

POSTAL CORPORATION OF KENYA STAFF RETIREMENT BENEFITS SCHEME

GAINING ALTITUDE



5Year
STRATEGIC PLAN

2019 – 2023

MESSAGE FROM THE CHAIRMAN



The significance of Strategic Planning for any organization keen on remaining relevant in living its mission cannot be overemphasized. This is especially critical for PCKSRBS – considering the dynamism and expectations that comes with the responsibility bestowed upon us, by members and the watchful eye of the Retirement Benefits Authority. Positioning for greatness requires meticulous, ambitious but pragmatic planning that informs all major decisions within the organization.

PCKSRBS Strategic Plan 2019 – 2023 is the outcome of a deliberate highly participative process involving the Board of Trustees and the Secretariat. It also involved a systemic analysis of the sector through research – with important feedback from members (both active and retired), key sector stakeholders and industry experts (such as pension scheme managers, fund managers, insurance companies, actuaries etc.) as well as the Retirement Benefits Authority. Global developments and trends in the sector were also key considerations in the determinations herein.

This scheme has come a long way over the years in establishing a footing and positioning to ably meet members' expectations. The evident growth since inception is a telling testimony of the commitment of those who have gone before us, and those present to

ensure exquisite mandate delivery. I believe more can be done, owing to the immense potential that lies within the sector. This will be driven through the Schemes desire to be a model pension scheme anchored on the values of Trust and efficiency at all times. The plan reflects guidance provided by Trustees and other stake holders during comprehensive participatory input sessions and a strategic plan retreat organized by the Management to brainstorm on the plan and facilitated by able consultants from the Centre for Strategy and Management.

The Scheme will continue to work closely with the Sponsor, Service providers and other strategic stakeholders to ensure relevance, compliance and overall achievement of the ambitious goals in this plan. I also look forward to high level of cooperation and dedication on the part of the Trustees and the secretariat in driving the Scheme's strategic agenda.

This is our endeavor, I implore all to help pull towards the same direction – and this will deliver extraordinary success despite the numerous challenges that we shall encounter.

DR. SALIM P. NDEMO
CHAIRMAN, BOARD OF TRUSTEES

MESSAGE FROM THE CEO



I am delighted to present to you Postal Corporation of Kenya Staff Retirement Benefits Scheme's (PCKSRBS) Strategic Plan 2019 – 2023, which outlines the strategic visions and goals we have identified to help the Scheme realize its full potential and better fulfil its mission to serve its members and their dependents.

The process of formulating a new Strategic Plan at PCKSRBS has given us the opportunities to take stock on past successes and failures, to determine our visions and future goals in the light of challenging economic environment, and to put forward strategies of ensuring that benefits to members are attractive notwithstanding the challenges in the business environment.

Our strategies involve analyzing the internal and external environment to identify strengths and weakness that can be exploited to help the Scheme achieve its objectives, strategic positioning that will help us explore four thematic areas, namely; Investment optimization, Membership Engagement and Experience, Membership Benefits as well as Board and Staff Capacity building.

In order to implement these four thematic areas, the following milestones need to be achieved in the next Five (5) years - Grow scheme assets by 15% annually; Improve Members' Service Experience; Deployment

of New Technologies to Increase Efficiencies; Risk Management, Regulatory Compliance & Governance and Building and Enhancing Human Resource Capacity of the Scheme.

Let me take this opportunity to thank all stakeholders for giving us so much food for thought during the process of consultation and drafting of the Strategic Plan. I would like to thank, in particular, the Board of Trustees for approving the Strategic Plan and taking up the responsibility for overseeing and monitoring its implementation.

I am sure that, with the collaboration of our sponsor Postal Corporation of Kenya, the Board of Trustees, our talented staff, members and Service Providers, the goals we aspire to accomplish will in time translate into milestones of which we can be proud of. By investing in the future of PCKSRBS, we are investing to build a better future for our members and their dependents. I would like to invite you to join hands with us to help this fine and unique Scheme maintain its characteristics whilst fostering its further development. May I thank you heartily for taking an interest in the future of PCKSRBS.

MR. ELIJAH K. KOSKEY
CEO AND TRUST SECRETARY

VISION STATEMENT

To be a model pension scheme anchored on the values of efficiency and trust.

MISSION STATEMENT

To provide attractive and timely retirement benefits through prudent investment and management of funds.

CORE VALUES

- Integrity
- Efficiency
- Accountability

PCKSRBS SLOGAN

My pension, my comfort.

STRATEGIC DIRECTION

PCKSRBS VALUE PROPOSITION AND THEMATIC AREAS

To ensure the scheme maximizes benefits for members while at the same time complying with RBA's guidelines and regulation, the strategic shift for 2019/2020 – 2022/2023 is built around these themes:

- **Investments Optimization:** The focus is on ensuring maximum returns on investment in line with the investment policy and by extension, RBA guidelines.
- **Membership Engagement and Experience:** This seeks to factor in the difficulties experienced by the pensioners in their engagement with the scheme and fashion responsive solutions that best address these difficulties.
- **Membership Benefits:** The focus here is to ensure that the scheme proactively contributes to a better life in retirement for members in areas other than just the financials.
- **BoT and Secretariat Capacity Development:** This acknowledges the significance of the scheme maintaining a learning and development culture for its people at both Board of Trustees and Secretariat levels.

