



# PENSION PULSE

ISSUE 34

**Stay connected and informed  
with every issue!**

# ROLE OF PENSION SCHEMES IN SOCIAL SECURITY PROTECTION

By Steve Mathuka

According to the study of gerontology, elderly people face a myriad of challenges that can be broadly categorized into physiological, psychological, and social factors.

These challenges may include reduced mobility, memory loss (dementia), and depression resulting from loneliness and stress. Addressing these late-life challenges requires a multifaceted approach that encompasses financial security, access to quality healthcare, and a conducive living environment. Maintaining a wholesome lifestyle is equally important.

Pension schemes play a key role in ensuring social security in old age. They provide financial and health benefits that enable members to lead comfortable and dignified lives after employment. The one-off lump sum paid at retirement, along with the subsequent monthly pension, offers a reliable cushion against the vulnerabilities of ageing.



When well-structured, pension schemes can provide a range of products and services tailored to meet the evolving needs of members. These may include medical insurance, financial planning and investment training, health and wellness programs, and stress management initiatives.

In Africa and other developing regions, the erosion of traditional social structures that once guaranteed care for the elderly has created a gap that underscores the critical role of pension schemes today. In earlier generations, it was the collective responsibility of families and communities to feed, protect, and shelter the elderly. Sons, daughters, and grandchildren would often compete in caring for and seeking the blessings of their beloved “gogo,” “guka,” “susu,” “kwaro,” or “kuuko” as grandparents were affectionately called in different communities.

Over the years, Kenya Power Pension Fund (KPPF) has faithfully executed its mandate of providing financial benefits to members upon retirement and to beneficiaries in the unfortunate event of a member’s death, whether in service or in retirement. This mandate has since expanded to include the provision of healthcare in retirement. Nevertheless, there remains room to introduce more member-centric products and services that can further enhance the quality of life for retirees, ensuring they enjoy a decent and dignified old age.

“Nature is not kind to men who did not cater for their old age when they were young” .....**An African Proverb**

## BUILDING A FLEXIBLE INCOME LADDER

Retirement marks the beginning of a new and vibrant chapter, one filled with opportunities for growth, purpose, and financial independence. Yet, as you transition into this season, your financial needs will continue to evolve. Instead of relying on a single, fixed income plan, a more innovative approach is to build an Income Ladder. This is a dynamic strategy that gives you control over your monthly income while allowing your investments to keep working for you throughout your golden years.

### Understanding Your Financial Needs in Retirement

Your priorities at age 60 will look very different from those at 85. The Income Ladder will help you manage your resources across three key stages, each reflecting a distinct phase of your retirement journey:

Retirement Stage	Goal	Key Financial Need
<b>Stage 1:</b> The Active Years (Early Retirement)	Enjoy flexibility to start a small business, travel, or support family projects.	Control over the timing and amount of income withdrawals.
<b>Stage 2:</b> The Steady Years (Around Age 65+)	Maintain stability and maximize your spending power.	Stretch your income further by reducing overall living expenses.
<b>Stage 3:</b> Longevity & Legacy (10+ Years On)	Secure your long-term future and protect your family's inheritance.	Ensure remaining funds can be passed on to dependents as a legacy.

At the Kenya Power Pension Fund, we understand that every retiree's journey is unique and so are your financial needs. That is why the Income Drawdown (IDD) Fund, an in-house solution that gives you greater choice, flexibility, and control over your retirement income was established.

The IDD Fund allows you to decide how and when to access your benefits, while your remaining savings continue to grow. It is a solution built around you and the life you've worked so hard to create.

### Here's how the IDD Fund works for you across different stages of retirement:

- 1. Flexibility (Stage 1)** - In your active years, you decide how much income to draw and how often to receive it (monthly, quarterly, or annually). At the same time, the rest of your funds remain invested to keep earning returns.
- 2. Stability (Stage 2)** - From age 65 onwards, your drawdown income becomes tax-free, giving you more spending power and peace of mind as you settle into a stable rhythm of life.
- 3. Legacy (Stage 3)** - Should anything happen to you, your loved ones will not lose out. Your beneficiaries can inherit the remaining balance and choose to continue the drawdown, purchase an annuity, or receive the funds as a lump sum, ensuring your legacy lives on.

Don't settle for limited choices at retirement. The Fund is committed to helping you build financial freedom through flexible solutions that put you in control, support your growth, and protect your loved ones.

To learn more about the Income Drawdown, visit our website or contact us today at [info@kppf.co.ke](mailto:info@kppf.co.ke)

# Tomorrow's Healthcare Starts Today



Don't let medical bills ruin your retirement. Start growing your Post Retirement Medical Fund (PRMF) today.

