

LEGAL NOTICE NO. 50

THE KENYA (LOCAL GOVERNMENT) (PENSIONS) REGULATIONS 1963

(L.N. 200 of 1963)

THE LOCAL AUTHORITIES PENSIONS TRUST RULES, 2007

ARRANGEMENT OF RULES

Rule

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THE KENYA (LOCAL GOVERNMENT) (PENSIONS) REGULATIONS 1963
(L.N. 200 of 1963)

IN EXERCISE of the powers conferred by regulation 8 of the Kenya Local Government (Pensions) Regulations, 1963, the Minister for Local Government makes the following Rules:—

LOCAL GOVERNMENT (LOCAL AUTHORITIES
PENSIONS TRUST) RULES, 2007

PART I - PRELIMINARY

Citation. 1. These Rules may be cited as the Local Government (Local Authorities Pensions Trust) Rules, 2007.

Interpretation. 2. In these Rules, unless the context otherwise requires-

No. 3 of 1997 "Act" means the Retirement Benefits Act and the regulations made thereunder;

"actuary" means a person licensed or authorized to practice as such in Kenya and is appointed for the purposes of these Rules by the Board;

"Authority" means the Retirement Benefits Authority

"appointed date" means the date on which these Rules come into operation;

New "associated organization" means any person, firm, company or organization of employees or association of employers created or owned by local authorities or their staff, or any other person or body providing services to local authorities or to their employees, and include those organizations that have signed a deed of adherence in accordance with these Rules;

"auditor" means such firm, person or persons appointed by the Board to act as such under these Rules, and who holds a

practicing certificate issued pursuant to section 21 of the Accountants Act;

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“Authority” means the Retirement Benefits Authority established under the Retirement Benefits Act;

No. 3 of 1997

“Board” means the Board of Trustees established under rule 14;

“Commissioner” means the Commissioner for Income Tax;

“continuous service” means the uninterrupted service with the sponsor from the original date of entry, and includes any period or periods of authorized leave of absence (with or without pay), a break condoned by the Board, or a period of suspension followed by reinstatement in the same or other pensionable post, but excluding any period during which no contributions were made to the Trust by or on behalf of the member;

“deferred pension” means a pension benefit that, for any reason, has not been paid or is held back until the occurrence of some specified event or passage of some specified time;

“eligible employee” means a person who has attained the age of eighteen years and above, who is in a permanent service of a sponsor, and who has not less than five years remaining before attaining the retirement age of the Trust, and for purposes of these Rules, staff on contract, and who serve for at least ten years, shall be deemed to be eligible and pensionable employees for purposes of these Rules;

“eligible spouse” means the spouse of a member who is married, or was so married immediately before the death of a deceased member;

“employer” means a sponsoring local authority, reciprocating body or associated organization;

“entry date” means the 1st April, 1963 or, in respect to any particular sponsor or member, the actual date of admission to the scheme;

“former Fund” means the Kenya Local Government Officers’ Superannuation Fund established under the Kenya Local Government Officers’ Superannuation Fund Rules, 1963;

L.N. No. 313 of 1963

“fund manager” means a person or firm appointed by the Board to carry out the investment management functions of the assets of the Trust;

“investment guidelines” means the set of regulations issued by the Authority to guide in the making of investment decisions;

“investment income” means that portion of the funds of the Trust which has been realized from investment of the Trust funds;

“lump sum benefit” means the total cash benefit that a member is entitled to upon retirement;

“married” means married by any ceremony (whether monogamous or not) that would be recognized by the law in Kenya;

“member” means an eligible employee, including a civic leader, or contract employee, who has been duly admitted into the Trust in accordance with these Rules;

“Minister” means the Minister for the time being responsible for local authorities in Kenya;

“net realized return” means the aggregate investment income of the Trust less the cost associated with that investment in any financial year;

“normal benefit date” means the first day of the month next following the date on which the member first becomes entitled to receive benefits from the Trust;

“normal retirement date” means the fifty-fifth birthday of a member where the exact date of birth is known, and where it is not known, the first day of January in the year in which his fifty-fifth birthday is deemed by the sponsor and the Board to occur;

“pensionable emoluments” means a member’s emoluments comprising of a basic salary and house allowance;

“pensionable service” means the total number of years of continuous service with the employer or reciprocating body following a member’s employment date or date when the member joined the trust to the end of the month in which a member reaches his normal retirement age or otherwise leaves the trust, for whatever reason, if earlier;

“pensioner” means a member of the Trust who is retired;

“personal representative” mean an administrator or executor of a deceased person’s estate or the holder of the Public Trustee’s certificate of summary administration thereof;

“public service” means service in a civil capacity in the Government or any other service declared as public service for the purpose of the Pensions Act;

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“reciprocating body” means the Government, a local authority, a state corporation or associated organization or any other person or body otherwise approved by the Board as such, whose members of staff may freely transfer membership or benefits to the Trust and vice-versa;

“reserve account” means the special account in the books of the Trust which shall be used primarily to hold surpluses and all investment income prior to its distribution or use as provided for under these Rules;

“salary” means pensionable emoluments of a member of the Trust and includes basic salary and house allowance;

“Secretary” means a person appointed as such under rule 27;

“scheme” means a retirement benefit arrangement as defined under the Act;

“sponsor” means an employer in the scheme which supports its employees to be members of the Trust through contributions or chooses, after the appointed date, to become one by signing a Deed of Adherence in accordance with these Rules;

“Trust” means the Local Authorities Pension Trust established under rule e 3;

“Trust funds” means the financial assets of the Trust represented by contributions, receivables, donations, grants, loans and income from investment;

“trusts” means the solemn promises, covenants, undertakings and arrangements made by the sponsors of the Trust for the benefit of the members under these Rules.

“water service provider” means a water service provider within the meaning of the Water Act, 2002.

No.8 of 2002.

**PART II – ESTABLISHMENT OF THE LOCAL
AUTHORITIES PENSIONS TRUST**

Establishment of
the Trust.

3. (1) There is hereby established a Trust to be known as the Local Authorities Pensions Trust.

(2) The Trust is established under irrevocable statutory trusts and shall be vested in, operated and managed by the Board established under rule 14.

(3) The Trust is an umbrella retirement benefit scheme for all local authorities, associated organizations, voluntary sponsors and members admitted by the Board.

(4) The Trust is a defined benefit scheme and shall be administered, managed and operated under the provisions of these Rules, the Act and any other applicable laws.

(5) The Board shall stand possessed of all moneys and investments from time to time forming part of the Trust, and the income thereof as and when received by it upon irrevocable trusts, and shall pay to the members, out of the capital or the income thereof, or both, as it may deem proper, such pension and other benefits payable under and in accordance with these Rules.

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No. 3 of 2005

(6) The Trust, by virtue of the special trusts created between the Trustees and members of the scheme under the law governing trusts, is not a public entity for purposes of the Public Audit Act and the Public Procurement and Disposal Act.

L.N. 313 of
1963.

(7) The Trust shall be the successor to the Kenya Local Government Officers' Superannuation Fund established under the Kenya Local Government Officers' Superannuation Fund Rules, 1963, and all rights, obligations, assets and liabilities of the Kenya Local Government Officers' Superannuation Fund existing on the date of the coming into operation of these rules shall be automatically and fully transferred to the Trust, and any reference to the Kenya Local Government Officers' Superannuation Fund in any contract or document shall for all purposes be deemed to be a reference to the Local Authorities Pensions Trust.

Registered
office of the
Trust.

4. The registered offices of the Trust shall be at Pension Trust House (Cannon House), 1st Floor, L.R. No. 209/4866, and its postal address is P.O. Box 28938-00200, Nairobi, Kenya.

Emblems.

5. The emblem of the Trust comprise of a corporate logo, a

slogan, flag and colours, as more particularly described in the Fifth Schedule to these Rules.

6. (1) The principal objective of the Trust is to provide pension and other retirement benefits to employees of the sponsors and other individual and associated members of the Trust, upon their retirement from service, and relief for the dependants of deceased employees.

Objective of the Trust.

(2) For purposes of paragraph (1), the Board shall hold the contributions paid to it by the sponsors and the members and any other sums, investments and income and all lump sums representing the same, upon trust for the respective persons for whose benefit such sums and other benefits are expressed to be payable in accordance with the provisions of these Rules.

7. The Trust shall consist of –

Composition of the Trust.

- (a) all sums paid or contributed to it by the sponsors and members;
- (b) investments representing the sums paid or contributed in (a) above;
- (c) interest, dividends, donations, grants, loans and income derived from such sums and investments; and
- (d) any other sum or sums which may, under these Rules, be paid to the Board for payment into the scheme.

8. The sponsors of the Trust are the local authorities listed in the First Schedule to these Rules and associated organisations listed in the Second Schedule, and any other person who becomes a sponsor or associated organization in the Trust after the appointed date.

Sponsors of the Trust.

9. The sponsors hereby covenant with the Board to–

Covenant by sponsors.

- (a) observe the provisions of these Rules, the Act, the Income Tax Act and any other relevant law;
- (b) pay all necessary charges and expenses incurred by the Board in connection with the formation, management and operation of the Trust not otherwise secured from contribution of members and sponsors;
- (c) collect all sums contributed by the sponsors and

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their employees who are members in accordance with these Rules and such other payments that may be to the Trust on their behalf under these Rules;

- (d) pay into the Trust the sums and payments referred to in (c) above;
- (e) defend and indemnify the Board, or any member of the Board, against any claim, suit or liability made, brought or established by anyone against the Board, or such member, arising out of any act or omission of the Board in the administration of the Trust not occasioned by the wilful default or act of the Board or any of its members.

Covenant by the Board.

10. The Board hereby covenants with the sponsors to—

- (a) manage, supervise and administer the Trust;
- (b) invest the assets of the Trust with diligence and to strictly comply with investment guidelines that may be issued by the Authority from time to time;
- (c) ensure that all contracts and other documents relating to and binding the Trust are professionally prepared and executed as prescribed, and are in accordance with the resolutions of the Board duly certified by the Secretary;
- (d) appoint fund managers, advisors, custodians, administrators, auditors, actuaries or any other person to render professional services to the Trust, as may be required, by resolutions duly made in a meeting of the Board and certified by the Secretary, and in accordance with the Act;
- (e) subject to sufficiency of Trust assets, provide for payment of benefits prescribed under these Rules to persons entitled thereto;
- (f) liaise with and maintain professional ethics and standards in their relationship with the Authority, sponsors, members, fund managers or advisors, custodian or any other professional or institution or person engaged by the Trust in accordance with the provisions of the Act;
- (g) defend the Trust by legal means from any interference

or unwarranted attack which may be to the detriment of members or their beneficiaries;

- (h) keep proper books and records of accounts showing the position in respect to contributions, other income, expenditure, liabilities and assets of the Scheme, and all other matters relevant to its management, and prepare or cause to be prepared and furnished to the sponsors and the Authority, audited accounts of all transactions of the Trust in accordance with these Rules and any other applicable law;
- (i) keep records, at the registered offices of the Trust, of sponsors and members of the Trust, showing particulars of all such sponsors and members;
- (j) comply with the provisions of these Rules, the Act, and any other relevant law in the management and operation of the Trust.

11. Every sponsor shall –

Undertaking by
sponsors.

