



PAN AFRICA LIFE ASSURANCE LIMITED

PAN AFRICA LIFE PERSONAL PENSION PLAN (FLEXIPENSION)

Overview

Have you ever thought that you/employee could live for 30, 40 or more years after your retirement? Have you planned to invest for your future?

The Hallmark of an organization is to have highly motivated employees during and after their retirement. That is why smart companies today recognize that their major investment is in human resource. Pan Africa Life has an answer for you through the PALAL Personal Pension Plan.

By investing in Pan Africa Life's Individual Personal Pension Plan, an employer is sure to attract and retain high caliber staff for higher business productivity and returns.

- The purpose of the plan is to provide retirement, savings and/ or investments benefits.
- The Individual Plan Payments at retirement will either be paid as a cash lump sum or as annuity payments done either monthly or annually.
- The objective is to ensure that when the member retires, they continue getting paid a regular income just like when they had energy to work.
- The scheme can be set up by the employer or by the individual and the employer can participate. The benefits vests in the employee immediately

PERSONAL PENSION PLAN

A Personal Pension Plan is a way of saving for your retirement, which may not be dependent on your earnings. You will contribute a set amount of money, which is then invested to building up a fund. You can then draw from this fund when you are over the age of 50. A personal pension plan is an investment tool used to provide individuals with an income in retirement.

How much money will I have in the fund at the end? The amount of money you have will depend on:

- The amount of money you have paid in
- The performance of the investment fund

A personal pension plan is a way of making regular savings for your retirement. You usually pay into the plan every month, quarterly half-yearly annually or a lumpsum and your employer can also contribute to your plan. The money in your pension fund is invested to pay for a pension when you are older.

Personal Pension Plans are mainly individual contracts, but sometimes Group schemes are set up by companies who would not otherwise offer a pension scheme.

A Personal Pension belongs to you. This gives you control but also means the risks affect you directly. Amongst other things, your pension will depend on how much you have paid in, how your investments perform and annuity rates at the time you retire.

WHY PURCHASE A STAFF RETIREMENT BENEFITS SCHEME

What are the benefits of Personal Pension Plan?

- You can start receiving the money from the funds from the age of 50 onwards and you can continue working at the same time.
- They are suitable for people who are self-employed or who do not have access to a work pension scheme.
- As the government is currently trying to help people save for their retirement, you can receive tax relief on the contributions you make into your PPP.
- Designed to provide retirement and death benefits for individual employees or self-employed people.
- Contribution levels are entirely flexible to assist those with fluctuating income and the plan can follow the individual throughout various career changes.

1. BENEFITS TO THE EMPLOYER

Financial Benefits

- Contributions to the retirement benefits are a tax allowable business expense
- Indirectly contributes to increased production and returns

Human Resource Benefits

- The attraction of high caliber staff is enabled.
- The well being of employees at retirement is catered for.

To the government and the economy

- An employer having this scheme contributes to increased savings and encourages a culture of thrift in society.
- It results indirectly in the contribution of jobs.

Social Benefits

- It evokes a sense of social responsibility in the employer.

2. BENEFITS TO THE EMPLOYEE

- Staff Retirement Benefits Scheme contributions by an employee are tax allowable.
- There is no state welfare support in Kenya. This leaves it upon an individual to fund his/her retirement.
- The plan alleviates poverty among retirees
- It enables retirees to be self-supporting, thereby not becoming a burden to their families and the society.
- The plan provides a deliberate channel to invest for retirement.
- It enables retirees to enjoy a stress free life after retirement.
- It ensures that retirees are not confined to old age homes.
- Results in increased life expectancy.

Advantages of this Plan

Flexibility

- The Individual Plan is portable where a member changes employment and wishes to transfer it to an existing scheme with a new employer.
- Premiums can be paid as Single lump sum, or at regular intervals either monthly, quarterly, half yearly or annually.
- It is possible to adjust contributions either upwards or downwards depending on a member's financial status.
- The policy does not lapse.

Escalation

- Contributions may be escalated to keep up with inflation. The rate of escalation may be advised at the outset or at the time it is to take effect.

Scheme Membership.

- Any person is eligible to join in if in majority age.

Retirement age

- Normal retirement age is 60 years, while early retirement age is 50 years.

What are the Benefits of taking up PALAL'S Personal Pension Plan (FlexiPension)?

