



Makerere  
University  
Retirement  
Benefits  
Scheme

16 October 2018

**Chairperson's briefings on MURBS's Performance for the Financial Year ending 30<sup>th</sup> June 2018 on 16<sup>th</sup> October 2018, Level 2, Conference Room Senate Building, Makerere University**

The Chairman of the Makerere University Council and members of Council present,

The Vice Chancellor and members of Management present,

Trustees, Service Providers and MURBS Departmental Ambassadors,

The Staff of Makerere University,

The Staff of MURBS,

The Press,

Invited guests,

Ladies and Gentlemen,

I welcome you to this special event where Trustees of the Makerere University Retirement Benefits Scheme (MURBS) will be giving highlights of the performance of the Scheme for the year ended 30<sup>th</sup> June 2018.

**I. Background**

Makerere University Retirement Benefits Scheme (MURBS) is a Scheme for Makerere University staff. It was established under irrevocable trust with effect from **1st April 2009** and is licensed by the Uganda Retirement Benefits Regulatory Authority with License **No. RBS. 0005**. The relationship between the University and the Board of Trustees is governed by the Trust Deed and Scheme Rules.

The Scheme was set up by Makerere University for the purpose of providing retirement benefits to employees of Makerere University upon retirement from the University. The Scheme is governed by a Board of Trustees, which is the supreme governing body of MURBS and comprises of 5 persons.

Trustees of MURBS are mandated to:-

- i) collect retirement benefits contributions from the University on behalf of members/staff.

- ii) provide safe custody of the Scheme funds.
- iii) invest Scheme funds for the benefit of members.
- iv) payout benefits to qualifying members.

In the Pension Sector report for the year ended 30<sup>th</sup> June 2017, URBRA rated MURBS as the 4<sup>th</sup> biggest Scheme (in terms of assets) in Uganda after NSSF, Bank of Uganda Staff Retirement Benefits Scheme and Parliamentary Pension Scheme.

## **II. Scheme Membership**

As at the end of the Financial Year 2017/18, the Scheme's total membership was 4,082, going up from 3,763 members in the previous Financial Year.

## **III. Succession Planning, Capacity Building and Member Education**

### ***MURBS Departmental Ambassadors Programme***

MURBS piloted and launched the MURBS Departmental Ambassadors Programme on 27<sup>th</sup> February 2018, as a succession planning strategy. The overall objective of the MURBS Ambassadors Programme is to create an avenue for active participation by members and increase their knowledge in the operations of MURBS. Furthermore, this Programme creates a pool of active and knowledgeable members, from which future Trustees will be elected. By 30<sup>th</sup> June 2018, the number of MURBS Departmental Ambassadors was 42.

### ***Pre-Retirement Training***

On 26 April 2018, MURBS launched a Pre-retirement Training Programme. This Programme is aimed at preparing our members to plan for their retirement. As part of that activity, a training seminar was conducted and attended by members in the age bracket 54-59 years old. The Scheme plans to expand this Programme to cover other member age profiles so that planning and preparing for retirement starts right at the time one joins the University.

### ***Annuities***

As part of the strategies to secure the retirement of our members, we have started awareness programmes to popularize the annuity payment option as a viable alternative to the current lumpsum payment. We believe that the annuity option is a better way of ensuring that our members have a regular income after retiring from service.

## **IV. Management of the Scheme**

### ***Board committees***

The Board has three (3) standing Committees with delegated authority to perform specific functions of the Board; namely, the Investment Committee, Finance & Administration Committee, and the Audit Committee.

### ***Staff***

As at 30<sup>th</sup> June 2018, the Scheme had two staff namely : i) The Principal Pension Officer who is the head of the Secretariat, and ii) supported by the Administrative Assistant. Effective 1<sup>st</sup> July 2018, these have been joined by an Assistant Principal Pension Officer.

### ***Service Providers***

The Scheme operational framework provides for procurement of specialized institutions and professionals to aid the Board in performing its fiduciary obligations. In this regard, I want to recognize Stanbic Bank Uganda Limited who provide custody services; Sanlam Investments East Africa and GenAfrica Asset Managers Limited who provide Fund Management services; and Octagon Uganda Limited who are our Administrators. I commend them for the excellent work they have done during the year.

### ***Scheme Governance/Management Documents***

In order to operationalize the Trust Deed and Scheme Rules, Trustees developed and launched the MURBS Strategic Plan 2018-2023 and the Risk Management Policy during the year ended 30<sup>th</sup> June 2018. Further, a policy document to guide the Trustees on investment in Property was approved. This brings the number of Policy documents currently in place to 15.

During the year, Trustees developed a Customer Service Charter in which they spelt out the service levels they intend to offer to members of the Scheme.

### ***Board Evaluation***

As part of the process to operationalize the Board Charter, the performance of the Board was evaluated, for the first time, for the period 1 July 2017 to 30 July 2018 by an independent consultant. The results of the evaluation report indicated that the Board of Trustees is performing well.

## **V. Financial Performance of the Scheme and Returns**

The Scheme's Financial Statements for the Financial Year ended 30 June 2018 have been audited by KPMG Certified Public Accountants, who have given an un-qualified audit opinion of the same. The accounts show that our performance for the Financial Year 2017/18 was exceptionally good.