- (a) observe the provisions of, and perform its obligations under, these Rules and any other relevant law;
- (b) collect all sums contributed by them and their employees who are members in accordance with the Rules, and such other payments that may be made to the Trust on their behalf under these Rules;
- (c) pay to the Board such sums as may be required under these Rules, and as may be necessary from time to time, to ensure that there are sufficient monies at all times to meet the obligations of the Board in accordance with these Rules as and when they fall due.

12. The members of the Board undertake –

Undertaking by
Board.

- (a) to make such appointments contemplated in rule 10 (d) as may be necessary;
- (b) to ensure that there exists no conflict of interest between their duties as Trustees and any of their other personal or professional responsibilities;
- (c) to apply themselves fully and in a professional manner to the Trust's obligations and undertakings;

- (d) not to share their responsibilities as Trustees with anybody else or sub-ordinate their duty, power, control or authority to or over the Trust to any other person or body other than the Authority, only when acting in the statutory role of a regulator under the Act.

Trust period.

13. Unless otherwise terminated under the provisions of these Rules, the trust shall continue in effect for such time as may be necessary to accomplish the purposes for which it was created.

PART III - THE BOARD OF TRUSTEES

Composition of the Board.

14. The management of the Trust shall vest in a Board of Trustees which shall comprise of –

- (a) the Permanent Secretary in the Ministry for the time being responsible for local authorities, who shall be the Chairman;
- (b) eight persons nominated as follows and appointed by the Minister –
 - (i) two persons nominated by the body currently recognized by the Government as representing employees in active service of the sponsoring local authorities;
 - (ii) one person nominated by the body currently recognized by the Government as representing water service providers to represent associated organizations;
 - (iii) one person nominated by the body currently recognized by the Government as representing pensioners in the scheme;
 - (iv) two persons nominated by the Association of Local Government Authorities of Kenya to represent all local authority employers;
 - (v) an advocate of the High Court of Kenya nominated by the Law Society of Kenya;
 - (vi) one person duly qualified as an accountant under the Accountants Act, nominated by the Institute of Certified Public Accountants of Kenya;

(c) a person with training and knowledge of, and at least ten years' experience in, finance, economics, investment, or in the retirement benefits industry, appointed by the Minister; Cap. 531

(d) the Managing Trustee.

(2) The Board is a body corporate under the Trustees (Perpetual) Succession Act with perpetual succession and common seal and shall, in its corporate name, be capable of— Cap. 164

(a) suing and being sued;

(b) acquiring, holding, charging and disposing of moveable and immovable property;

(c) borrowing money;

(d) entering into contracts;

(e) doing or performing all other things or acts necessary for the proper performance of its functions under this Act, which may lawfully be done or performed by a body corporate.

(3) Members of the Board shall elect one of their number, other than Managing Trustee, to be the Vice-chairman.

15. The members of the Board, other than the Managing Trustee, shall be appointed for a renewable period of three years subject, however, to earlier determination in accordance with these Rules.

Tenure of office
of Board
members.

16. The functions of the Board shall be to –

(a) formulate policy relating to the Trust in accordance with these Rules;

(b) administer the Trust and invest the sums forming part of the Trust;

(c) pay the various benefits provided for under these Rules to persons entitled to such benefits;

(d) protect the property and assets of the Trust;

Functions of the
Board.

- (e) perform such other duties as may be necessary for the due and faithful performance of the Trust obligations bestowed on the Board by these Rules and any other law; and
- (f) do all matters that appertain to the effective implementation of these Rules.

Powers of the Board.

17. Subject to the Retirement Benefits Act, and without prejudice to any other powers conferred upon trustees by law, the Board may from time to time –

- (a) delegate to any one or more of its members any of its functions relating to the Trust including the receipt or payment of its money;
- (b) delegate matters relating to the collection of contributions and the administration and investment of assets to such agents, administrations, advisors, custodians, officers of the Trust and managers as it may determine;
- (c) register or vest any of the assets of the Trust in the names of any other person as nominee of the Board;
- (d) determine whether or not any person is entitled from time to time to any benefit under the Trust;
- (e) waive, with the consent of the Authority, the strict enforcement of the provisions of these Rules whenever found necessary;
- (f) buy, lease, develop, hold, mortgage, exchange, sell or otherwise deal with any interest in land or property forming part of the assets of the Trust;
- (g) commence, carry on or defend proceedings relating to the Trust or for the determination of any rights of the members and others therein;
- (h) raise or borrow money, and secure the repayment thereof in such manner and upon such terms as the Board may deem fit, and to charge the money so raised or borrowed or any part thereof on all or any part of the Trust assets;
- (i) invest any moneys forming part of the Trust in the purchase of, or at interest upon, the security of such stocks, shares, securities, properties or other investments of such nature as the Board may deem fit, to the intent that the Board shall have the same full and unrestricted powers of investing and

transposing investments in all respects as if they were absolutely entitled thereto beneficially but in such manner as prescribed by the Authority and without disregarding the Trust's written investment policy governing decisions about investment of the Trust funds;

- (j) underwrite or sub-underwrite, and to enter into any agreement or agreements for underwriting or sub-underwriting, securities, whether on issue or sale and whether jointly with other persons or not, and to do all things incidental thereto:

Provided that where the conditions for continued registration under the Income Tax Act would not thereby be prejudiced, nor the provisions of the Act violated, the Board, at the request of the sponsors and upon the payment of such additional contributions as the Board (with the advice of and certification by an actuary) may consider appropriate, may augment the benefit of any member or other person entitled to benefits under the Trust, or may increase any pension in the course of payment.

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- (k) accept transfers from any other superannuation fund or scheme from which any member was previously a member, or any monies or annuity contracts or insurance policies or benefits or other assets which the Board (or other persons having the requisite power) over such other fund or scheme are empowered to assign or transfer to the Board, and in such event the member shall be entitled to such benefits under the Scheme as the Board, after consultation with an actuary, shall consider appropriate:

Provided that no such transfer shall be effected if it violates the requirements of the Act or is prejudicial to the interest of the existing members of the Scheme;

- (l) open a bank account or accounts for the diligent management, custody and disbursement of Trust funds;
- (m) appoint agents and professional service providers as follows –
 - (i) a custodian to keep custody of all the invested assets and certificates of the Trust in accordance with the Act;

- (ii) an external administrator to carry out the administrative responsibilities of the Trust in accordance with the Act;
- (iii) fund managers or advisors to advise on the investment of monies and assets of the Trust in accordance with its investment policy and the Act;
- (iv) an actuary after every three years, to value the Trust and give an opinion thereof as per the requirements of the Act;
- (v) an auditor, who shall be a member of the Institute of Certified Public Accountants of Kenya and in good standing;
- (vi) legal advisors having the necessary qualifications to advise on legal matters and handle legal issues on behalf of the Trust;
- (vii) an accountant registered under the Accountants Act to prepare the accounts of the Trust as may be necessary;
- (n) appoint a liquidator in the event of the Board resolving to voluntarily dissolve or wind up the Trust;
- (o) execute and do all such acts and things as it may consider necessary or expedient for the maintenance and preservation of the Trust and of the rights of the members;
- (p) transfer, merge or amalgamate the assets and liabilities of the Trust or portion thereof to another pension or provident scheme approved by the Authority, or to accept transfers of the member's assets and liabilities or portion thereof of another scheme approved by the Authority;
- (q) incorporate a company limited by guarantee, if need be, to hold the titles and assets of the Trust without prejudice, however, to the Board members' inherent legal and personal right as legal owners of the assets of the Trust;
- (r) waive payment of any accrued penalties due from any sponsor;
- (s) introduce additional benefits, or operate multiple benefit schemes for sponsors and on behalf of existing

members, voluntary members or voluntary sponsors;

- (t) admit voluntary sponsors and their staff as members of the Trust, as may be appropriate;
- (u) to vary the benefits payable to any member of the Trust to the advantage of such member.

18. A person shall cease to be a member of the Board if such person –

Cessation of membership of Board.

- (a) is absent from four consecutive meetings of the Board without the permission of the Chairman;
- (b) resigns by giving notice in writing to the Chairman;
- (c) becomes incapacitated by prolonged mental or physical illness;
- (d) is convicted of a criminal offence;
- (e) is convicted of fraud, forgery, uttering a forged document or for any offence under the Anti-Corruption and Economic Crimes Act;
- (f) is adjudged bankrupt or enters into a composition or scheme of arrangement with his creditors;
- (g) is in a conflict of interest situation as regards the Trust;
- (h) is disqualified under the provisions of any other written law from holding office;
- (i) is unable or unfit to discharge the functions of a member of the Board; or
- (j) dies.

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19. (1) Subject to paragraph (2), whenever the office of a member of the Board becomes vacant before the expiry of the term of office, the Minister may appoint a new member in place of the member who has vacated or been removed from office to serve for the remainder of the term of that member.

Filling of a casual vacancy.

(2) Where a member of the Board who had been nominated

in accordance with rule 14 vacates office, the resultant vacancy shall be notified at once to the nominating body, and such body shall, as soon as is reasonably practicable, nominate and deliver to the Minister the name of a suitable person to fill the vacancy for the unexpired term of office of such member.

Disclosure of
interest by
Board members.

20. (1) If a member of the Board, his spouse, immediate relatives or business partner is directly or indirectly interested in any contract, proposed contract or other matter before the Board or committee of the Board and is present at a meeting of the Board or committee of the Board at which the contract, proposed contract or other matter is the subject of consideration, that member shall, at the meeting and as soon as practicable after the commencement thereof, disclose the fact, and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the contract or other matter, or be counted in the quorum of the meeting during consideration of the matter:

Provided that, if the majority of the members present are of the opinion that the experience or expertise of such member is vital to the deliberations of the meeting, the Board may permit the member to participate in the deliberations subject to such restrictions as it may impose but such member shall not have the right to vote on the matter in question.

(2) A failure to disclose such interest shall lead to disqualification from holding office as a member of the Board.

(3) A disclosure of interest made under this paragraph shall be recorded in the minutes of the meeting at which it is made.

Meetings of the
Board.

21. (1) The Board shall hold at least four meetings in a year.

(2) Not more than three months shall elapse between the holding of one meeting and the date of the next.

(3) The quorum for the conduct of the business of the Board shall be six members present.

(4) The Chairman shall preside at every meeting of the Board at which he is present or, in his absence, the Vice-chairman shall preside, but, in the absence of both the Chairman and the Vice-chairman, the members present shall elect one of their number to preside, who shall, with respect to that meeting and the business transacted thereat, have all the powers of the Chairman.

(5) Unless a unanimous decision is reached, a decision on any matter before the Board shall be by a majority of votes of the members present and voting and, in the case of an equality of votes, the Chairman or the person presiding shall have a casting vote.

(6) A resolution in writing circulated and signed by members of the Board forming a quorum shall be valid and effectual as a resolution properly passed at a duly convened meeting of the Board.

(7) The Secretary shall keep minutes of all meetings of the Board, and a document certified by the Secretary to be a true copy of a resolution of the Board shall be sufficient evidence of the resolution.

(8) Subject to paragraph (3), no proceedings of the Board shall be invalid by reason only of a vacancy among the members thereof.

22. (1) The Board may, for the purpose of performing its functions under these Rules, establish committees and delegate the exercise of any of the powers or the performance of any of the functions or duties of the Board under these Rules or under any other written law, as it deems fit, to the committees.