Security

- Funds are guaranteed and interest once declared is also guaranteed.
- Fund balance certificates are given at the end of the Year.
- Use of professional staff to run the scheme.
- Pension savings can be converted into annuities to pay for life
- Investments result in dividends, Interest, capital growth

Value of savings

- This is a systematic and disciplined way of saving.
- Saving for retirement is most effective when you start early.
- Any amount of savings will add up later in life.
- Pension savings can be converted into annuities to pay you for life.
- Savings are equal to investments and through savings one gets returns either through attractive declared interest rates, which ensures continuous capital growth.
- If one loses their job, retirement benefits will be an invaluable source of income.
- It is a way of planning for retirement by saving when one has the energy
- The older one grows, the more unemployable they get or if self employed, the lesser productive they get, hence the need to prepare early. Investing in the pension plan will ensure this smooth transition.
- It is upon each individual to fund his or her own retirement and by failing to plan and prepare, one may end up becoming a burden to their children and family.
- As one grows older, medical needs increase (care on your body demands increase), and pension funds will come in handy.

Tax Advantages

- Tax concessions on contributions.
- Where the Plan is salary-related, the maximum contribution payable is 30%.
- Employer's contribution on behalf of the employees is tax-deductible up to certain limits.
- Tax-free amount on retirement.
- Annual pension is tax-free up to a maximum limit.

- Where benefits are paid to an estate, there tax concessions.

Optional benefits

- Life Cover
- (Up to 16 times annual contribution)
- Escalation of contributions
- Funeral Cash (Subject to life cover being taken)

Most/Commonly asked pension questions

1. Why does my business need a pension?

A company's success hinges on the motivation and loyalty of its people. You need to attract and retain good quality staff but keep costs under control. Research shows employees value a pension more than any other job perk. Contributing to their pension also benefits staff more than giving a pay rise.

2. Are there any risks I need to know about?

Investing in stock market shares is not without its risks. They can rise spectacularly in value over many years, go into periods of decline, or fall suddenly in value, with no guarantees you'll get back the full amount you invest. The key thing to remember is, the longer you stay invested in the stock market the better you tend to do. And savings don't get much more long term than pensions

3. Can my employer pay into this pension?

Yes, their payments would form part of your total contribution limits. If you'd like your boss to pay in, just let us know and we'll send you a form making it easy for them to do.

4. Can I save in other pensions too?

Yes, you can now save in as many pensions as you like. All the old rules about company directors and occupational schemes and salary limits have been removed. The first thing is to find out if your new employer offers a company pension, and whether they contribute to it. If so, join that so you don't miss out.

5. What happens if I'm made redundant or take a job break?

If money's tight you can take a break from payments until you find a new job. In the meantime, the money you've already saved can be left to grow over the years. You can start saving again into your pension any time you regain the ability to do so.

6. What happens if I'm off work and can't pay in?

You can stop your payments whenever you need to - perhaps if you fall ill or take maternity leave. Then you can start saving again when you can afford it.

7. What's the earliest I can retire?

The earliest you can retire and take your pension is at age 50 years.

8. What happens to my savings if I die before I retire?

They'll be paid to the people you name on your application - your beneficiaries.

9. Can I transfer my pension fund to another?

Yes, it's possible to transfer other pensions into a registered Pension Schemes.

Summary of the salient facts about Personal Pension

Fact	Description
How much can I contribute?	Minimum contribution Kshs. 1,000.00 Maximum is ones ability.
What is the aim of the plan?	When you retire, the plan will provide you with a pension. You can choose, at retirement, whether to have a higher pension, or a tax free cash sum and a reduced pension.
What age can I start taking a pension?	Any age from 50 to 75.
What about tax?	You will receive tax relief on contributions, subject to government limits. When you take your benefits, 1/3 of your fund can usually be taken as a tax-free cash sum (the pension income itself is taxed as pension income).
What are the charges?	There is an annual fund management charge. The standard charge is 1% of the value of your fund per year. There is also a one off charge of Kshs. 500.00 Policy Charge/fee.
Which funds can I invest in?	A wide range of PALAL funds plus a limited number of funds managed a specialist investment fund manager.

Fact	Description
What are the benefits?	<ul style="list-style-type: none"><li data-bbox="592 296 837 533">▪ You can start receiving the money from the funds from the age of 50 onwards and you can continue working at the same time.<li data-bbox="592 533 837 716">▪ They are suitable for people who are self-employed or who do not have access to a work pension scheme.