

CCP Conference

Nairobi, Kenya

Nov 2023



Wespath
BENEFITS | INVESTMENTS

Agenda

1. Introduction / speakers
2. Overview of retirement plans across the African continent
3. Current DB plan(s) offered by CCP program
4. DC plan mechanics and how they work
5. Pros and cons of DB vs DC plans
6. Global trends and the shift away from DB towards DC

1. Introduction

Speakers



Mazen Abukhater
Director – Integrated and Global
Solutions

Consulting actuary with 20+ years advising public, semi-government and private entities on retirement benefits. Based in North America with 14 years experience in emerging markets



Gibson Ateng
Director – Integrated and Global
Solutions

Employee benefits consultant with 15+ years of experience in the African markets. Based in the UAE supporting multi-national clients in areas of HR, finance and optimizing employee experience.

2. Overview of retirement plans across the African continent

Pension System Adequacy Framework

Elements		Lusophone (AO, MZ)	East Africa (KE ,ET)	West & Central Africa (RC, CDI, LR)	Southern Africa (SA & ZI)
Underlying factors	Consumption, Pension Contribution, Individual Saving Plans	Challenging	Fair to Good	Challenging to Good	Fair to Optimal
Intermediate factors	Coverage, Pension Assets, Pension Investments, Pension Payments	Challenging to Fair	Fair to Good	Fair to Good	Fair to Optimal
Outcome	Adequacy, Pension Liability, Sustainability	Challenging	Fair to Good		Fair to Optimal



Governance Framework

Punitive	Protection	
Sanctions <ul style="list-style-type: none"> • Impose Fines • Revoke License • Replace Directors 	Enforcement <ul style="list-style-type: none"> • Court action • Freeze assets • Replace external service providers. • Issue direction to management • Acceptance of court enforcement actions • Formal written warning • Informal verbal warning 	Intervention <ul style="list-style-type: none"> • Conduct on-site investigations. • Informal meetings with stakeholders • Request information from stakeholders

2. Overview of retirement plans across the African continent

Retirement Infrastructure in Wespath Countries								
Cntry	MPPS	VOPS	FM	Adm.	Cst.	Tst.	IRBS	IOPS
Angolas	✓	✓	✓	✓	✓	✓	✓	✓
Congo	✓	✗	✗	✗	✗	✗	✗	✗
Cote D'Ivoire	✓	✓	✓	✓	✓	✓	✓	✗
Ethiopia	✓	✗	✗	✗	✗	✗	✗	✗
Kenya	✓	✓	✓	✓	✓	✓	✓	✓
Liberia	✓	✗	✗	✗	✗	✗	✗	✗
Mozambique	✓	✓	✓	✓	✓	✓	✓	✓
Nigeria	✓	✓	✓	✓	✓	✓	✓	✓
Sierra Leone	✓	✗	✗	✗	✗	✗	✗	✗
South Africa	✓	✓	✓	✓	✓	✓	✓	✓
Zimbabwe	✓	✓	✓	✓	✓	✓	✓	✓