Committees of
the Board.

(2) The committees of the Board shall exercise their functions and operate within the mandate delegated by the Board, which may include concluding decisions and ordering implementation of their resolutions on behalf of the Board.

(3) The number and composition of the committees shall be determined by the Board.

(4) The committees of the Board may, subject to their delegated mandate, regulate their own procedure.

23. The members of the Board shall be paid such remuneration, fees, allowances and disbursements for expenses as the Board may determine:

Remuneration of
Board members.

Provided that the record of such expenditure shall be laid before the members at the next annual general meeting of the Trust for noting.

24. The Board shall not be required to effect any payment or perform any obligation under the trusts unless it shall have been notified by the sponsor or by the member or beneficiary

Limitation of
liability of the
Board.

concerned of all events giving rise to or affecting the incidence of such liability or obligation.

Protection
against financial
loss.

25. The Board may take such steps as it may deem appropriate to protect the Trust and the individual assets comprising the same against any manner of insurable risk or financial loss, which might arise out of negligence or default, wilful or otherwise, of the Board, officers, administrators, managers or custodians or other professional advisors, either by way of guarantee provided by the sponsors or by way of such insurance and in such amount as the Board shall determine.

Managing
Trustee.

26. (1) There shall be a Managing Trustee of the Trust who shall be appointed by the Board, and whose terms and conditions of service shall be determined by the Board in the instrument of appointment or otherwise in writing from time to time.

(2) The Managing Trustee shall be –

- (a) the chief executive officer of the Trust;
- (b) responsible to the Board for the administration and management of the Trust.

Secretary.

Cap. 534

27. (1) There shall be a Secretary of the Trust, who shall be a person duly qualified under the provisions of the Certified Public Secretaries Act, and who shall be appointed by the Board, and whose terms and conditions of service shall be determined by the Board in the instrument of appointment or otherwise in writing from time to time.

(2) The Secretary shall –

- (a) perform such duties as the Board may assign from time to time and in performance of such duties, the Secretary shall be responsible to the Managing Trustee;
- (b) have custody of the minute books and legal documents of the Trust.

Staff of the
Trust.

28. The Board may appoint such officers, agents and other staff of the Trust as may be necessary for the proper discharge of its functions under these Rules or any other written law, upon such terms and conditions of service as the Board may determine, and the Board shall exercise disciplinary control over such officers, agents or staff.

29. The Board shall exercise administrative and management responsibilities over the Trust through the Managing Trustee acting under authority delegated by the Board.

Administration of the Trust.

30. (1) The common seal of the Trust shall be kept in the custody of the Managing Trustee, or of such other person as the Board may direct, and shall not be used except upon the order of the Board.

The common seal of the Trust.

(2) The common seal of the Trust, when affixed to a document and duly authenticated, shall be judicially and officially noticed, and unless and until the contrary is proved, any necessary order or authorization by the Board under this section shall be presumed to have been duly given.

(3) The affixing of the common seal of the Trust shall be authenticated by the signature of the Managing Trustee and the Secretary:

Provided that the Board shall, in the absence of either the Managing Trustee or the Secretary, in any particular matter, nominate one member of the Board to authenticate the seal of the Board on behalf of either the Managing Trustee or the Secretary.

(4) In all other respects, the Managing Trustee shall execute all legal documents on behalf of the Board, and the execution shall be witnessed by the Secretary.

PART IV - TRUST ADMINISTRATION AND FINANCE

31. The financial year of the Board shall be the period of twelve months ending on the thirty first day of December in each year.

Financial year.

32. (1) The Board shall, within six months of the end of the financial year of the Trust, convene an annual general meeting of the Trust to be attended by delegates representing each of the categories of members and sponsors of the Trust.

Annual General Meeting.

(3) The Board shall make regulations to provide for the procedure for the conduct of annual general meetings and all matters incidental thereto.

33. Notice of every annual general meeting shall be given in such manner as may be prescribed by the Board in the

Convening of annual general meeting.

regulations made in accordance with rule 32 (3) to –

- (a) two members' representatives elected from each branch of the body currently recognized by the Government as representing members of staff of local authorities and associated organisations;
- (b) one members' representative elected from each branch of the body recognized by the Government as representing pensioners of the Trust;
- (c) the chief executive officer of each associated organisation whose employees or retired employees are members of the Trust;
- (d) the mayor or council chairperson, the Clerk or Treasurer of each local authority or their authorized representatives;
- (e) the auditors for the time being of the Trust;
- (f) fund managers;
- (g) custodians;
- (h) debenture holders of the Trust, if any;
- (i) the Authority; and
- (j) a representative of the Ministry responsible for local authorities.

Notice of annual general meeting.

34. Notice of the annual general meeting of the Trust shall be given at least twenty one days before the day set for the meeting.

Agenda at annual general meeting.

35. The agenda at the annual general meeting of the Trust shall include, but not be limited to, the following –

- (a) reading of the notice convening the meeting and minutes of the last meeting;
- (b) The Board's report on –
 - (i) contributions;
 - (ii) benefits;

- (iii) remuneration and expenses of Board members;
- (iv) investments;
- (c) presentation of audited accounts and annual report;
- (d) question and answer.

36. The Trust may have reciprocal arrangements with the Government, local authorities, state corporations, associated organisations and any other person or body approved by the Board.

Reciprocating bodies.

37. Subject to rule 86, no loans shall be provided out of the funds of the Trust to any member, other than employees of the Trust in full time employment.

Loans.

38. (1) The Board shall, with assistance of the fund manager, prepare an investment policy document to guide the fund manager and the Board in the investment of the Trust funds.

Investment policy document.

(2) The investment policy document shall be prepared in line with such investment guidelines as may be issued by the Authority.

39. The Managing Trustee shall cause full and true accounts to be kept of the Trust funds, showing all moneys due or received and disbursed or payable in respect of members or beneficiaries, and particulars of the matters and things for which those moneys are due, have been received or disbursed or are payable.

Accounts and audit.

(2) The Managing Trustee shall cause the books of accounts to be balanced up to the thirty-first day of December in every year, and balance sheets to be made up showing the assets and liabilities at such date, and have the accounts and balance sheet laid before the Board before the thirtieth day of March in the following year.

(3) The accounts of the Trust shall be audited and presented to the Board for their approval by auditors who are licensed members of the Institute of Certified Public Accountants of Kenya duly appointed by the Board.

(4) Copies of the audited accounts shall be signed by the Chairman of the Board and the Managing Trustee on behalf of the Board, or at least two Board members, and submitted to the

Authority and each of the sponsors, and a copy published in a widely circulating print media and also placed in a prominent place at the registered offices of the Trust for the information of members and other stakeholders, within thirty days of the Board approval but not later than the end of April of the year following the year to which they relate.

(5) Proper books and records of accounts shall be kept as required by the Act, the international accounting standards and the international financial reporting standards.

(6) The Trust's books of accounts, records, audits, expenditures, disposition of assets and general accountability will be managed as provided for in the relevant law.

Determination, disposition and provision of surplus and deficit.

40. (1) The Board shall prepare or require to be prepared financial statements for each financial year which give a true and fair state of affairs of the Trust as at the end of the financial year, and of the operating results of the Trust for that year.

(2) Surplus from the operating results shall be distributed or transferred to members' accounts or the reserve account at the sole discretion of the Board, and in determining the earnings to be allocated to members or to be transferred to the reserve account, the Board shall take into account all the realized or apparent unrealized losses on the investments of the Trust.

(3) Deficit from the operating results in any financial year shall be charged to the reserve account and shall be allocated to the sponsor whose account the deficit is attributable to.

Funding levels and actuarial valuations.

41. (1) The Board shall obtain from the actuary –

- (a) actuarial valuations of the Trust at intervals of not more than three years on dates arranged in consultation with the actuary;
- (b) an actuarial statement in accordance with the Act.

(2) A copy of the actuary's report shall be sent to the sponsors, the Commissioner and the Authority within three months of the end of the actuarial valuation of the Trust.

(3) Within thirty days from the date of receipt of an actuary's report, the Board shall notify the members of the availability, at the registered office of the Trust, of the report or

an abstract thereof, and shall thereby invite the members to inspect the report or the abstract at the registered office.

(4) The actuary shall submit a report of the actuarial valuation to the Authority.

42. No payment shall be made to the sponsor without the written consent of the Authority, except only where the payment is in respect of accrued benefits payable to a member or dependants of a member, through the sponsor, in the event of a member's death, termination of service or retirement at the request of a member or beneficiary.

Payments to employer.

43. (1) The Board shall maintain an account to be known as a reserve account.

Reserve account.

(2) The reserve account shall be used to hold –

- (a) all investment income prior to the distribution of such income to the members of the Trust; and
- (b) all investment gains surpluses or losses.

(3) Any benefits or part thereof which is not utilized in providing benefits for the members or their dependants or personal representatives, for any reason, shall be held in the reserve account.

(4) In the event that any benefit falling due to any member or pensioner or to any person by reason of the death of a member is not claimed within six months after the date on which such entitlement became due, then the benefit shall be held in the reserve account.

(5) When so required by a member during the currency of the Trust or upon winding up, the Board may make payments out of the reserve account for any of the following purposes –

- (a) advance payment to an insurance company for future premiums on any policy under the Trust for the benefit of a member;
- (b) payment of benefits due under the Trust;
- (c) additional or ex-gratia payment to any member or any dependant of a member.

(6) The moneys for the time being comprising the reserve

account may be held by the Board in such accounts or invested by them as authorized under these Rules or in accordance with the Act.

Levies and taxes.

44. The Board shall pay to the Authority, or the relevant tax authority, on due dates, the annual levy or taxes prescribed under the Act or any other relevant law.

PART V – DETERMINATION OF TRUSTS

Determination of trusts.

45. (1) The trusts of the scheme shall determine on the occurrence of any of the following events –

- (a) if all the sponsors cease to exist or, for any other reason, cease to operate, and some other statutory bodies or organizations shall not have been empowered to undertake the rights and obligations of the sponsors hereunder;
- (b) if the Board decides to issue a winding up notice to the sponsors, on receiving actuarial advice that the contributions being paid by the sponsors, or reasonably expected from them in future, are so low as to prejudice seriously the long term financial position of the Trust;
- (c) if, for any other reason, it is found necessary to wind up the Trust;
- (d) if the trust period expires;
- (e) if the last eligible surviving beneficiary dies or becomes ineligible for benefits under these Rules.

(2) Notwithstanding paragraph (1), if the Board, with the approval of the Authority, deems fit, the trusts shall not be wound up but shall be continued as Closed Schemes, subject to these Rules, but the liability of the sponsors to contribute to the Trust shall cease upon the occurrence of the event causing the winding up of the Trust.

(3) In the event of the sponsors receiving such notice as is referred to in paragraph (1) (b), the Authority shall direct the Trust to submit a remedial plan within thirty days from the date of such direction, setting out the arrangements intended to eliminate such deficiency.

(4) The remedial plan referred to in paragraph (3) may be approved if found to be consistent with the provisions of the Act, and if the arrangements set therein shall raise the funding level of the Trust, but where the remedial plan is found to be inconsistent with the Act, the Authority may appoint an interim administrator to manage the Trust in accordance with the provisions of section 45 of the Act, or direct the Trust to amend the remedial plan, or submit a new remedial plan which shall be accompanied with an actuarial report.

