- Pre-defined for all members; In this case, you are guaranteed to receive a certain level of medical cover.
- Flexible benefit structure based on a member's ability to afford.



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What are the cover limits options?

These are the available cover limit options.

IN-PATIENT LIMIT(IP)	250,000	500,000	750,000	1,000,000	1,500,000
OUT-PATIENT LIMIT(OP)	25,000	50,000	75,000	100,000	150,000

A member may also access dental and optical covers with cover limits of Kshs.50,000 and Kshs.40,000 respectively.

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How can the PRMF benefits be accessed?

You can choose to access your benefits in either of the following ways:

- Retaining the funds within the PRMF for the purpose of purchasing a medical cover;
- Retaining the funds within the PRMF for the purpose of offsetting any medical expenses incurred when they fall due;
- Transferring the accrued amount to a medical cover provider;
- Purchasing an annuity for the purpose of paying annual medical cover premiums.

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What health facilities can I access after retirement?

The health care facilities you will have access to upon retirement depend on your contribution levels.

The key options available include:

- Open Access which allows a member to access all hospital networks including the high costs hospitals such as Nairobi, Aga Khan, MP Shah, Mater, Karen and the Mombasa hospital. This choice would significantly increase the required contribution rates
- Budget Access which excludes the high cost hospitals and would result in lower contribution requirements
- Employer supported hospital networks
- National Health Insurance Fund (NHIF) accredited hospital networks

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When are benefits payable and how much is payable?

The benefits are paid in the event of retirement, death in service, resignation or withdrawal from employment, illness resulting in inability to continue in employment, ill-health in service and death in retirement.

a. What benefit is payable on retirement at age 60?

You will be able to access your benefits to purchase medical cover upon attainment of the normal retirement age of 60.

b. Is there any benefit if I retire before age 60 but after age 50?

Yes. If you choose to take early retirement with the consent of the Employer at any age from 50 years, you will access your benefits as a medical insurance cover.

c. What if I resign or withdraw from employment before my retirement?

If you choose to resign or withdraw from employment, you may retain the funds within the PRMF, access as medical benefits, or transfer to another post-retirement medical fund of your choice.

d. Can I access the fund in the event of illness while still employed?

In the event that you are still in employment and exhaust your employer's medical cover while undergoing treatment, you are allowed to access your PRMF benefits, but only upon approval by the Trustees.

e. What if I fall ill and cannot continue in employment?

You will access your PRMF benefits as a medical cover.

f. What benefit is payable on death in service?

In the event that you become deceased, your nominated beneficiaries are entitled to receive a return of your contributions plus interest. They may also choose to access PRMF benefits.

Note:

You are encouraged to nominate one or more of your dependants to whom you would wish the Trustees to pay the benefits due in the event of death. Kindly complete, date and sign a beneficiary nomination form provided in the KPPF Office for this purpose. You may change your nomination at any time in writing.

g. What happens in the case of death in retirement?

Your nominated beneficiaries are entitled to receive a return of your contributions plus interest. They may also choose to continue accessing PRMF benefits.

13 Are my benefits in the PRMF assignable?

Your benefits in the PRMF cannot be pledged or assigned to any other person, or used as security to guarantee a loan from any source.

14 Why do I need to nominate beneficiaries and how do I nominate them?

Benefits are payable to the dependants of a member who becomes deceased. Nominating beneficiaries is beneficial for a member as it assists:

- The Trustees to make a quick decision as to who is to receive the dependant benefits.
- To reduce unnecessary delays in the payment of benefits.

You can nominate or change your beneficiaries by filling out the beneficiary nomination form provided at the Kenya Power Pension Fund offices, **Stima Plaza Annex 3rd Floor**.

The Trustees, however, also have discretion to choose the dependants to whom benefits will be paid especially where a beneficiary nomination form has not been completed, is not legible, is not signed, dated or where the nominated beneficiary is deceased.

15 Are there any taxes payable?

The Post Retirement Medical Fund offers a relief of 15% of the amount of contribution paid which is capped at a maximum of five thousand shillings per month.

The returns earned on invested contributions are tax exempt.

16 What about taxes on my benefits?

Your benefits are generally not taxable. Payments in the form of funds transfer from the fund to a medical insurance cover provider will be tax exempt. The returns earned on invested contributions are tax exempt.

17 What do I do if I have other queries about the PRMF?

If you have any queries regarding the fund, your contributions or your benefits, kindly contact the Secretariat via email info@kppf.co.ke or call **+254 (020)5029600 / 0743221786** or visit us at our offices at **Stima Plaza Annex**.





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