 Kenya Power Pension Fund  kenya\_power\_pensionfund  
 @kplcpension  www.kppf.co.ke

# MEMBERSHIP AS AT 30TH SEPTEMBER 2025

## DEFINED BENEFITS (DB) FUND

- In-service members - **1,274**
- Deferred members - **112**

Age Analysis For In-Service Members

Age Bracket	No. of Members	Percentage %
45-49	55	4.32%
50-54	302	23.70%
55-60	892	70.02%
Above 60	25	1.96%
<b>Total</b>	<b>1,274</b>	<b>100.00%</b>

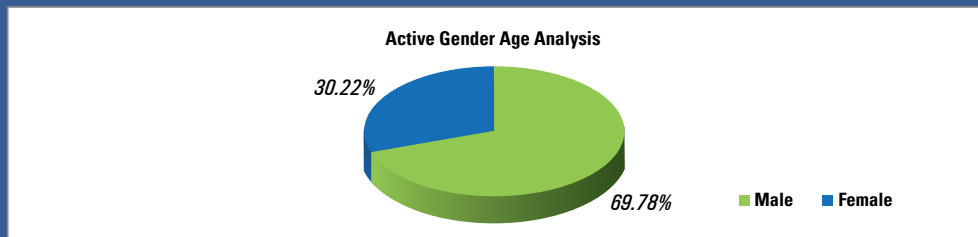
Oldest Member: **64.78**

Youngest Member: **45.78**

Average Age: **56.39**

Members who are above 60 years and living with disability, their retirement age was revised to 65 years in accordance with the law.

## Gender Analysis for In-Service Members Pensioners

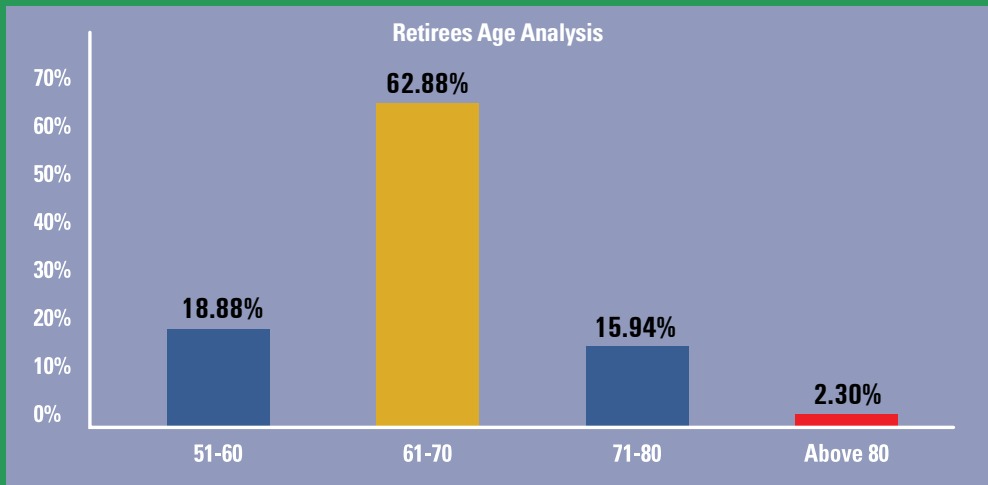


## Pensioners

There were a total of 5,463 pensioners comprising of retirees and beneficiaries as shown in the table below.

Category	Number of Pensioners	Percentage %
Retirees	2,972	54.40%
Widow(er)	1,821	33.33%
Orphans	670	12.26%
<b>Total</b>	<b>5,463</b>	<b>100.00%</b>

### Age Analysis for Retirees



Majority of retirees are aged between 61-70 years.

### Pensioners Payroll for Quarter 3 2025

(July to September 2025)

Category	No. of Members	Gross Amount (KShs.)	Percentage %
Retirees	2,972	261,867,735.87	77.94%
Widow(ers)	1,821	67,989,690.79	20.24%
Orphans	670	6,124,078.67	1.82%
<b>Total</b>	<b>5,463</b>	<b>335,981,505.33</b>	<b>100.00%</b>

77.94% of the total pension payroll was paid to the retirees

## DEFINED CONTRIBUTIONS (DC) FUND

- In-service members - **10,142**
- Deferred members - **730**

During the quarter, the number of in-service members increased from 8,527 in Q2 2025 to 10,142 in Q3 2025.