(5) Where the remedial plan is approved, the Authority may communicate with the Board to that effect, and the obligations for the proposed plan shall be terminated immediately.

46. The participation of any sponsor in the scheme shall cease and determine upon –

- (a) the Board being served with a receiving order or similar order being made for the winding up of any sponsor;
- (b) the passing of an effective resolution by the sponsor, other than for the purpose of reconstruction or amalgamation, for winding up;
- (c) the dissolution of a local authority or associated organization;
- (d) an associated organization being declared insolvent.

Determination of sponsorship upon receivership, dissolution, etc.

47. The Board may, with prior written approval of the Authority, resolve to dissolve the Trust voluntarily upon the happening of any one or more of the following events –

- (a) the realization by the Board, on the advise of an actuary, that the Trust is in an unsound financial condition, or its funding is below the minimum funding level;
- (b) if all the sponsors mutually agree to terminate their individual and several liability to contribute to the Trust:

Winding up or dissolution of the Trust.

Provided that the Board may decide to continue the Trust for the benefit of existing members who may continue to contribute individually at a rate and for benefits recommended by an actuary;

- (c) if the Trust period expires;
- (d) if the Board resolves to wind up or dissolve the Trust voluntarily, and appoint a liquidator to liquidate the Trust's assets in a manner prescribed by the relevant law.

Consequences
of winding up or
dissolution.

48. (1) If the Trust is wound up or dissolved in accordance with rule 46 or 47, the Board shall, as soon as is practicable –

- (a) notify each active member, pensioner and dependant affected by such winding-up or dissolution;
- (b) appoint a liquidator for the purpose of winding up the Trust subject to and in accordance with the Act;
- (c) subject to the retention of such moneys as may be necessary to meet the costs and expenses of administration or otherwise, the Board, or the liquidator, shall, after obtaining the advice of an actuary and the approval of the Authority, apply the moneys held in the Trust in the following manner –
 - (i) in the first place in securing the payment to secured creditors, tax obligations, if any, and unsecured pension to those members or pensioners or dependants who have been granted pensions, including those who by reason of late retirement are not yet in receipt of pension, and contingent pensions in respect of any dependants of such members and pensioners and for whom survivorship pension shall have been provided for in the Trust's rules;
 - (ii) in the second place, in securing, so far as the moneys in the Trust permit, the pension or contingent dependants pension of each member who has not attained the normal retirement age or, in the case of the contingent dependants pension, at the date of death, and such pensions are to be commutable only to the extent permitted by the Act and the Income Tax Act;
 - (iii) in respect of the balance, if any, of the moneys held in the Trust, in the augmentation of the benefits listed in paragraph (i) and (ii) above, or to make such additional payments to the

members and in such amounts as the Board, or the liquidator, may, on the advice of an actuary, determine:

- (iv) in respect of any moneys held in the Trust then remaining unexpended, the same may, with the consent of the Authority and the Commissioner, be refunded to the sponsors, and any such refund shall be charged to tax in the hands of the sponsors. Cap. 470

(2) Notwithstanding paragraph (1) –

- (a) in the event of any pension payable under this rule being, in the opinion of the Board, or the liquidator, trivial in amount or the person entitled thereto being in serious ill health, the Board, or the liquidator, may elect, on advise of an actuary, with the consent of the Authority and the Commissioner, to pay a lump sum in lieu of any pension entitlement; and
- (b) the Board or the liquidator may, in consultation with the actuary, make such variations to the terms hereto (save as respects the law against perpetuities) as may appear to the Board or the liquidator to be just and equitable as applied to the generality of all entitled to benefit.

PART VI - MEMBERSHIP, CONTRIBUTIONS AND BENEFITS

49. (1) All local authorities shall be deemed to be sponsors of the Trust from the day of their establishment.

Membership by sponsors.

(2) The sponsoring local authorities are set out in the First Schedule.

(3) The associated organizations set out in the second schedule shall become sponsoring organizations on the appointed date.

(4) All associated organisations fully owned by local authorities shall become sponsors upon their formation under any law in Kenya.

(5) An associated organisation not listed in the Second Schedule shall become a sponsor upon execution of a Deed of Adherence in the form set out in the Fourth Schedule.

(6) A sponsor of the Trust shall be exempted from contributing to the National Social Security Fund or any other statutory retirement benefit scheme.

Membership by individuals.

50. (1) An eligible employee of a sponsor described in rule 49 shall become a member upon being employed into the pensionable service of that sponsor.

(2) A person eligible for membership shall, upon filling the requisite membership forms, be admitted into the register of members.

(3) An individual member of the Trust who for any reason loses the sponsorship of his employer may opt to contribute to any individual voluntary scheme recognized by the Authority, or one operated by the Trust for such members.

(4) A member of an individual voluntary retirement scheme shall be obliged to make only his own contributions to the Trust, and shall earn such reduced pension as may be determined by the Board on the advise of an actuary.

(5) If a member of an individual retirement scheme elects to make both his own and his employer's contributions to the Trust, such a member shall enjoy all the rights and obligations of a member or sponsor of the Trust in the same manner as any other member or sponsor, respectively.

(6) A person who is a member of the Trust shall be exempted from contributing to the National Social Security Fund or any other statutory retirement benefit scheme.

Participation by associated organizations.

51. In the event of any other employer, or employee organization associated with any of the sponsors or the local authorities or with staff of local authorities or with bodies providing services to local authorities, applying to participate in the Trust and agreeing to sign a Deed of Adherence to be bound by the provisions of these Rules, the Board shall have power, with the consent of the Authority (and the Commissioner in case of a registered scheme), to admit any employees of that employer or organisation to membership of the Trust and thereupon that employer shall be deemed to be included in the expression the "sponsor" for the purposes and to the extent set out in these Rules and the Deed of Adherence:

Provided that the participation of the new employer shall not be to the disadvantage of existing members.

52. A person eligible to become a member of the Trust may, as part of becoming such a member, be required to undergo a medical examination conducted by a medical practitioner approved by the Board.

Medical
examination.

53. (1) Every person shall, within three months of his first becoming a member of the Trust, produce satisfactory evidence of age to the Board, and shall give the Board such other information as shall reasonably be required for the purposes of the Trust.

Evidence of
birth, age, etc.

(2) If satisfactory evidence of age is not produced in accordance with paragraph (1), the Board shall determine the date of birth for the purposes of the Trust and the date of birth so determined shall be binding to the member.

(3) If a member is married or is a widow or widower with a child, the member shall indicate the date of marriage, the date of the death if the spouse is deceased, and the date of birth of any child whether in or out of wedlock, and shall produce evidence to the satisfaction of the Board within three months from the date of the happening of any of the following-

- (a) the birth of any child born to him whether in or out of wedlock and the date thereof or the date of birth of a step-child and the date of adoption of a child and particulars relating thereto;
- (b) the marriage of any female child and the date thereof;
- (c) the death of his spouse or any child and the date thereof;
- (d) the annulment or dissolution of his marriage and the date thereof.

(3) Upon the death of a member or beneficiary, a person claiming any benefits under these Rules shall produce such evidence in support of the claim as the Board may require within three months of the date of death of the member or beneficiary.

- (4) During the period of receipt of a pension, the beneficiary shall provide the following information within three months from the date of the happening of any of the following events –

- (a) the death of any child;
- (b) evidence of re-marriage or bankruptcy of the beneficiary;
- (c) any other information which the Board may require.

Acknowledgement of Rules as binding.

54. Every person shall, by accepting to take on membership of the Trust, be deemed to accept these Rules as binding upon himself and every person whose claim upon the Trust is derived from him.

Cessation and saving of membership.

55. (1) Where a member, whilst continuing in the service of a sponsor, ceases to be for purposes of these Rules in an eligible category, no further contributions will be made by him or on his behalf but the benefits secured by the contributions shall be deferred but continue to earn interest and be held subject to the trusts of the scheme until his service ceases, or he attains retirement age, or dies, unless he elects to continue to contribute to an individual voluntary retirement benefit scheme operated by the Trust.

(2) A member employed by an employer who, for any reason, has ceased to be a sponsor or has withdrawn from the Trust shall have the option of continuing voluntarily as an individual member, by continuing to remit contributions to the Trust under special arrangement as to pension benefits and contributions as prescribed by an actuary and approved by the Board.

Registers and records.

56. (1) The Board shall keep and maintain such registers and records of sponsors, members and prospective beneficiaries as shall enable the actuary to successfully conduct an exhaustive actuarial valuation of the Trust at any time.

(2) The Board shall maintain registers in which shall be entered the names and dates of birth of all members and their marital status, and a member shall be obliged to advise the Board forthwith of any change in his marital status and supply the following information relevant for the registration of potential beneficiaries –

- (a) the name, address and the date of birth of his spouse;
- (b) the date of birth of any child born to him or his spouse;

- (c) the adoption of any child by him or his spouse;
- (d) the death of any dependant; and
- (e) the annulment or dissolution of his marriage.

(3) The sponsor shall facilitate the submission of the information on members in its active service specified in paragraph (2) above.

(4) The Board may require a member to make a declaration that there are no persons dependant on him, other than those who have already been registered as dependants.

57. (1) Except as may otherwise be provided by these Rules, a member employed by a sponsor shall, so long as he remains a member in the service of that sponsor, pay into the Trust, monthly by way of deduction from his salary, an amount equal to twelve per cent (12%) of his salary, or any higher or lower amount as shall be prescribed by the Board on the advise of an actuary from time to time.

Contribution
rates.

(2) The sponsor shall make its own contribution on behalf of the member of the Trust who is its employee at the rate of fifteen per cent (15%) of a member's salary, or any higher or lower amount as may be prescribed by the Board on the advise of an actuary from time to time.

58. (1) All contributions to the Trust shall be deemed to accrue daily and payment of such contributions shall be made before the tenth day of every month or before any other day which may be notified in writing and approved by the Authority.

Remittance of
contributions.

(2) A sponsor shall, on the last day of each month, and in respect of each member, pay into the Trust the amount deducted from the member's salary together with the amount which the employer is required to contribute under these Rules.

(3) A member who is remunerated by salary calculated annually shall contribute each month on one-twelfth ($\frac{1}{12}$ th) of the annual salary payable to the member at the date of payment to the Trust.

(4) A member who is remunerated at a monthly rate of pay shall contribute on his full monthly salary.

(5) Every sponsor shall deduct and remit contributions for

and on behalf of the members it has sponsored, and this liability will subsist for so long as a member is employed by such sponsor.

Reduction in salary.

59. (1) If the salary of a member is reduced except as provided in rule 60, such member shall continue to contribute to the Trust on the salary on which he contributed immediately prior to the reduction unless, within two months of such reduction, he elects to contribute on the reduced salary.

(2) If a member continues to contribute on the higher salary, such salary shall be his salary for the purposes of these Rules.

(3) If a member elects to contribute on the reduced salary, such salary shall be his salary for the purposes of these Rules, and the reduced salary shall be taken into account when computing his retirement benefits.

General reduction of salaries.

60. (1) If the salary of a member is reduced in pursuance of a general reduction of salaries paid to members by a sponsor, the member shall contribute to the Trust on the salary on which he would have contributed to the Trust had no such reduction been made unless the sponsor determines otherwise.

