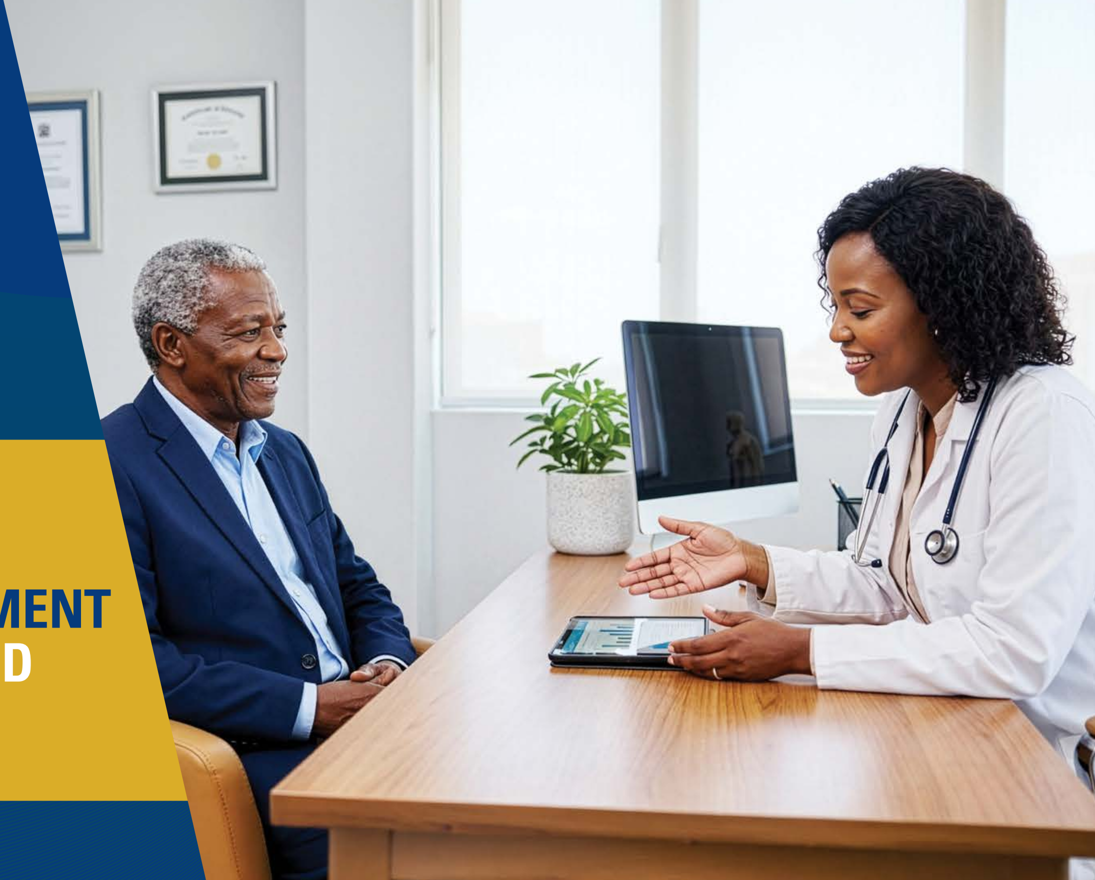

POST RETIREMENT MEDICAL FUND

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Introduction

Access to quality healthcare remains one of the greatest concerns in retirement. While retirement offers the opportunity to enjoy the rewards of years of hard work, it also comes with changing healthcare needs that often require more frequent medical attention. At the same time, the cost of medical insurance tends to increase with age, placing additional financial pressure on retirees. Recognising the importance of helping our members prepare for these future healthcare costs, the Fund established the Post Retirement Medical Fund (PRMF) in June 2024.

The Post Retirement Medical Fund is a scheme under the Defined Contribution Fund that provides members in active employment with an opportunity to build dedicated savings for their future medical expenses. These savings are intended to support healthcare coverage during retirement, helping members enjoy greater financial security and peace of mind.

This booklet has been prepared to answer some of the questions you may have about the Post Retirement Medical Fund and to help you better understand how it works. We encourage you to read it carefully and keep it for future reference.