KEY SUCCESS FACTORS

Successful implementation of this Strategy will be hinged on the below factors:

1. Quality of leadership – Board of Trustees and the Secretariat
2. Level of commitment to strategy across the organization.
3. Quality of communication – both internal and external.
4. Resources availability and deployment in line with strategy.
5. Partnerships and collaborations established throughout the strategy period.
6. Innovation and responsiveness to change, as well as change management.
7. Monitoring and Evaluation of strategy and its implementation.
8. Organizational culture.

STRATEGIC OBJECTIVES

PCKSRBS STRATEGIC MILESTONES TO BE ACHIEVED IN THE NEXT FIVE YEARS.

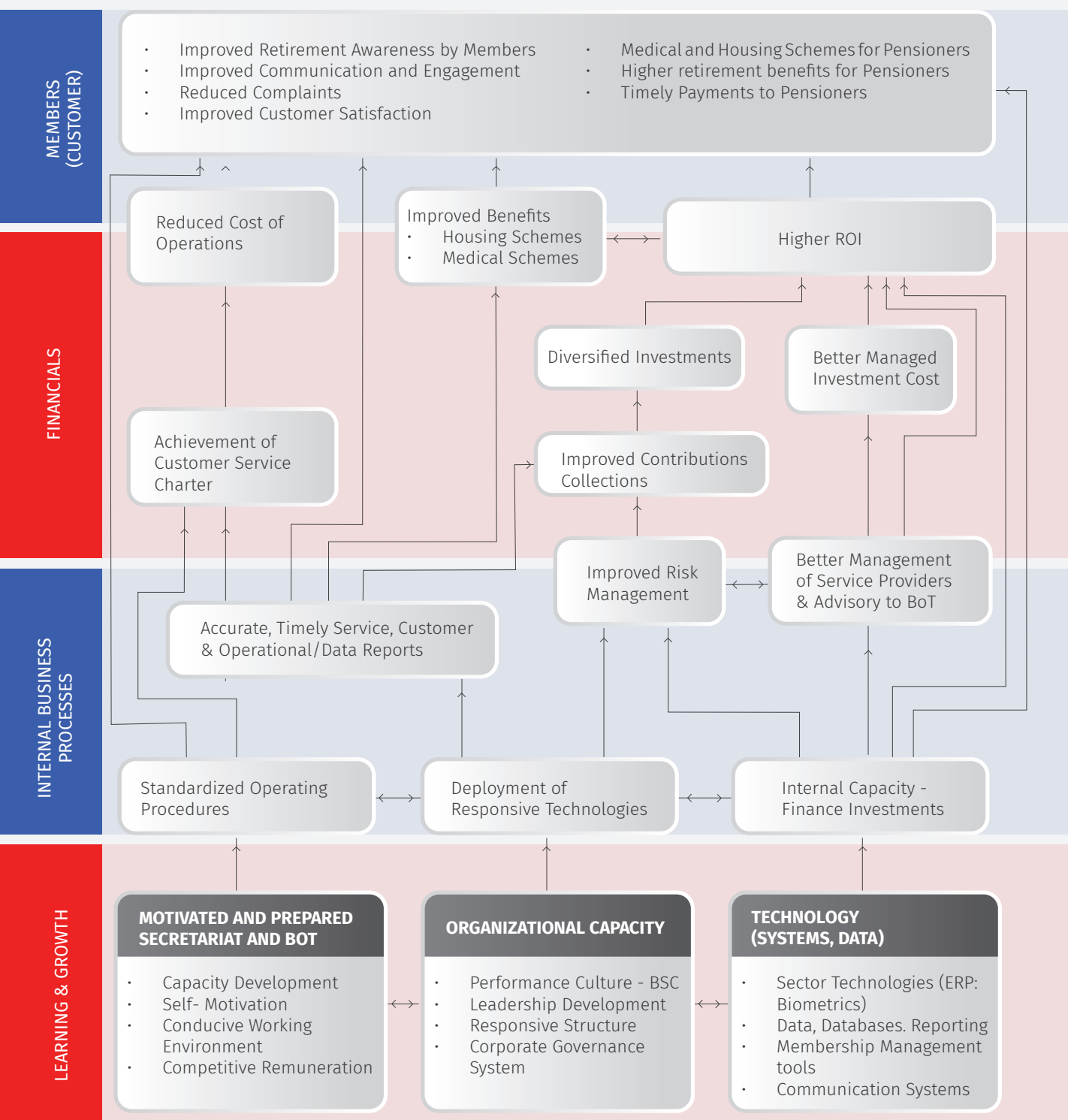


INVESTMENT PORTFOLIO MIX

INDUSTRY AVERAGE, RBA GUIDELINES AND FOR PCSRBS

ASSETS CATEGORY	JUN-16		JUN-17		JUN-18		RBA	PCSRBS - JUNE 2018	
	KShs. M.	%	KShs. M.	%	KShs. M.	%	%	KShs.	%
Government Securities	211.85	25.5	353.47	36.7	423.7	36.3	90.0	956 492 992.59	33.24
Quoted Equities	129.68	15.6	180.35	18.7	241.46	20.7	70.0	524 953 017.64	18.24
Immovable Property	126.52	15.2	204.6	21.3	229.32	19.7	30.0		
Guaranteed Funds	101.89	12.3	103.67	10.8	159.63	13.7	100.0		
Listed Corporate Bonds	39.42	4.74	46.83	4.86	41.51	3.56	20.0	105 696 476.41	3.67
Fixed Deposits	28.31	3.4	45.49	4.72	31.62	2.71	30.0	112 143 904.05	3.90
Offshore	5.27	0.63	9.68	1	15.03	1.29	15.0	5 686 501.67	0.20
Cash	8.71	1.05	13.91	1.44	18.99	1.63	5.0	1 172 908 019.98	40.76
Unquoted Equities	62.57	7.52	3.91	0.41	3.78	0.32	5.0		
Private Equity	0	0	0.25	0.03	0.42	0.04	10.0		
REITS	0		0.888	0.09	1.01	0.09	5.0		
Commercial paper, non-listed bonds			0.002	0	0.22	0.02	10.0		
Un-Classified / Others	117.56	14.1					10.0		
TOTAL	831.78	100	963.05	100	1,166.70	100		2 877 880 912.34	100.00

THE STRATEGY MAP



COMPREHENSIVE FINANCIALS PROJECTIONS

2019 – 2023

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS						
CONTRIBUTIONS AND BENEFITS	30TH JUNE 2019	30TH JUNE 2020	30TH JUNE 2021	30TH JUNE 2022	30TH JUNE 2023	TOTAL
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Contributions	220 512 222	231 537 833	243 114 725	255 270 461	268 033 984	1 428 480 867