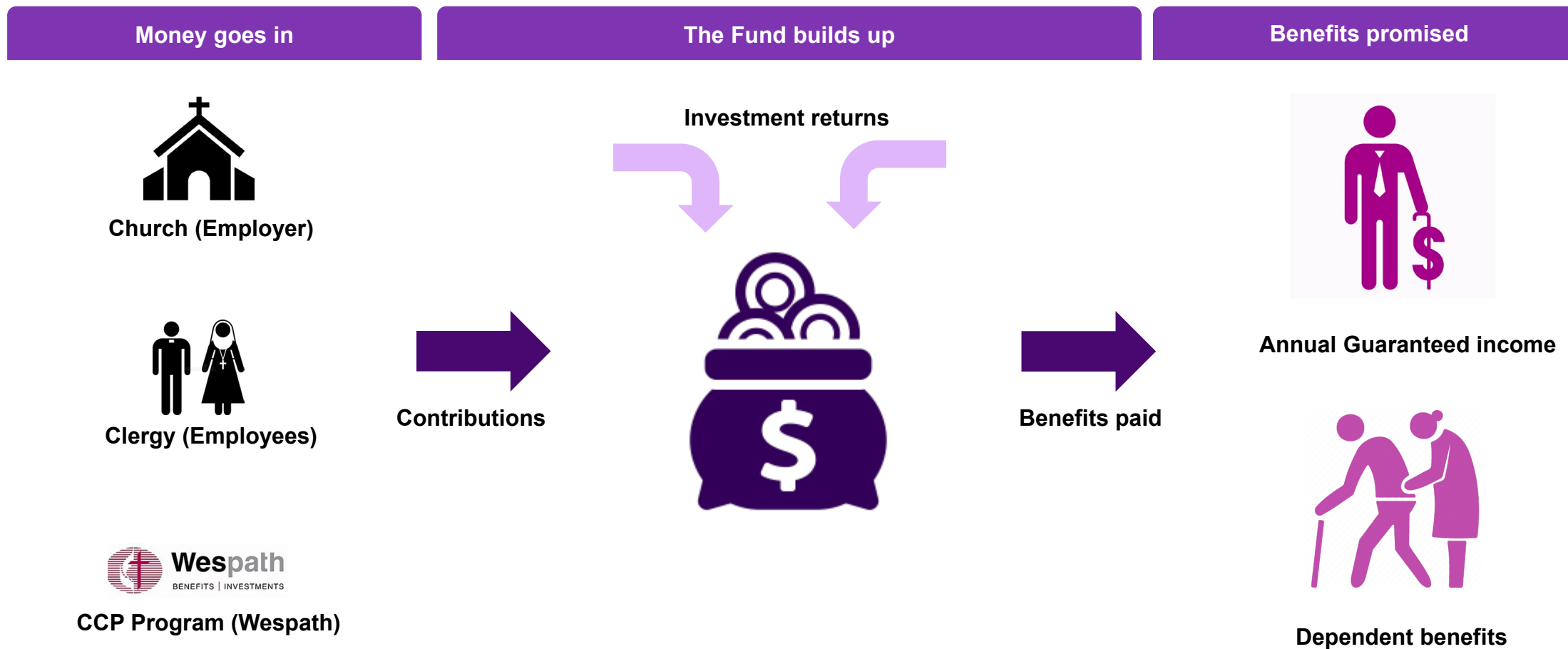
Key

- MPPS – Mandatory Public Pension Scheme
- VOPS – Voluntary Occupational Pension Schemes
- FM – Fund Managers
- Adm. – Administrators
- Cst. – Custodians
- IRBS – Individual Retirement Benefit Schemes
- Tst. – Trustees
- IOPS – International Organization of Pension Supervisors

Other Considerations in Wespath Countries

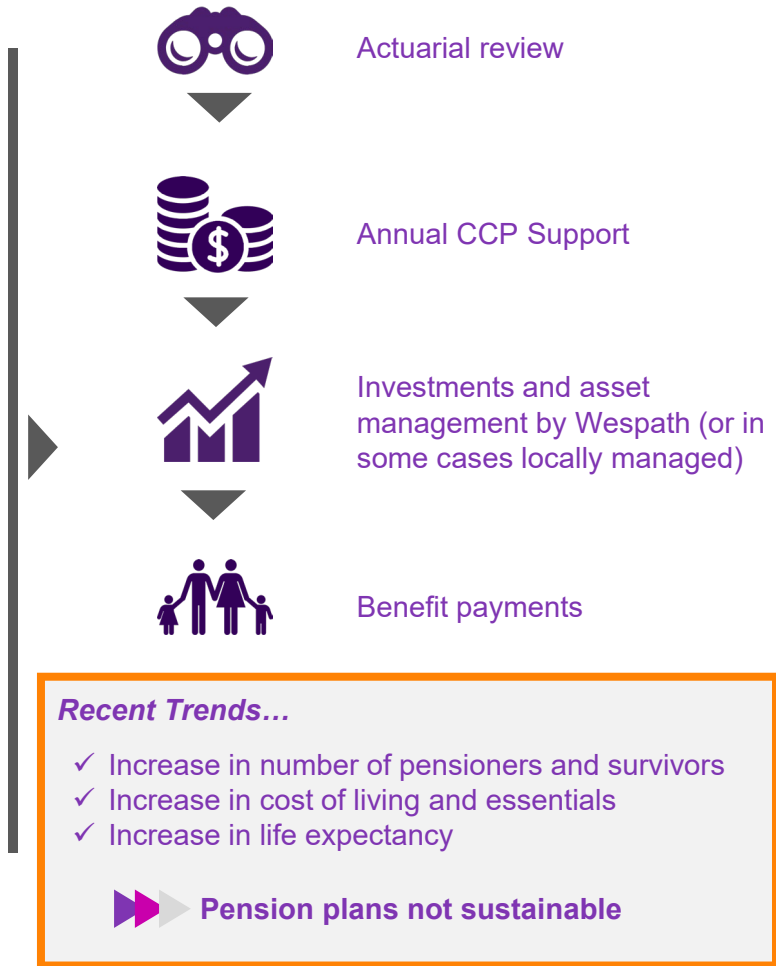
- Typical Reasons for saving.
- Labour Force
- IOPS Classification of Pension Countries
- Supervisory Tools
- Investing Pension Assets
- Life Expectancy & Fertility rate