PRMF

Created to provide financial support for healthcare in retirement, the Post Retirement Medical Fund enables members in active employment to build dedicated savings for their future healthcare coverage.

1. How does the PRMF Work?

The PRMF has been set up within the existing pension fund 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.

2. 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.

3. Who is eligible to contribute to the PRMF?

All members of the DC Fund are eligible to join the PRMF, and they can do so by filling in an application form and advising on the monthly contributions they wish to make.

4. How much should I contribute towards the PRMF?

Contributions to the PRMF are in the form of additional voluntary contributions that are extra to the mandatory 5% employee and 10% employer contributions.

The **PRMF** contributions can be:

1. **A shilling amount or a fixed percentage of basic/pensionable salary**
2. **Targeted** to achieve a certain level of benefits at retirement or **non-targeted** with flexible contributions based on affordability.

Members who are approaching retirement and have had limited time to build sufficient savings may transfer up to 10% of their accrued pension benefits and/or 100% of their accrued Additional Voluntary Contributions (AVCs) to the Post Retirement Medical Fund.

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5. 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 fund. 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.

6. 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 to provide investment guidance in line with the Retirement Benefits Act and Regulations, and the Post-Retirement Medical Fund's Investment Policy Statement.

7. 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 date of birth
- Your date of joining employment
- Your date of joining the fund
- 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.

8. What benefit levels are available under the Post Retirement Medical Fund?

The Post Retirement Medical Fund may provide benefits under one of the following structures:

Pre-defined benefit level for all members; Under this option, all eligible members receive a standard level of medical cover determined by the Fund, providing certainty and consistency in the benefits available.

Flexible benefit structure; Under this option, members can choose a level of medical cover based on the savings they have accumulated and the amount they are able to contribute, allowing them to select a plan that best suits their healthcare needs and financial circumstances.

9. What are the cover limits options?

Some of the available cover limit options include:

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

A member may also access additional benefits such as dental, optical and last expense, each subject to their respective coverage limits.

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10. How can the PRMF benefits be accessed?

Upon retirement, 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.

Benefits

11. What health facilities can I access after retirement?

The healthcare facilities you will be able to access in retirement will depend on the level of contributions made to your Post Retirement Medical Fund. To cater for different healthcare needs and financial circumstances, members may have access to the following options:

Open Access; This option provides access to a comprehensive network of hospitals, including higher-cost facilities such as Nairobi Hospital, Aga Khan University Hospital, MP Shah Hospital, Mater Hospital, Karen Hospital and Mombasa Hospital. As this option offers the widest choice of healthcare providers, it requires higher contribution levels.

Budget Access; This option provides access to a selected network of healthcare providers while excluding higher-cost hospitals. It is designed to offer quality healthcare at a lower contribution level.

Employer-Supported Hospital Networks; Where applicable, members may access healthcare through hospital networks supported by their employer, in accordance with the applicable scheme arrangements.

Social Health Authority (SHA) Accredited Hospital Networks; Members may also access healthcare services through hospitals accredited by the Social Health Authority (SHA), subject to the applicable terms and conditions.

12. 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?

Upon attainment of the normal retirement age of 60, you will be able to access your benefits by selecting from the options outlined in section 10.

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 by selecting from the options outlined in section 10.

c. 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?

In this case, you will access your PRMF benefits by selecting from the options outlined in section 10.

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 by KPPF for this purpose. You may change your nomination at any time in writing.*

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

In this case, your nominated beneficiaries are entitled to receive a refund of your contributions plus interest. They may also choose to continue accessing PRMF benefits.

h. What happens if I'm moving out of Kenya permanently?

If you leave employment before attaining retirement age on grounds of emigrating from Kenya without the intention of coming back, you will receive a full refund of your contributions plus any interest earned as a one-time cash payment.

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?

PRMF contributions of up to Kshs 15,000 per month are tax deductible, which lowers your taxable income. The returns earned on invested contributions are also 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.

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.**

PRMF application form available on the website, here is the link: https://kppf.co.ke/wp-content/uploads/2025/05/Post-Retirement-Medical-Fund-PRMF-FORM.pdf

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