



REPUBLIC OF KENYA



EXECUTIVE OFFICE OF THE PRESIDENT
HEAD OF THE PUBLIC SERVICE

**Implementation of the Public Service
Superannuation Scheme for Civil Servants,
Teachers and Disciplined Services**

Effective Date: 1st January, 2021

REPUBLIC OF KENYA



EXECUTIVE OFFICE OF THE PRESIDENT
HEAD OF THE PUBLIC SERVICE

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Ref. No. OP/CAB.1/8A

20th November, 2020

The Attorney General
All Cabinet Secretaries
The Comptroller, State House
All Principal Secretaries/Accounting Officers
The Controller of Budget
The Auditor General
The Secretary/CEO, Public Service Commission
The Secretary/CEO, National Police Service Commission
The Secretary/CEO, Teacher Service Commission
All CEOs, State Corporations/Agencies/Commissions
All Regional Commissioners
All County Commissioners
All Secretaries, County Public Service Boards
All County Secretaries
All County Clerks, County Assemblies

**IMPLEMENTATION OF THE PUBLIC SERVICE SUPERANNUATION
SCHEME FOR CIVIL SERVANTS, TEACHERS AND DISCIPLINED
SERVICES**

The Public Service Superannuation Scheme Act, 2012 (the 'Act') was enacted as part of Government reform initiatives in the pensions sector. The Act established the contributory **Public Service Superannuation Scheme (PSSS)** in line with the policy direction issued by Government through the National Treasury Circular No. 18 of 2010.

The Circular directed the conversion of all Defined Benefits Schemes in the public sector to Defined Contributory Schemes. The objective was to align

public service pension schemes with best practice in the retirement benefits industry.

The Public Service Superannuation Scheme ('PSSS' or 'Scheme') will commence on 1st January, 2021 as appointed through Legal Notice No. 156 published in the Kenya Gazette Supplement of 12th August, 2020. Subsequently, the current scheme will be closed to new entrants and the accrued benefits for those who join the new Scheme will be calculated and paid into the Scheme.

1. Features of the Scheme

a) Coverage

The Scheme will cover all civil servants, teachers and the disciplined services personnel (National Police Service, Prison Service and National Youth Service).

b) Membership

Membership of the Scheme shall comprise the following categories:

- i) Employees serving on permanent and pensionable terms of service and aged below 45 years as at 1st January, 2021;
- ii) New employees who join the Public Service on or after 1st January, 2021 on permanent and pensionable terms of service;
- iii) Employees aged 45 years and above as at 1st January, 2021 who opt to join the new contributory Scheme; and
- iv) Employees whose services were transferred to a county government *vide* Public Service Commission Letter No. PSC/ADN/91/XIV/ (25) dated 17th May, 2016, are currently covered under the Public Service Pension Scheme, and fall under the first or third category above.

c) Contributions

- i) The PSSS is a Defined Contributory (DC) Pension Scheme. Employees will contribute 7.5% of their basic salary. The rate of contribution will be graduated at the following rates: 2% in the first year; 5% in the second year; and 7.5% in the third year. Employees will have the option to make additional voluntary contributions above the mandatory 7.5% of their basic salary. Where an employee takes this option, the Government will not increase its contribution.
- ii) The employer will contribute 15% of the employee's basic salary.
- iii) The provisions in (i) above will apply to staff on secondment and the 31% pension contributions will cease with effect from 1st January, 2021 for those who join the Scheme.
- iv) Contributions to the Widows and Children's Pension Scheme (WCPS) and National Social Security Fund (NSSF) will cease from the date an employee joins the scheme.

d) Employees not covered

The following categories of employees will not be eligible to join the Scheme:

- i) Employees whose services are extended on Local Agreement Terms (contract) after retirement;
- ii) Employees engaged on Local Agreement Terms (contract); and
- iii) Employees aged 45 years and above as at 1st January, 2021 who do not opt to join the Scheme will remain in the current scheme.

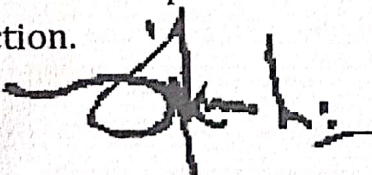
2. Implementation

- a) Authorized Officers should ensure that:
 - i) Employees covered under this Scheme who are not on permanent and pensionable terms of service, and are contributing to the National Social Security Fund are admitted to permanent and pensionable terms of service with effect from 1st January, 2021;
 - ii) Officers realign their salaries to comply with the provisions of s.19 (3) of the Employment Act, 2007 which requires an employee to take home not less than one third of their salary.
- b) The Ministry of Public Service and Gender shall provide a check-off facility to effect the contributions.
- c) Accounting Officers shall remit employee and government contributions by the 10th day of the next month following the due date, provided that:
 - i) Where the Accounting Officer fails to deduct a member's contribution, the sum will attract a compound interest at the rate of three percent per month; and
 - ii) Where the Government fails to make employer contributions in any month, the sum will attract a compound interest at the rate of three percent per month.
- d) Employees' records will be centrally converted to the Public Service Superannuation Scheme through the IPPD system based on the parameters set out in the Act. MDCAs shall thereafter verify the records to ascertain their correctness.

Prior to the commencement date, the Scheme in conjunction with the stakeholders will hold education and outreach sensitization forums across the Public Service. The relevant materials and the requisite forms are available on the following websites:

- (i) The National Treasury at www.treasury.go.ke;
- (ii) Teachers Service Commission at www.tsc.go.ke;
- (iii) National Police Service Commission at www.nationalpolice.go.ke;
- (iv) National Youth Service at www.nys.go.ke; and
- (v) Public Service Commission at www.publicservice.go.ke

You are requested to note the contents of this Circular and take necessary action.



JOSEPH K. KINYUA, E.G.H.
THE HEAD OF THE PUBLIC SERVICE

Copy to:

The Chairperson,
Public Service Commission.

The Chairperson,
National Police Service Commission.

The Chairperson,
Teachers Service Commission.

The Chairperson,
Board of Trustees,
Public Service Superannuation Scheme.

The Chairperson,
Council of Governors.

The Chairpersons,
County Public Service Boards.

The Chairperson,
County Assemblies Forum.