(2) If a member continues to contribute on the higher salary, such salary shall be his salary for the purpose of these Rules.

Contributions during leave, etc.

61. (1) A member shall continue to contribute to the Trust on his salary whilst on leave, including sick leave, study leave with full or part pay, or whilst under suspension on part pay and not on the salary actually received.

(2) Where contributions have not been made in respect of a period of suspension or leave without pay, no such period shall be reckoned in calculating the period of continuous service.

(3) Employers shall make returns to the Trust regarding such suspension or other action affecting a member's contribution to the Trust.

Discharge or resignation of member.

62. (1) A member shall not contribute to the Trust in respect of a period without pay or following the effective date of discharge or resignation from the employment of the sponsor under these Rules, and no such period shall be reckoned in calculating the period of continuous service.

(2) A member shall contribute to the Trust in respect of a period of terminal leave entitlement following the effective date of retirement or discharge, and such period shall be reckoned in calculating the period of continuous service.

63. A member's contributions to the Trust, together with the sponsor's appropriate contributions in respect thereof, shall cease upon the death of the member or upon his leaving the pensionable service of his employer, unless he remains as a voluntary individual contributor under these Rules.

Cessation of contributions.

64. (1) A person who is a member of another scheme sponsored by his employer or reciprocating body who elects, with the approval of the Board, to become a member by transfer, shall surrender to the Trust his accrued and vested contributions from the previous scheme and all accrued investment income thereof at the date of his becoming a member including any contribution deficit certified by an actuary.

Transfer of contributions.

(2) The person transferring from another scheme shall not become a full member of the Trust until his contributions from the other scheme is received by the Trust, unless the Board determines otherwise.

(3) Upon such surrender as aforesaid, the member shall have no further claim upon the former scheme where he has ceased to be a member.

(4) If an employee of a sponsor surrenders his contributions under paragraph (1), the employer or the Trustees of the other scheme shall, at the same time, recover and pay into the Trust the equivalent contributions in respect of such member, if any, which have been made to the other scheme by that employer together with accrued investment income thereon to the date of such payment.

(5) A surrender of contributions, assets and accrued investment income under the provisions of this rule and rule 65 may be made in such manner as may be agreed between the Board and the trustees of the other scheme, and failing agreement, the investments, accrued investment income and assets agreed to be transferred shall be a proportion of each security held by the other scheme at balance sheet value, the proportion to be as the sum surrendered bears to the total contributions and investment income standing to the credit of that Scheme at the date of surrender, and the balance, if any, shall be payable by the scheme from which the transferred member initially belonged.

(6) Any shortfall in contributions transferred shall be made good by the transferring member unless he opts to take a reduced benefit, and any surplus, if any, shall be held to the credit of his future contributions.

(7) Actuarial advice shall be obtained by the Board before a transferred member becomes entitled to the benefits of the scheme.

Bulk transfers.

65. (1) Employers who wish to transfer all or a portion of their employees from another scheme to the Trust, and vice versa, may do so by arrangement with the Board with advice of an actuary, the Authority and the Commissioner.

(2) Rule 64 (5) shall apply to transfers under this rule, and any deficit shall be made good by the transferring sponsor.

Continuous service.

66. Continuous service shall, in addition to the meaning assigned thereto by rule 2, if a member so elects, include any prior period of service with a sponsor or reciprocating body for which no pension or provident payment is or has been received or accrued to the member by the scheme.

Purchase of service.

67. (1) A member who elects to count prior period of service as pensionable service may do so by purchasing service, and if he so elects, he shall make such contribution for such prior service as shall be required by the Board on the advice of an actuary.

(2) Each year of prior service which a member elects under the provisions of paragraph (1) to include in his continuous service shall count as full year for the purpose of calculating any benefits due to the member or his dependants under these Rules.

(3) In order to benefit under this rule, a member shall be required to exercise the option set out in paragraph (1) at least one year before his date of retirement.

(4) All the necessary payments towards purchase of service shall be made good in full before the date of retirement and in default thereof benefits shall be reduced appropriately as may be advised by an actuary.

Employment by different sponsors.

68. If a member leaves the service of one sponsor and joins the service of another sponsor, his continuous service shall be the aggregate of his service with both sponsors.

69. Further to rule 64, a member transferring into the Trust from another registered scheme shall not lose the benefit of his contribution with the previous scheme, but shall be allowed, subject to an actuarial report, to prove prior service with the previous sponsor or reciprocating body as continuous service.

Preservation of benefits from another scheme.

70. (1) If a member who has resigned from a pensionable post or has been discharged with or without pension for any reason by his employer is subsequently re-engaged by another or the same sponsor or reciprocating body, within three years from the date of such discharge or resignation, the break in employment due to such discharge or resignation may, on his election upon his re-engagement, at the discretion of the employing sponsor, be treated as leave without pay with the original sponsor from whom he was discharged or resigned from:

Continuity after discharge.

Provided that such member shall repay to the Trust the amount paid to him from the other scheme on such date of discharge or resignation to the date of repayment or re-engagement, whichever is the earlier.

(2) A repayment by a member under paragraph (1) shall be made in one amount or by such monthly instalments as the Board may in each particular case determine.

(3) For purposes of calculating any pension under these Rules, employment in respect of which such repayment is made shall be regarded as employment with the sponsor or reciprocating body with which the member served prior to his discharge or resignation, as the case may be.

(4) The provisions of this rule may be applied to a member who was a member of another scheme and who was discharged or who resigned, for any reason, from the sponsor's or reciprocating body's service, subject to such member paying to the Trust in such instalments and with such interest thereon as the Board, in such particular case may determine, the amount paid to him from the other scheme on such discharge or resignation, or such lesser or greater amount as may be determined by an actuary.

71. If a member dies or becomes eligible for pension before the total instalments due to be paid by him in respect of arrears of contribution under these Rules has been paid, the amount of any such instalments shall, following the meeting of statutory charges, form a first charge upon his estate, accrued benefits or pension, as the case may be, and the Board shall have the right to

Payment of arrears after death of member.

deduct or recover the same as the case may be, and any deficit resulting therefrom shall be considered as a prepayment to the member or his dependants from the Trust and the same shall appropriately be recovered from balance of his pension dues before payment to his beneficiaries.

Limit of a member's contribution.

72. The aggregate of contributions of a member for each contribution year of income shall not exceed thirty percent (30%) of the member's pensionable emoluments for that contribution year, or two hundred and forty thousand shillings (Ksh.240,000), or such other amount as may be defined in the Income Tax Act, or, where contributions are made in respect of a part of a year of service, twenty thousand shillings (Ksh.20,000) per month, whichever is less, or such greater or lesser amount as may be prescribed from time to time under the Income Tax Act.

Cap 470

Cap 470

Limit of employer's contribution.

73. Notwithstanding anything to the contrary contained herein, the aggregate contributions of the employer in respect of all members in each contribution year shall not exceed thirty percent (30%) of the members' pensionable emoluments for that contribution year, or two hundred and forty thousand shillings (240,000) times the number of full-year members of the Trust, reduced by the aggregate contributions in respect of such members under these Rules, whichever is less, or such greater or lesser amount as may be prescribed from time to time under the Income Tax Act.

Cap. 470.

Deduction of contributions.

74. Save as otherwise provided in these Rules, a member's contributions to the Trust, including instalments of contribution, advances or loan recoveries, shall be made by deductions from the salary or pension payable to the member, as the case may be, or in such other manner as the Board may determine.

Deficiency contributions.

75. From the entry date and every subsequent year thereafter, each sponsor or voluntary individual member shall pay to the Trust such deficiency contribution certified by an actuary in respect of that sponsor or voluntary individual member.

Interest on delayed contributions.

76. (1) Any sponsor or member who fails to remit the amounts payable into the Trust under any provision of these Rules shall be liable to pay, in addition to the principal amount, a compounded interest at the rate of one point two five per cent (1.25%), or any such other greater or lesser rate as may from time to time be determined by the Board or the Authority, either generally or in respect of a specific sponsor.

(2) The Board may, in addition to the action taken under

paragraph (1), report persistent default by the sponsor to the Authority, who shall prefer criminal charges against the officers or the sponsor concerned.

(3) The Board may, upon first receiving actuarial advice, exercise its discretionary powers to grant a waiver on any interests applicable, or take any other action intended to relieve any sponsor from the effect of paragraph (1) on good grounds supported by satisfactory evidence in that respect.

77. (1) All sums due to the Trust shall be recoverable as a debt due to the Trust and, without prejudice to any other remedy, shall be a civil debt recoverable summarily.

Recovery of
delayed
contributions.

(2) An action for the recovery of contribution or interest under this rule may be instituted and conducted by the Managing Trustee or any other authorized officer of the Trust on behalf of the Board.

PART VII - BENEFITS

78. The following are the benefits payable under the Trust

Descriptions of
benefits.

- (a) normal retirement pension;
- (b) early retirement pension;
- (c) survivors' pension;
- (d) invalids pension;
- (e) refund of contributions
- (f) any other special benefit which the Board, on the advise of an actuary, may provide to members.

79. (1) The portion of benefits secured by sponsors' contribution to which a member leaving the service of an employer shall be entitled to shall be based on the number of completed years of service with that sponsor, and shall be determined as follows –

Vesting of
benefits.

<i>Period</i>	<i>Access to benefits secured</i>
---------------	---------------------------------------

	<i>by sponsors' contribution</i>
Less than one year	0%
One year, but less than two years	25%
Two years, but less than three years	50%
Three years and over	100%

(2) The appointed date shall be the effective date of this rule.

Calculation and declaration of investment income.

80. (1) Except where otherwise specifically provided, for the purpose of these Rules, investment income shall be calculated as the net realized return earned or declared by the Trust on all investments during a financial year and allocated to each contributing member's account with half yearly rests at the thirtieth day of June and the thirty first day of December in each year, the investment income beginning to accrue in respect of each contribution on the first day of the next half year following the day upon which the contribution is paid and ceasing on the last day of the month preceding the day upon which any payment to the beneficiary is made, or the day the member leaves a sponsor's service or retires, whichever is the earlier.

(2) The investment income declared before allocation to each member's account shall be reduced by the amount required to meet administrative expenses of the Trust in any given financial year.

Non-assignable rights.

81. Subject to rule 86, pension payable from the Trust and the rights of a member under these Rules shall not be assignable, transferable, liable to be attached, sequestrated or levied against in respect of any debt or claim whatsoever other than for a member's debt to the Trust.

Nomination of dependents.

82. Every person who is a member of the Trust shall furnish to the Board in the manner prescribed, particulars concerning himself and his dependants whom he nominates to receive any benefit from the Trust.

Currency of payment.

83. The currency for calculation and payment of any benefit under these Rules shall be the Kenya Shilling.

84. Notwithstanding any other provisions of these Rules, no benefit shall be payable from the Trust in respect of any period of employment of a member for which there has been no contribution by the member or his employer on his behalf, and benefits shall be reduced accordingly where there is a contribution deficit for that particular member in the manner advised by an actuary.

No benefit where there is no contribution.

85. If upon the death of member or pensioner or other person in receipt of benefits under the Trust, any estate duty or taxes become payable by the Board, the Board shall be entitled to recover any such amounts, including any penalty or interest paid by it in respect of such payment and the cost of paying it, by deducting from any amount due or owing to such member or pensioner or other person under the Rules.