### Age Analysis for In-service Members

Age Bracket (Years)	No. of Members	Percentage %
20 - 24	45	0.44%
25 - 29	724	7.14%
30 - 34	1,087	10.72%
35 - 39	1,925	18.98%
40 - 44	2,130	21.00%
45 - 49	1,801	17.76%
50 - 54	1,213	11.96%
55 - 60	1,176	11.60%
Above 60	41	0.40%
<b>Total</b>	<b>10,142</b>	<b>100.00%</b>

- Oldest Member **64.78 years**
- Youngest member **21.94 years**
- Average age **43.28 years**

### Employee and Employer Contributions Received for 3rd Quarter 2025

Month	Employee (Kshs)	Employer (Kshs)	AVC(Kshs)	Total
July 2025	39,643,416	79,286,832	7,392,894	126,323,141.34
August 2025	44,365,365	88,730,730	7,667,791	140,763,885.98
September 2025	44,446,080	88,892,160	7,839,017	141,177,256.44
<b>Total</b>	<b>128,454,860.73</b>	<b>256,909,721.46</b>	<b>22,899,701.57</b>	<b>408,264,283.76</b>

### NSSF Tier II Employee and Employer Contributions Received

Kenya Power and Lighting Company PLC and Kenya Power Pension Fund received approval from the Retirement Benefits Authority to contracting out NSSF Tier II with effect from November 2023 and September 2023 respectively.

The Fund Sponsors remitted the following NSSF Tier II contributions during the quarter;

	July 2025	August 2025	September 2025	Total
Employee	32,463,165.73	32,352,499.47	32,368,962.46	97,184,627.66
Employer	32,463,165.73	32,352,499.47	32,368,962.46	97,184,627.66
<b>Total</b>	<b>64,926,331.46</b>	<b>64,704,998.94</b>	<b>64,737,924.92</b>	<b>194,369,255.32</b>



## INCOME DRAWDOWN (IDD) FUND

Active Retired members ..... 609

During the quarter, the number of members in the Drawdown Fund increased from 578 in Q2 2025 to 609 in Q3 2025. This was attributed to the new retirees who opted to join the IDD Fund.

### Age Analysis for Active Retired Members

Age Analysis	No. of Members	Percentage
0-49	2 (Beneficiaries)	0.32%
50-54	12	1.97%
55-59	40	6.57%
60-64	532	87.36%
65-69	23	3.78%
<b>Total</b>	<b>609</b>	<b>100.00%</b>

Members below 50 years are beneficiaries who opted to continue with retirees' drawdowns.

- Oldest Member **69.11 years**
- Youngest member (Beneficiary) **31.11 years**
- Average age **61.86 years**

### Transferred Drawdown Benefits for 3rd Quarter 2025

Period	Transfer In (KShs)	Drawdown (KShs)
Balance 30th June 2025	2,375,986,468.12	461,294,009.44
July 2025	35,499,712.56	19,040,720.05
August 2025	52,510,753.18	20,491,432.52
September 2025	79,906,749.27	20,337,495.66
<b>Total</b>	<b>2,543,903,683.13</b>	<b>521,163,657.67</b>

The average drawdown rate for members in the fund was 10% as at 30th September 2025.

# Stay Updated On Your Benefits With our MSS Portal.



Access your pension details  
anytime, anywhere!

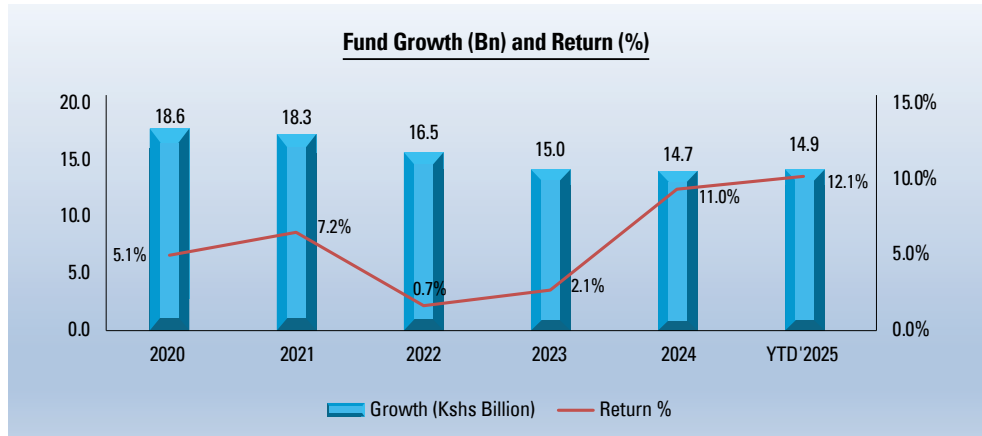
 Kenya Power Pension Fund  kenyapower\_pensionfund  
 @kplcpension  www.kppf.co.ke

## FUND PERFORMANCE

### Defined Benefits (DB)

The overall Fund YTD return on investment as at 30 th September 2025 stood at 12.1% against a strategic target of 7.9%. The Fund value increased from Kshs 14.7 Bn as at 30 th June 2025 to Kshs 14.9 Bn as at 30 th September 2025, due to positive investment income from Government Bonds and Quoted Equities during the period.

