

2009 AGM Presentation

Zimele Pension Fund Structure & Investment Outlook

Thursday, January 07,
2010



Low Level of Retirement Savings

	2009 E
Registered Pension Schemes	
NSSF (active members)	2,500,000
Occupational Schemes	500,000
Civil Service Pension Scheme	700,000
Individual Pension Schemes	10,000
Persons in Formal Pensions	3,710,000
Members in Formal Pensions	20%
Excluded Persons	80%

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Old Age Poverty Crisis

- 80% of economically active persons planning for retirement using informal systems
- Persons in formal pensions system not saving enough
- Majority not aware of benefits of formal pensions system
- Gradual collapse of inter-generational support mechanisms
- Persons born after independence will start to retire in 10 years time
- Lack of national welfare system to cushion the old from poverty

Global Economy

- Global economy expected to shrink by 1.3% in 2009
- Worst global recession since WW2
- Mild recovery expected from 2010
- Major stock markets still bearish
- Massive economic stimulus packages expected to speed up recovery

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Economic Growth Outlook

	2008	2009	2010 F
World	3.2%	-1.3%	1.9%
Advanced Economies	0.9%	-3.8%	0.0%
Developing Asia	5.5%	-5.1%	1.2%
Africa	5.2%	2.0%	3.9%
Kenya	1.7%	3.0%	4.0%

Source: IMF World Economic
Outlook April 2009

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Kenya Economy

- Economy expected to grow by 1.5% in 2009

Challenges Include:

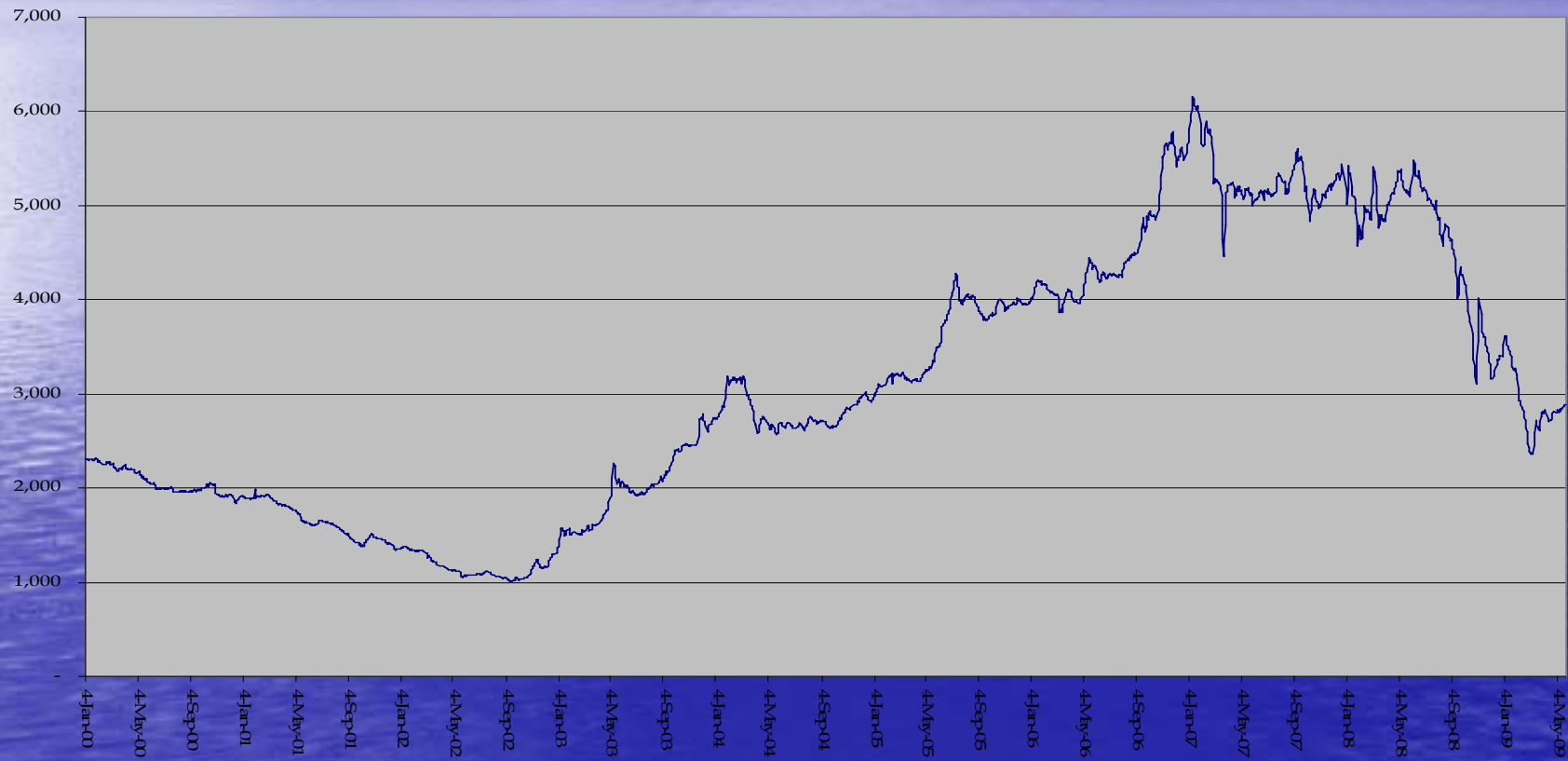
- Rising Inflation: Higher food & energy prices expected
- Increased domestic borrowing to finance expenditure
- Likely increase in short term interest rates
- Continued decline in consumer demand
- Political uncertainty

