



Introduction

This is a retirement benefit arrangement designed on a defined contributory basis where the growth of the benefit is made up of the amounts contributed and the interest accrued.

The main objective of this scheme is to help individuals save for their retirement.

How it works

- You will contribute an amount of money, which is then invested towards building your retirement fund.
- The contributions may not necessarily be a proportion of your income. However, it is advisable for you to contribute a percentage of your earnings so that your ultimate benefits reflect your previous earnings to help preserve the standard of living you enjoyed before retirement.
- Contribution payments can be made monthly, quarterly, half-yearly, annually, or on an ad hoc basis to suit your income streams.
- You can choose to pay the contributions through:
 - Personal cheque
 - Standing orders to our bank for deduction and remittance of contributions
 - Direct debit authority to allow us to debit your account
 - Payroll deduction from the employer
 - M-Pesa payments

INDIVIDUAL PENSION PLAN

Who qualifies for a pension plan

- Anyone who is employed or self-employed may open an individual pension plan.
- Anyone who is a member of an occupational scheme (employer-sponsored) who would wish to supplement with the Individual Pension Plan.

Tax privileges/Benefits

- The contributions you make to this arrangement reduce your income due to taxation as it is deducted before tax.
- The maximum tax deductible on contributions is the lesser of Ksh 20,000 per month (Ksh 240,000 per year) or 30% of your pensionable income.
- On payment of benefits, tax exemption is also available, which is directly linked to the number of years you are in the scheme.
- The pension benefit payable to you on or after your 65th birthday is tax-free.

Mode of Investment

- Total contributions and past returns are guaranteed by Pioneer Assurance.
- The funds in the individual pension accounts are invested in a guaranteed fund, ensuring that your accumulated contributions plus interest are protected from capital erosion.



INDIVIDUAL PENSION PLAN

Access of Benefits

- Access of the retirement benefits savings is regulated under the Retirement Benefits Act.
- Early retirement is possible at age 50.
- You may also access your money on early withdrawal (only benefits secured by member contributions and interest).
- The remaining benefits secured by the employer's contributions will be preserved until retirement age.
- This preserved benefit can also be accessed before retirement when an IPP client is emigrating to another country or in case of ill health.
- In the event of member contributions alone, a member can access in part or full access of accumulated benefits.

Why consider Pioneer Individual Pension Plan

- It is flexible to suit your ability to contribute towards your retirement savings.
- The minimum guaranteed interest rate of 5% per annum.
- Annual fund value statements issued to all members.
- Competitive interest rates with a guaranteed minimum.
- Tax benefits when withdrawing

Tax benefits when withdrawing

1. Retirement benefits are fully exempt from withholding tax for members exiting the scheme upon reaching retirement age or after accumulating 20 years of membership, regardless of age.
2. For exits from the scheme before attaining age 50 and having been in the scheme for less than 15 years.

Tax Illustration – Lower Tax Band

Leaving the scheme before age 50 with less than 15 years of membership is taxed on amounts exceeding KShs. 60,000 per year, up to a maximum of KShs. 600,000.

	Withdraw P.A	Tax Rate
On the first	Kshs. 288,000	10%
On the Next	Kshs. 100,000	25%
On any amount in excess	Kshs. 388,000	30%

3. Tax Illustration – Wider Tax Band

This applies to members who have been in the scheme for at least 15 years but are under 50 years old when they exit. It covers amounts exceeding the non-taxable limit of KShs. 60,000 per year, up to a maximum of KShs. 600,000.

Withdraw P.A	Tax Rate
On the First Kshs. 400,000	10%
On the Next Kshs. 400,000	15%
On the Next Kshs. 400,000	20%
On the Next Kshs. 400,000	25%
On the Next Kshs. 400,000	30%

- Flexibility on the side of the member to increase the amount of contributions.
- The Individual Pension Plan is portable and can be transferred to another scheme of a client's choice, subject to terms and conditions in the policy document.
- Premiums can be paid as a single lump sum or at regular intervals.
- May provide a financial cushion when a member loses their job/income.
- An invaluable tool for disciplined and long-term savings for retirement.
- The IPP will enable you as a retiree to be self-supporting.

Investment performance

Pioneer 5 Year Average: 10.15%

YEAR	PERFORMANCE
2023	10.5%
2022	10%
2021	10.25%
2020	9%
2019	11%