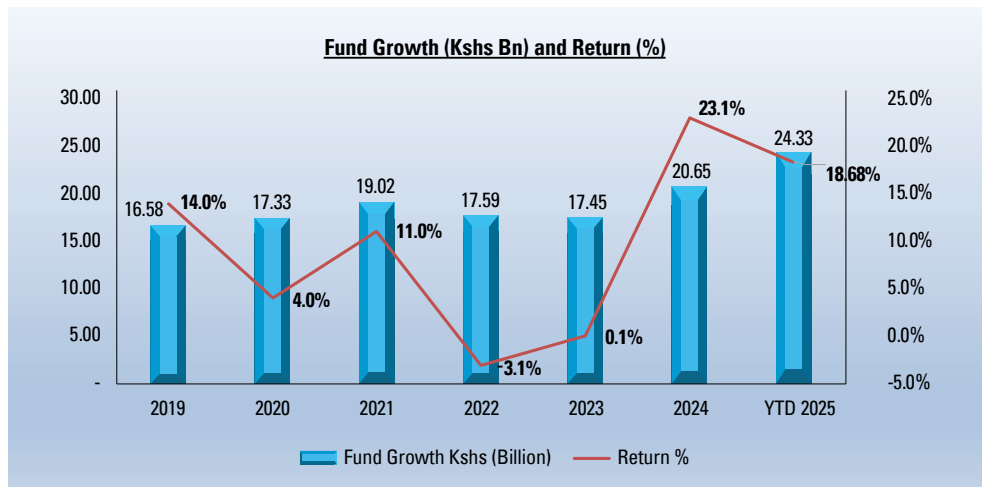
The Fund value and return comparison with previous periods are as shown below:



### Defined Contribution (DC)

The overall Fund YTD return on investment as at 30 th September 2025 stood at 18.7% against a strategic target of 10.1%. The Fund value increased from Kshs 22.65 Bn as of 30 th June 2025 to Kshs 24.33 Bn as of 30 th September 2025 due additional contributions and investment income from Government Bonds and Quoted Equities during the period.

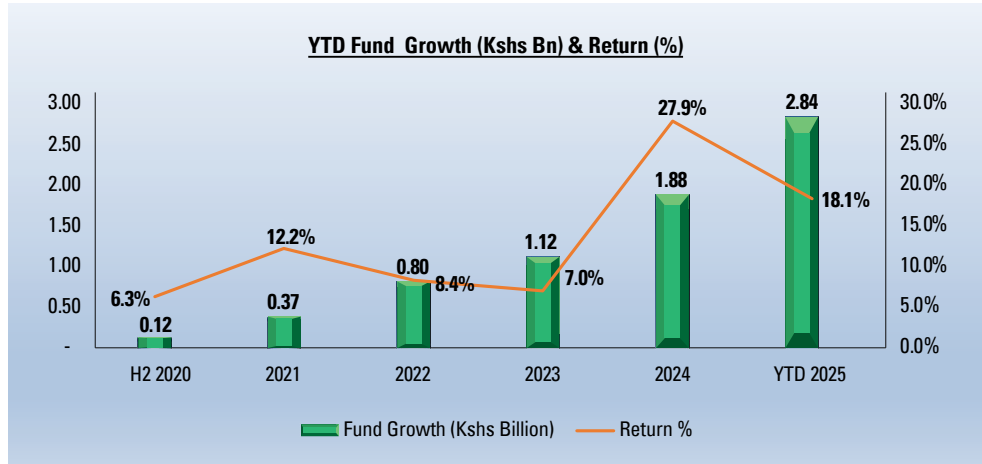
The Fund value and return comparison with previous periods are as shown below:



### Income Drawdown (IDD)

The overall Fund YTD return on investment as at 30 th September 2025 stood at 18.1% against a strategic target of 12.38%. The Fund value increased from Kshs 2.59 Bn as of 30 th June 2025 to Kshs 2.84 Bn as of 30 th September 2025, due to additional contributions and investment income from Government Bonds.

The Fund value and return comparison with previous periods are as shown below:



# Retirement Income that Keeps Earning.



With Income Drawdown (IDD), enjoy steady income in retirement, while your pension keeps growing

 Kenya Power Pension Fund  kenya\_power\_pensionfund  
 @kplcpension  [www.kppf.co.ke](http://www.kppf.co.ke)



TIME  
FOR  
FEEDBACK

**We love feedback**

If you have any questions or suggestions on how we can improve this publication, do not hesitate to reach out through:

**[info@kppf.co.ke](mailto:info@kppf.co.ke) or +254 711082700**