Investment Environment

- Declining Corporate Profits
- Reduced Investor Confidence
- Declining Share Prices (Bear Market)
- Decline in capital gains & dividends
- Negative real yields on fixed income securities
- Similar conditions in offshore markets

NSE Index 2000-09

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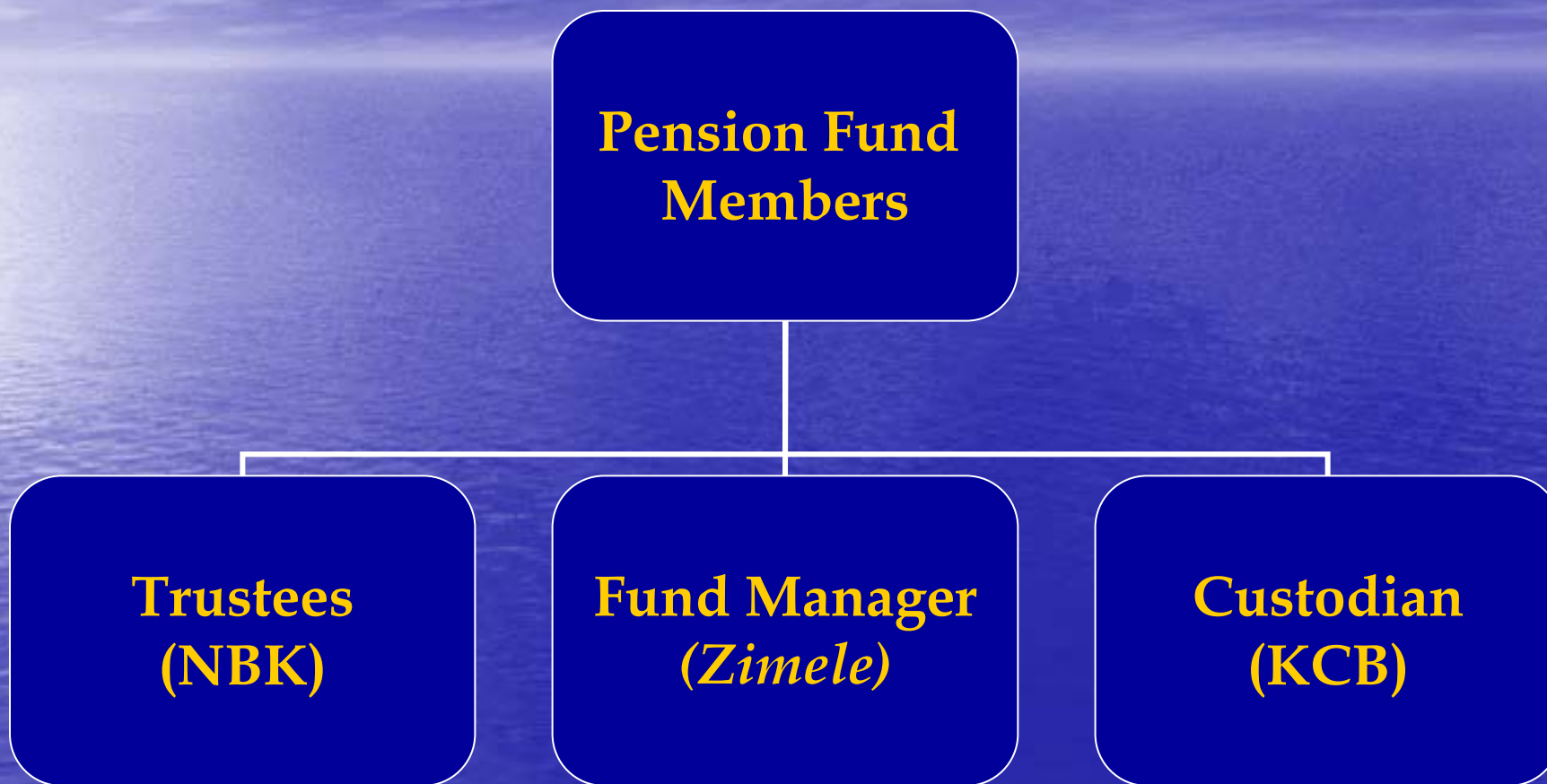
Introducing the Zimele Guaranteed Personal Pension Plan

- Risk tolerance influenced by time to retirement
- Principal amount is guaranteed
- Rate of return is guaranteed but changes periodically
- Ideal for members in retirement, close to retirement or do not like stock market volatility
- Provides similar tax & other benefits as the Growth Fund

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Zimele Pension Plan Structure



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Benefits of Registered Pension Schemes

- Pension fund investment income not subject to tax
- Pension benefits can be used as security for a loan to buy a house
- Pension benefits not to be treated as part of the estate of a deceased contributor
- No income tax on retirees' monthly withdrawals from age 65 years
- Lump sum tax free withdrawal of up to kshs.480,000 upon attaining retirement age