Recovery of taxes and duties.

86. (1) Notwithstanding rule 81, assigning, pledging or attachment of benefits may be allowed for purposes of securing housing mortgage loans issued by mortgage institutions under terms and rules prescribed by the Authority.

Pledging, assigning and attaching of benefits.

(2) At retirement or withdrawal from the Trust, a member may, on his own free accord, give authenticated written authority to the Board to deduct any amount from his dues and remit the same to any person or institution that the member has expressly identified to the Board under a written instrument authorizing such deduction or payment to be made to:

Provided that such deduction shall not exceed two-thirds of the pension benefit due to a member.

87. (1) Subject to the provisions of paragraph (3), pension shall be calculated at the rate of four hundred and eightieth ($1/480^{\text{th}}$) for each completed month of the period of continuous service based on the annual average of the member's salary for the three years immediately preceding the date of retirement.

Calculation of pension.

(2) No pension shall be granted to a member unless contributions have been made in full by him, or on his behalf, in respect of a period of ten years or more of his continuous service:

Provided that pension shall not be denied to a spouse or dependant of a deceased pensioner under this rule, who is already enjoying a pension at the appointed date.

(3) The rate of calculation of pension provided for under paragraph (1) shall be deemed to have come into effect on 1st January 2002.

Normal
retirement age.

88. (1) For the purposes of these Rules, the normal retirement age of a member of the Trust shall be fifty-five (55) years or any other age agreed to by the sponsors and the Board.

(2) A member who has attained the normal retirement age and has completed not less than ten years' continuous service shall have the right to retire from the service of the sponsor on pension or may be required by the sponsor so to retire.

(3) A member who has attained the age of fifty years and has completed not less than ten years' continuous service shall have the option to retire from service early, but such option shall only be exercised where there is an agreement between the member and the sponsor.

(4) A sponsor shall notify the Trust in writing of a member's retirement or approaching date of retirement at least six months in advance.

Benefits on
attainment of
normal
retirement age.

89. A member who retires from the service of a sponsor under these Rules on normal retirement age shall receive a gross pension equal to his average salary for the last three years, multiplied by his contributory service in months multiplied by $\frac{1}{480}$, or any other pension factor as may be advised by an actuary from time to time.

Method of
payment of
pension.

90. (1) Every person entitled to a pension shall give notice in writing to the Board of his postal address and every change in such address from time to time.

(2) Payment of pension shall be rounded down, that is, each instalment shall be determined to the nearest shilling.

(3) Payment of pension shall be conditional upon such evidence of survival and continued eligibility of the recipient to receive a pension hereunder as the Board in its absolute power shall require, and if such evidence is not produced, the Board may defer or suspend any payment until such evidence is produced.

(4) Subject to rule 110, pension will be paid in equal or incremental monthly instalments during the pensioner's lifetime, commencing on the date of retirement, as shall be advised by an actuary.

(5) A widows' pension shall be paid for a maximum period of twenty one years from the initial draw down date.

(6) Notwithstanding paragraph (4), the Board may pay pension in one lump sum if the net monthly pension shall amount and qualify as a trivial pension under the Act and these Rules.

91. (1) If a member who has completed ten years or more continuous service dies in service, there shall be payable to any eligible beneficiary the pension benefit equivalent to fifty per cent (50%) of the gross pension the said member would have received if he had retired on the day before his last day of employment, on a pension calculated in accordance with rule 89.

Death in service.

(2) The pension benefit referred to in paragraph (1) may, at the option of the beneficiary, be commuted for a lump sum up to a maximum of one-third (1/3) of the reduced pension.

(3) Benefits under paragraph (2) shall take effect on the appointed date.

92. A member who opts to retire before attaining the normal retirement age, but having attained fifty years, and has served in a pensionable post for not less than ten years, shall receive a gross pension equal to his average salary for the last three years multiplied by his contributory service in months multiplied by $\frac{1}{400}$ or any other pension factor as may be advised by an actuary from time to time.

Pension upon early retirement.

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93. A pension or part of a pension or lump sum payable under these Rules to a widow or widower, child or dependant may, as the Board may determine from time to time after obtaining requisite evidence, be paid either to –

Discretion of Board.

- (a) such widow, widower, child or other dependant; or
- (b) such person as the Board may think fit, to be applied for the maintenance, support or benefit of the child, widow, widower or other dependant, as the case may be.

94. If part payment has been made under the provisions of these Rules to the estate of a deceased member, and the Board is subsequently satisfied that the deceased member was survived by a relative or dependant who was eligible to receive a pension under these Rules, there shall be paid to such relative or dependant, either –

Revision of payment.

- (a) the unpaid balance, if any; or
- (b) if the relative or dependant would have been entitled to a pension under these Rules, such pension as the Board may, on the advise of an actuary, determine.

Extension of time.

95. The Board may extend any time in the Rules limiting the period during which a member may make any election or provide any information under these Rules.

When pension is not payable.

96. A pension shall not be paid to a member whilst he holds a pensionable post in the service of a sponsor.

Access to benefits.

97. (1) No member shall withdraw his benefits while still in the pensionable service of the sponsor.

(2) In the event of leaving service before attaining the retirement age prescribed for the Trust, a member shall be entitled to receive in full his own contributions plus accrued investment income attributable to that contribution.

(3) In the event of leaving service before attaining the retirement age prescribed for the scheme, a member shall be entitled to the employer's contribution and investment income thereof in the manner provided for in these Rules, subject to the Act.

(4) A member changing employment to another employer who is a sponsor to a registered retirement benefit scheme may transfer his current employer's contributions and benefits vested in him to the scheme of the new employer.

(5) In the event of winding-up of the Trust, benefits of a member who is still in service may be transferred to an individual retirement benefit scheme of his choice, or be dealt with as may be provided for in the Act.

Restriction of claim by member.

98. A member or other person who has received all benefits he is entitled to under these Rules shall have no further claim upon the Trust.

Retirement due to disability.

99. (1) A member who, having completed not less than ten years' continuous employment, is retired from the service of a sponsor by reason of –

- (a) bodily injury;
- (b) permanent ill-health; or
- (c) physical disability,

shall be entitled to receive a pension in respect of period of continuous employment calculated in accordance with the provisions of rule 87.

(2) A member who claims entitlement to a pension on any of the grounds mentioned in paragraph (1) shall establish such entitlement by production of a medical certificate signed by a medical practitioner approved by the Board.

100. (1) If, on the death of a member, such member is survived by a widow, the pension or lump sum benefit shall, subject to these Rules, be paid to such widow.

Pension upon
death of
member.

(2) If a member dies leaving a child, the pension or lump sum benefit shall, subject to the provisions of these Rules, be paid to such child.

(3) Notwithstanding the provisions of paragraphs (1) and (2) above, if on the death of a member, he is survived by a spouse of a previous marriage who has not re-married and who is maintained in whole or in part by the member at the time of his death, the Board may, from time to time and at any time, pay the whole or such proportion of the pension or lump sum benefits as it deems fit to such spouse.

(4) Notwithstanding the provisions of paragraph (2) above, if a member dies leaving a child surviving who is not eligible to benefit under these provisions, but, in the opinion of the Board, is wholly or partly dependent upon such member, the Board may, from time to time and at any time, pay the whole or such proportion of the said pension or lump sum benefit as it deems fit to such child.

(5) Payment of pension to or for the benefit of any child shall cease when the child attains eighteen years of age or, in the case of a female child, marries under that age:

Provided that the Board may, in its absolute discretion and upon receipt of any necessary evidence, continue payment of the pension or any part thereof to such child until the child attains the age of twenty one years, for reasons that the child is still in a learning institution as a fulltime student.

(6) If a member dies, and at the time of his death he was in receipt of a pension from the Trust, there shall become payable

to an eligible beneficiary a pension equal to fifty per cent of the pension the said member was receiving at the time of his death.

Payment to widows etc. not entitled to pension.

101. If a member dies in the service of a sponsor, having completed less than ten years' continuous service, there shall become payable to his spouse or dependant a refund of both his and his employer's contribution plus accrued investment income only.

Apportionment of benefits among eligible dependants.

102. A member who has more than one spouse shall be entitled to nominate the proportions in which any widow's pension payable on his death shall be paid, but such nomination shall not be binding on the Board.

Commutation of pension.

103. (1) A member may, at the date of his retirement from the service of a sponsor, elect to be paid, in lieu of the annual pension, up to a rate of one-third ($\frac{1}{3}$) of the lump sum which is equal to twenty times the amount of the reduction made in the pension.

(2) This rule shall be deemed to have come into force on 1st January, 2002.

Pension entitlement whilst in a reciprocating body.

104. (1) If the period of continuous service of a member, added to his pensionable service with a reciprocating body, would have qualified him had it been wholly in the service of a sponsor for a pension, such member shall be entitled, upon his retirement, to a pension in respect of his continuous service of such an amount as bears the same proportion to the amount of pension for which he would have been eligible had his service been wholly under a sponsor as the aggregate amount of his salary during his continuous service bears to the aggregate amount of his pensionable emoluments throughout his service with the reciprocating body, plus such aggregate amount of salary.

(2) If such member retires from the pensionable service of a reciprocating body at an age earlier than the normal retirement age, the pension payable from the Trust shall be reduced by the percentage set out below –

Age at date of retirement	% reduction rule
45	25
46	21

47	18
48	15
49	12
50	0

105. Any pension that is less than the highest minimum Nairobi wage advised from time to time by the Minister for the time being responsible for matters relating to labour and human resources shall be treated as trivial pension, and may be paid out in one final lump sum upon approval being sought and obtained by the Board from the Authority, either for specific cases or generally for all trivial pension cases as they arise.

Trivial pension.

106. Upon the death of a member, if the Board is satisfied that there is no person who is or may be eligible for a benefit under these Rules, there shall be paid to the person lawfully administering the estate of the deceased member a refund of contribution plus accrued investment income.

Payment to deceased members.

107. (1) The Board may, for a period not exceeding twenty one years from the death of a member, pay the whole or such proportion, if any, of such pension as it deems fit to a beneficiary of such member.

Cessation of pension to beneficiaries after twenty-one years.

(2) Any payment made by virtue of the above provisions to a child or dependant may be made to any other person for the benefit of such child or dependant, and such person's receipt therefor shall be a full and sufficient discharge to the Board.

(3) In the event of two or more persons being eligible to receive simultaneously the whole or any part of a pension or lump sum benefit, the Board may apportion the same between them in such proportion as it deems fit or pay the whole or part of the said pension or lump sum benefit to one or more of such persons to the exclusion of the other or others.

(4) The pension of a member who has elected to commute part of his pension shall be such pension as he would have been receiving at the date of his death if he had not so elected.

108. If the Board is satisfied that the widow or widower of a deceased member, whilst in receipt of a pension, has deserted or abandoned or has failed or is failing to maintain or assist, so far as her or his means allow, a child of hers or his marriage with the deceased member whom she or he is bound by law to

Failure to maintain children.

maintain, the Board may, on receipt of sufficient evidence, pay or cause to be paid such child such portion of the pension as it may think fit, and the widow or widower shall have no further claim in respect of any portion of the pension so paid.

Effect of
dissolution of
marriage.

109. If the marriage of any member has been annulled or dissolved by the decree of a competent court, then, at the instance of the member, the member's spouse shall, for the purposes of these Rules, be deemed to have died, and the member shall be deemed to have become a widow or widower, as the case may be, at the date of decree absolute.