### ***Financial and economic developments***

The US Dollar exchange rate opened the year with Ushs 3,596 and closed the year with Ushs 3,879. Headline inflation averaged 3.5%, opening at 5.7% and closing at 2.2%; while core inflation averaged 2.7%, opening at 4.5% and closing at 0.9%. This information is crucial in the understanding of the general performance of the Scheme.

### ***Fund Value***

The total Fund Value grew by 36% (Ushs 37 billion) within one year alone, climbing from Ushs 104.5 billion as at 30 June 2017 to Ushs 141.6 billion as at 30 June 2018, which is the biggest Fund growth over the last 5 years.

This growth was driven mainly by:-

- i) The recovery in the performance of the equity market in the last half of the Financial Year;
  - ii) Increase in salaries of members which, in turn, increased the amount of contributions from the University;
  - iii) The recovery of the second instalment amounting to Ushs 10 billion from Makerere University, and,
  - iv) The vigilance of the Trustees in pursuing an aggressive investment strategy.
- Despite this big growth in the Fund, our Administrative expenses went down by 7%.

### ***Investments***

The Trustees invested the funds in accordance with the Investment Policy Statement of the Scheme, the URBRA investment guidelines and other regulations in place. Government securities continue to be the major area of investment of Scheme funds standing at 74% of the investment portfolio. Since the beginning of the Financial Year, we witnessed a decline on interest coupons paid on government treasury bonds and bills from 18% to 12%. At the same time the volatility of the equity market continued for the greater part of the first half of the year.

The equity market improved in the last part of the Financial Year 2017/18 and performed much better compared to last Financial Year 2016/17.

### ***Contributions***

The Scheme receives contributions of 10% from the Employer and 5% by the employee. During the Financial Year ended 30 June 2018, contributions increased

from Ushs 22.8 billion received in the Financial Year ending 30 June 2017 to Ushs 23.1 billion. The Trustees wish to commend the University for remitting all the 12 monthly contributions due to members within the Financial Year 2017/18.

I would like to thank some of our members who have embraced the idea of Additional Voluntary Contributions (AVCs) where members contribute over and above the mandatory 5% to boost their benefits at retirement. This is a clear sign that members have confidence in this Scheme. This year we have received AVCs amounting to Ushs 149 million.

### ***Benefits Payment***

During the Financial Year, the Scheme paid out benefits amounting to Ushs 3.79 billion to 99 exiting members, compared to Ushs 3.22 billion in the previous Financial Year.

Our target of paying out benefits to members under normal retirement is 13 working days upon receipt of the application form and complete required paperwork. I am glad to report that during the Financial Year 2017/18 we paid out benefits **on average within 6 days**.

### **Scheme Highlights**

	<b>2017/2018</b>	<b>2016/2017</b>	<b>Percentage Increase/Decrease</b>
	<b>Ushs</b>	<b>Ushs</b>	
<b>Contributions</b>	<b>23,104,902,000</b>	<b>22,844,336,000</b>	<b>1.14%</b>
<b>Member related payments</b>	<b>3,797,389,000</b>	<b>3,226,822,000</b>	<b>17.68%</b>
<b>Net returns on investments</b>	<b>19,867,341,000</b>	<b>12,590,818,000</b>	<b>57.79%</b>
<b>Admin and other expenses</b>	<b>1,384,429,000</b>	<b>1,496,908,000</b>	<b>-7.51%</b>
<b>Taxation</b>	<b>5,341,831,000</b>	<b>2,556,322,000</b>	<b>108.97%</b>
<b>Total net assets</b>	<b>141,617,508,000</b>	<b>104,549,983,000</b>	<b>35.45%</b>

### ***Interest***

After due consideration, the **Trustees hereby declare a rate of return of 17%**. This is over and above our target of +3 points above the Government's medium term target of the annual core inflation of 5%.

### **Final Remarks**

Looking back to the eight years of our existence, I note with much pleasure the significant progress made by MURBS in various aspects of its governance and management.

At the end of our first Financial Year of operations on 30 June 2011, the Scheme had collected contributions of Ushs 5.6 billion, had a Fund Value of 49 billion (18 billion of which was a receivable amount), awarded a return of 7% and had no documented policies. As we end the 8<sup>th</sup> year of operations, our Scheme has collected Ushs 23 billion in contributions (in one year), has a fund value of 142 billion (all of which is in the Scheme), is giving members a return of 17 % and has adequate documented, comprehensive policies.

I would like to thank the Vice Chancellor for the support it has given us in reaching where we are today.

MURBS is laying a firm, institutional foundation for its governance and management systems. With recent improvements in the salaries of members and the boost from the debt recovered thus far, after prudent investment of Scheme funds, some of MURBS retiring members are now going away with benefits above 200 million, processed and paid out in less than one week! All the Scheme's Trustees are certified and knowledgeable in the governance and management of retirement benefits schemes, the Secretariat and service providers of the Scheme is selected from the best in their respective professions. The Trustees see this Scheme reaching a fund value of 200 billion in the next 2 years. Members of the Scheme should look forward to a bright future.

Thank you.

Wilber Grace Naigambi

**Chairperson, Makerere University Retirements Benefits Scheme**