3. Current DB plan(s) offered by CCP program



3. Current DB plan(s) offered by CCP program

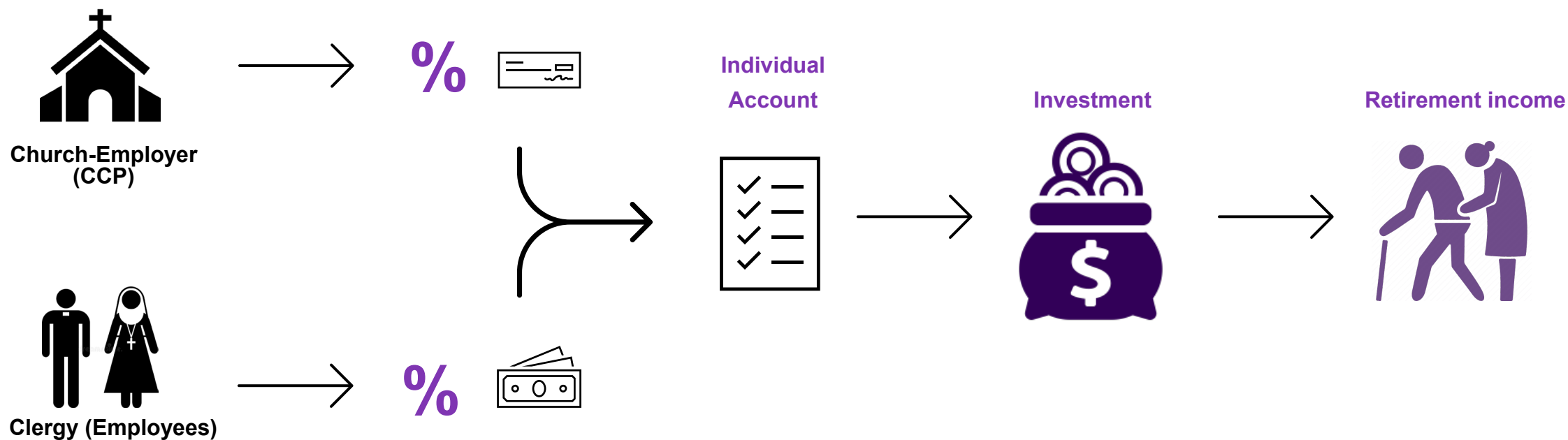
Type of plan	Benefit Formula Examples	Country Examples	Membership Contribution	CCP Support
1 Final/Career Avg Plan	Yrs of Svc x % of average compensation	Latvia, Lithuania	3-4% +	5-10%
	100% of Final earnings minus social security benefits	Central and Southern Europe		
2 Yrs Svc x flat \$ amount	\$10 per month + \$0.5 per year of service > 10 yrs	Central/East/South Congo, North Katanga	3-5% +	4-6%
	\$5.625 x yrs of service	Cote d'Ivoire		
3 Flat \$ amount	\$40 - \$95 (in some cases, the benefit \$ is dependent on years of service)	E/W Angola, Liberia, Zimbabwe	5% +	10%
4 Combination	Combination of Flat Dollar and Final Avg	Eurasia (Russia)	4.5% +	4.5%



4. DC plan mechanics and how they work

Defined Contribution (DC)

- Employer and employee pay a defined level of contributions.
- Each member has their own “pot” that these contributions are paid into.
- Member may have ability to decide how to invest their “pot”.
- The benefit at retirement will depend on the **level of contributions paid**, and the **investment returns received**.



6. Global trends and the shift away from DB towards DC

1 Workforce **mobility** – Employees around the world changing jobs more frequently

2 **Simplicity** - Easier for employees to understand and easier to administer

3 **Flexibility** in adjusting contributions, investment strategies and retirement-related decisions

4 Considered **modern** Global plans – easier to implement and more employee-centric

5 Higher employee **engagement** and more control by individuals in managing their investments

6 Better **cost** control for employers



5. Pros and cons of DB vs DC plans