Annual pension
increase.

110. Pensioners shall be entitled to annual pension increase as may be advised and determined by an actuary during a statutory valuation period of the Trust based on the financial performance of the Trust in the preceding year.

Cessation of
pension.

111. A pension being paid to a widow or widower or former spouse of a deceased member shall cease to be payable to him or her upon re-marriage:

Provided that where the widow or widower had a child or children or dependants of the deceased member under his or her care, the child or dependant shall receive the deceased member's benefits in accordance with provisions of these Rules.

Preservation of
member's benefits.

112. (1) A member who has withdrawn from the Trust or his beneficiary may opt to retain in the Trust his accrued benefits for the purposes of preservation in the Trust.

(2) The Board shall invest the preserved benefits in the same manner as the other Trust funds and eventually pay to the member or beneficiary the principal amount together with the accrued investment income.

Claimant of
pension to prove
continued survival
or eligibility.

113. The Board may require such proof as it considers desirable to confirm that any person who claims to be entitled to a pension, or on behalf of whom such a claim is made, is alive or still eligible, and the payment of such pension may be refused until such proof is furnished as to eligibility and as to existence at least every six months in a manner prescribed by the Board.

Incapacity of
pensioner.

114. (1) If a pensioner becomes incapable of managing his affairs by reason of physical or mental infirmity, and such condition is proven to the satisfaction of the Board, the Board may, during the period of such incapacity, pay the pension to or for the benefit of all or any of the persons mentioned in rule 93.

(2) All payments under this rule shall be made at the Board's discretion in such proportions as it deems fit to the institution having the care of the pensioner or the persons mentioned in rule 93.

(3) When the pensioner is restored to physical and mental health, he shall receive a pension at the same rate and under the same conditions as before his incapacity, together with any arrears which may be due to him, if any.

115. A member whose employment is terminated before the normal retirement age on any grounds shall receive payment on the last day of his employment, as a refund of his own and his employer's contribution, plus accrued investment income subject to vesting of benefits and access to benefits provisions herein.

Refund on termination of employment.

116. (1) If a member in receipt of a pension is adjudged bankrupt by a competent court, such pension shall forthwith determine:

Bankruptcy of pensioner.

Provided that in any such case, all or any part of the pension may be paid at the discretion of the Board to or for the benefit of all or any of the following –

- (a) the member or his spouse;
- (b) the member's child; or
- (c) any other person who is wholly or partly dependent on the member.

(2) A pension which had determined under paragraph (1) shall revive on an order of discharge having been granted to the pensioner, and he shall receive a pension at the same rate and under the same conditions as before the adjudication of bankruptcy.

117. Notwithstanding any provision to the contrary that may be contained in these Rules, the Board shall have the authority to exercise its discretion in the following aspects –

Discretionary powers of Board in the payment of benefits.

- (a) to decide on the amount of retirement benefits payable to a nominated beneficiary;
- (b) to decide on the amount of retirement benefits payable to the children of a deceased member or pensioner;
- (c) to decide on the apportionment of retirement benefits

payable to the children of a deceased member or pensioner;

- (d) to decide on the reinstatement of a surviving spouse's pension that had ceased on remarriage;
- (e) to decide on the format of payment of a pension including lump sum or monthly pension to the widow or widower of a member.

Incapacity of beneficiary.

118. If a member's dependant or other person to whom the Board is making payments to, or to whom any benefits have become payable, shall be suffering from any physical or mental incapacity (for which a certificate from a qualified medical practitioner to the effect that a member, dependant or other person suffering may be accepted by the Board as conclusive evidence), or is an infant, the Board may, if it deems advisable, pay or apply the whole or any part of such payments to any person or persons, association or corporate body on behalf of such dependant or other person, without being bound to see to the application thereof, and the receipt by such person or persons, association or corporate body shall be a complete discharge to the Board for such payment.

Refund on other grounds.

119. (1) A member whose employment is terminated by a sponsor before the date of retirement on any grounds not otherwise provided for under these Rules shall be paid from the Trust refund of his own and employer's contributions plus accrued investment income subject to any other provision in these Rules.

(2) Where a sponsor terminates the services of a member for any reason, the details of the termination shall be submitted to the Board within thirty days of the occurrence of the event.

Repayment of benefits improperly received.

120. Any person who fails to disclose or who misrepresents any material fact, whether such non-disclosure or misrepresentation is or is not fraudulent, and receives any benefits he was not entitled to receive, is liable to repay the benefits so received within such period as the Board may direct, and the Board shall have the right to report patently criminal claims to appropriate authorities for further action.

Re-engagement of a pensioner in the service of a sponsor.

121. (1) If a person in receipt of a pension is subsequently appointed to fill a post within the employment of a sponsor, other than a pensionable post, the payment of his pension shall not be affected by such appointment.

(2) A member in receipt of a pension who is re-employed by a sponsor shall not contribute to the Trust:

Provided that such a member may make voluntary additional contributions but will not be eligible to pension.

122. (1) If any member or beneficiary fails to comply with the provisions of these Rules, the Board may suspend payment of any benefit due to or in respect of him until the provisions are complied with.

Suspension of benefits.

(2) If a member or beneficiary or other person receiving or entitled to receive benefits from the Trust shall at any time knowingly make any false statement respecting any of the particulars required by these Rules to be furnished, all or any part of the rights under the Rules of the member or beneficiary shall be liable to be forfeited at the discretion of the Board, or the Board may decrease pension payable to any child of the member in consequence, or as a forfeiture under this rule of the rights of any child or the widow of the member, as the case may be.

(3) A member or beneficiary or other person receiving benefits from the Trust who fails or neglects to comply with any of the requirement in these Rules shall be liable to forfeit such benefits from the Trust as to himself or his dependants, as the Board may determine.

(4) Nothing in these Rules shall prejudice any right of the Board to recover any sums paid out of the Trust funds which would not otherwise have been paid but for such failure, neglect or false statement as aforesaid.

123. If any doubt arises in any particular case, regarding which provisions of the Rules shall apply, or the interpretation of the same, the decision of the Board shall be final and conclusive.

Finality of Board decision.

PART VIII - MISCELLANEOUS

124. (1) Nothing in these Rules shall in any way restrict the right of an employer or sponsor to terminate the employment of any member.

Protection from liability, etc.

(2) No person or member shall have any claim concerning the Trust either upon the Board or the sponsor except in accordance with these Rules.

(3) No benefit, right or interest to which a member may claim to be entitled to in terms of these Rules shall be used as a ground for suit for damages in any action brought by a member or person against the employer or Sponsor.

Prohibited payments.

125. (1) No payment shall be made to the sponsor from the Trust without the prior written consent of the Authority and the Commissioner.

(2) No payment shall be made hereunder to a member while he remains in the pensionable service of the sponsor.

Right to documents.

126. (1) Every member shall be entitled at any reasonable time, at the registered offices of the Trust, to inspect a copy of these Rules, regulations made by the Board in accordance with rule 129, and any amendments made thereto.

(2) Every member shall be entitled to any documents or other information from the Trust as provided by regulations made under the Act, within the reasonable ability of the Trust to so provide.

Conflict with the Act, etc. Cap. 470

127. In case of conflict or inconsistency between these Rules, the Act, or the Income Tax Act, these Rules shall be void and ineffective to the extent of that conflict or inconsistency.

Notices.

128. Any notice which under the provisions of these Rules is required to be given to or served upon the Trust, shall be given in writing, delivered or addressed to the Trust at its last known address in Kenya, in the name of the Managing Trustee at the registered offices of the Trust.

Regulations by the Board.

129. The Board may make regulations to govern the smooth running of the Trust provided that such regulations shall not be in conflict with any provision of these Rules or any other written law.

Disputes and arbitration.

130. (1) Save where these Rules provides otherwise, the decision of the sponsors or the Board shall be final and conclusive:

Provided that, if any dispute, difference or question shall arise between the employer or sponsor, the Board, the members, the member's dependants or other persons or their personal representatives or any of them, respectively, touching on the construction, meaning or effect of these Rules, or any clause or thing therein contained, or the rights, liabilities of the said parties respectively or any of them under these Rules, or otherwise

howsoever in relation to the Trust, then every such dispute or question shall be referred to arbitration by a single arbitrator to be appointed by or facilitated by the Authority in accordance with the regulations made under the Act or the Arbitration Act, at the instance of the party complaining.

No. 4 of 1995,

(2) The decision of the arbitrator shall be binding on all the parties in respect of the issues in dispute.

(3) An appeal from the decision of the arbitrator shall lie to the High Court.

131. The Kenya Local Government Officers' Superannuation Fund Rules, 1963, are revoked.

Revocation of L.N.
No. 313 of 1963,
Transition.

132. (1) The statutory functions, rights, interest, obligations and liabilities of the former Fund, existing immediately before the appointed date, under any contract, or in law or in equity, shall be deemed to have been assigned to and vested in the Board.

(2) Any such contract shall be of the same force and effect against or in favour of the Board, and shall be enforceable as fully and effectively as if and instead of the Board of Trustees of the former Fund.

(3) The tenure of office already served by members of the Board of Trustees of the former Fund shall be counted in reckoning the balance of the period remaining to be served by members of the Board established under these Rules.

(4) The Trust shall be subject to all the obligations and liabilities to which the former Fund or the Board of Trustees of the former Fund was subject to before the appointed date, and all other persons shall have the same rights, powers and remedies against the Trust as they had against the former Fund.

(5) Any proceedings or causes of action pending immediately before the appointed date, by or against the former Fund or its Board of Trustees, may be continued or as the case may be, commenced and any determination of a court of law, tribunal or other authority may be enforced by or against the Trust to the same extent that such proceedings would have been enforced by or against the former Fund.

(6) All assets, funds, resources and other movable or immovable property which immediately before the appointed

date were vested in the former Fund or its Board of Trustees, or companies solely owned by such Trustees shall, without further assurance, be vested in the Trust or Board established under these Rules.

(7) All staff, members, pensioners and sponsors who immediately before the appointed date were the staff, members, pensioners and sponsors of the former Fund shall, without further assurance, be the staff, pensioners, members and sponsors of the Trust established by these Rules.

(8) Any rights, interests and obligations of existing service providers, members and pensioners with the former Fund immediately before the appointed date shall, if not otherwise provided for elsewhere in these Rules, be preserved by the Board in the best manner possible and dealt with on a case by case basis, balancing the service providers, members, pensioners or beneficiaries and the Trust interest equitably.

FIRST SCHEDULE

LIST OF SPONSORS

- 1) Ahero Town Council
- 2) Awendo Town Council
- 3) Baringo County Council
- 4) Bomet County Council
- 5) Bomet Municipal Council
- 6) Bondo County Council
- 7) Bondo Town Council
- 8) Bungoma Municipal Council
- 9) Bungoma County Council
- 10) Bureti County Council
- 11) Burnt Forest Town Council
- 12) Busia County Council
- 13) Busia Municipal Council
- 14) Butere Mumias County Council
- 15) Chepareria Town Council
- 16) Chogoria Town Council
- 17) Chuka Municipal Council
- 18) Eldama Ravine Town Council
- 19) Eldoret Municipal Council
- 20) Embu County Council
- 21) Embu Municipal Council

- 22) Funyula Town Council
- 23) Garissa County Council
- 24) Garissa Municipal Council
- 25) Gucha County Council
- 26) Gusii County Council
- 27) Homa Bay Municipal Council
- 28) Homa Bay County Council
- 29) Isiolo County Council
- 30) Ijara County Council
- 31) Iten Town Council
- 32) Kabarnet Municipal Council
- 33) Kajiado Town Council
- 34) Kakamega County Council
- 35) Kakamega Municipal Council
- 36) Kandara Town Council
- 37) Kangema Town Council
- 38) Kangundo Town Council
- 39) Kapenguria Town Council
- 40) Kapsabet Municipal Council
- 41) Karatina Municipal Council
- 42) Karuri Town Council
- 43) Kehancha Municipal Council
- 44) Keiyo County Council
- 45) Kendu Bay Town Council
- 46) Kericho Municipal Council
- 47) Keroka Town Council
- 48) Kerugoya/Kutus Municipal Council
- 49) Kiambu County Council
- 50) Kiambu Municipal Council
- 51) Kikuyu Town Council
- 52) Kilifi County Council
- 53) Kilifi Town Council
- 54) Kimilili Municipal Council
- 55) Kipkelion Town Council
- 56) Kipsigis County Council
- 57) Kirinyaga County Council
- 58) Kisii County Council
- 59) Kisumu City Council
- 60) Kisumu County Council
- 61) Kitale Municipal Council
- 62) Kitui County Council

- 63) Kitui Municipal Council
- 64) Koibatek County Council
- 65) Kwale County Council
- 66) Kwale Town Council
- 67) Laikipia County Council
- 68) Lamu County Council
- 69) Limuru Municipal Council
- 70) Litein Town Council
- 71) Lodwar Municipal Council
- 72) Londiani Town Council
- 73) Luanda Town Council
- 74) Lugari County Council
- 75) Machakos Municipal Council
- 76) Makuyu Town Council
- 77) Makueni County Council
- 78) Malaba Town Council
- 79) Malakisi Town Council
- 80) Malava Town Council
- 81) Malindi County Council
- 82) Malindi Municipal Council
- 83) Mandera Town Council
- 84) Mandera County Council
- 85) Maragua County Council
- 86) Maragua Town Council
- 87) Marakwet County Council
- 88) Maralal Town Council
- 89) Mariakani Town Council
- 90) Marsabit County Council
- 91) Masaku County Council
- 92) Masimba Town Council
- 93) Matuu Town Council
- 94) Maua Municipal Council
- 95) Mavoko Municipal Council
- 96) Mbeere County Council
- 97) Mbita Point Town Council
- 98) Meru County Council
- 99) Meru Municipal Council
- 100) Meru South County Council
- 101) Meru Central County Council
- 102) Migori County Council
- 103) Migori Municipal Council

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- 104) Molo Town Council
 - 105) Mombasa City Council
 - 106) Moyale County Council
 - 107) Mt. Elgon County Council
 - 108) Mumias Municipal Council
 - 109) Muranga County Council
 - 110) Muranga Municipal Council
 - 111) Muhoroni Town Council
 - 112) Mutitu Andei Town Council
 - 113) Mwingi County Council
 - 114) Mwingi Town Council
 - 115) Nairobi City Council
 - 116) Naivasha Municipal Council
 - 117) Nakuru County Council
 - 118) Nakuru Municipal Council
 - 119) Nambale Town Council
 - 120) Nandi County Council
 - 121) Nandi Hills Town Council
 - 122) Nanyuki Municipal Council
 - 123) Narok County Council
 - 124) Narok Town Council
 - 125) Nyahururu Municipal Council
 - 126) Nyamache Town Council
 - 127) Nyamarambe Town Council
 - 128) Nyambene County Council
 - 129) Nyamira County Council
 - 130) Nyamira Town Council
 - 131) Nyandarua County Council
 - 132) Nyando County Council
 - 133) Nyansiongo Town Council
 - 134) Nyeri County Council
 - 135) Nyeri Municipal Council
 - 136) Nzoia County Council
 - 137) Ogembo Town Council
 - 138) Olkalou Town Council
 - 139) Olkejuado County Council
 - 140) Othaya Town Council
 - 141) Oyugis Town Council
 - 142) Pokot County Council
 - 143) Port Victoria Town Council
 - 144) Rachuonyo County Council

- 145) Rongo Town Council
- 146) Ruiru Municipal Council
- 147) Rumuruti Town Council
- 148) Runyenjes Municipal Council
- 149) Sagana Town Council
- 150) Samburu County Council
- 151) Siaya County Council
- 152) Siaya Municipal Council
- 153) Sirisia Town Council
- 154) Sotik Town Council
- 155) Suba County Council
- 156) Suneka Town Council
- 157) Tabaka Town Council
- 158) Taita Taveta County Council
- 159) Tana River County Council
- 160) Taveta Town Council
- 161) Teso County Council
- 162) Tharaka County Council
- 163) Thika County Council
- 164) Thika Municipal Council
- 165) Transmara County Council
- 166) Turkana County Council
- 167) Ugunja Town Council
- 168) Ukwala Town Council
- 169) Vihiga County Council
- 170) Vihiga Municipal Council
- 171) Voi Municipal Council
- 172) Wajir County Council
- 173) Wareng County Council
- 174) Webuye Municipal Council
- 175) Wote Town Council
- 176) Yala Town Council

SECOND SCHEDULE

LIST OF ASSOCIATED ORGANISATIONS

- 1) Amatsi Water Services Company Limited
- 2) Association of Local Government Authorities of Kenya (ALGAK)
- 3) Eldama Ravine Water and Sanitation Company Limited

- 4) Eldoret Water & Sanitation Company Limited
- 5) Embu Water and Sanitation Company Limited
- 6) Embu Water and Sanitation Company Limited
- 7) Gatamathi Water and Sanitation Company Limited
- 8) Gatanga Water and Sewerage Company Limited
- 9) Gatundu Water and Sewerage Company Limited
- 10) Gusii Water and Sanitation Company Limited
- 11) Imetha Water and Sanitation Company Limited
- 12) Isiolo Water and Sewerage Company Limited
- 13) Isiolo Water and Sewerage Services Limited
- 14) Kahuti Water and Sewerage Company Limited
- 15) Karimenu Water and Sewerage Company Limited
- 16) Kenya Local Government Workers Union (KLGWU)
- 17) Kericho Water and Sanitation Company Limited
- 18) Kikuyu Water Company Limited
- 19) Kilifi-Mariakani Water and Sewerage Company Limited
- 20) Kirinyaga Water and Sanitation Company Limited
- 21) Kisumu Water and Sewerage Company Limited
- 22) Kitui Water and Sanitation Company Limited
- 23) Kwale Water and Sewerage Company Limited
- 24) Lamu Water and Sewerage Company Limited
- 25) Limuru Water and Sewerage Company Limited
- 26) Machakos Water and Sewerage Company Limited
- 27) Malindi Water and Sewerage Services Limited
- 28) Maragua Water and Sanitation Company Limited
- 29) Mathira Water and Sewerage Services Limited
- 30) Meru Water and Sewerage Services Limited
- 31) Mikutra Water and Sanitation Company Limited
- 32) Mombasa Water and Sewerage Company Limited
- 33) Muranga Water and Sanitation Company Limited
- 34) Nairobi City Water and Sewerage Company Limited
- 35) Nakuru Water and Sanitation Services Company Limited
- 36) Nanyuki Water and Sewerage Company Limited
- 37) Narok Water and Sanitation Company Limited
- 38) Nithi Water and Sanitation Company Limited
- 39) Nyahururu Water and Sanitation Company Limited
- 40) Nyeri Water and Sewerage Company Limited
- 41) Nzoia Water and Sanitation Services Company Limited
- 42) Olkalou Water and Sanitation Company Limited
- 43) Othaya Mukurueini Water and Sanitation Company Limited

- 44) Ruiru-Juja Water and Sanitation Company Limited
- 45) Rumuruti Water and Sanitation Company Limited
- 46) Siboi Water and Sanitation Company Limited
- 47) South Nyanza Water and Sanitation Company Limited
- 48) Tana Water Boreholes and Sanitation Company Limited
- 49) Tarda-Kiambere Water and Sanitation Company Limited
- 50) Tavevo Water and Sewerage Company Limited
- 51) Tetu Abardare Water and Sanitation Company Limited
- 52) Thika Water and Sewerage Company Limited
- 53) Vihiga Water and Sewerage Services Limited
- 54) Western Water Services Company Limited

THIRD SCHEDULE

LIST OF APPROVED RECIPROCATING BODIES

- (1) The Government of the Republic of Kenya.
- (2) All local authorities in Kenya who are not listed in the First Schedule as sponsors.
- (3) All associated organisations other than those listed in the Second Schedule.
- (4) All state corporations in Kenya.

FOURTH SCHEDULE

FORMAT OF DEED OF ADHERENCE

DEED OF ADHERENCE

This Deed of Adherence is made this day of 20.....
 BETWEEN (herein referred to as the
 "Employer") AND the Board of Trustees of the Local Authorities Pensions Trust
 registered under the Trustees (Perpetual Succession) Act (Cap 164, Laws of
 Kenya) (hereinafter referred to as the "Trust").

WHEREAS the Employer has by formal application requested to join the
 membership of the Trust as a sponsor;

WHEREAS the employer meets all requisite entry requirements;

AND WHEREAS the Board having considered the application carefully has approved the same,

NOW THEREFORE this Deed witnesseth as follows:

- (a) That effective the day of 20....., the Employer by the execution of this Deed assumes and adheres irrevocably to the trusts, rights and obligations pertaining to all sponsors in the scheme herein before mentioned under the Local Government (Local Authorities Pensions Trust) Rules, 2006 and by virtue of the execution of this Deed has been admitted and becomes a sponsor in the Trust.
- (b) The powers, rights, privileges and responsibilities bestowed upon all the sponsors by this presents without any reservations or caveat is granted to the Employer for as long as this Trust shall exist.

IN WITNESS WHEREOF THIS DEED has been executed this day of 20..... by the parties herein.

Sealed with the common seal of the Employer

(Seal)

In the presence of:

DIRECTOR

DIRECTOR/SECRETARY

Sealed with the common seal of the Trust

(Seal)

In the presence of:

MANAGING TRUSTEE

TRUSTEE/SECRETARY

FIFTH SCHEDULE

EMBLEMS OF THE TRUST

The emblems of the Trust consists of –

(a) The Corporate Logo

It encompasses two human hands - one placed above the other to represent contributions and contributors to the Trust, and the other representing members or pensioners receiving their benefits from the Trust. The two hands have different colors to emphasize their symbolic purpose and meaning.

Viewed as a whole, the logo depicts a scheme which is seen as providing secure old age security as shown by the two hands encompassed in a circle depictive of a currency coin, Kenya's medium of exchange and value.

(b) Flag

The flag has a white background with the corporate logo inserted in the middle.

(c) Corporate Colours

The corporate colours are blue and magenta against a white and grey background.

(d) Slogan

The enduring message of the Trust is "*Your Pension Trustee*".

These emblems are the property of the Trust and shall be preserved, protected and respected by all for as long as the Trust shall exist.

Dated the 13th February, 2007.

MUSIKARI KOMBO,
Minister for Local Government.