Payment to and on Account of Leavers	(127 620 245)	(134 001 257)	(140 701 320)	(147 736 386)	(155 123 206)	-705 182 414.3
Transfers In From Other Plans	11 740 460	12 914 505	14 205 956	15 626 552	17 189 207	71 676 679.29
Transfers (Out) To Other Plans	(1 851 238)	(2 036 362)	(2 239 998)	(2 463 998)	(2 710 398)	-11 301 995.56
Net Increase / (Decrease) From Dealings With Members	102 781 198	108 414 719	114 379 362	120 696 628	127 389 588	783 673 136.7
RETURNS ON INVESTMENTS						
Investment Income	170,453 853	187 499 239	206 249 163	226 874 079	249 561 487	1 964 595 206
Investment Income-Reinvestment of contributions in arrears	-	118 798 548	130 678 403	143 746 244	158 120 868	
Change in Fair Value of Investments - Unrealised Market Gain (Loss)	48 381 130	72 571 695	79 828 865	83 820 308	88 011 323	0
Investment Management Expenses	(6 406 512)	(7 047 164)	(7 751 880)	(8 527 068)	(9 379 775)	1 964 595 206
Tax on Non-Registered Scheme Net Investment Income	(2 256 427)	(2 482 069)	(2 730 276)	(3 003 304)	(3 303 634)	0
Net Returns on Investments	210 172 045	369 340 250	406 274 274	442 910 259	483 010 269	3 929 190 412
Other Income	650 000 000	-	-	-	-	650 000 000
Less: Administrative Expenses	(37 978 731)	(35 901 461)	(37 910 620)	(40 231 205)	(4 639 907)	-194 661 923
	612 021 269	(35 901 461)	(37 910 620)	(40 231 205)	(42 639 907)	455 338 077
Less: Strategy Implementation Costs	(10 336 638)	(11 897 181)	(11 702 899)	(10 788 189)	(10 167 008)	-54 891 915.99
	601 684 632	(47 798 642)	(49 613 519)	(51 019 395)	(52 806 915)	400 446 161
Increase In Net Assets During The Year	914 637 875	429 956 327	471 040 118	512 587 492	557 592 942	5 168 201 626
Net Assets Available For Benefits At Start Of Year	2 877 880 862	3 792 518 736	4 222 475 063	4 693 515 181	5 206 102 674	2 877 880 862
Net Assets Available For Benefits At End Of Year	3 792 518 736	4 222 475 063	4 693 515 181	5 206 102 674	5 763 695 615	8 046 082 487
Rate of Return	27.42%	10.73%	10.57%	10.36%	10.17%	13.85%
Administrative Expenses Ratio	1.00%	0.85%	0.81%	0.77%	0.74%	0.83%



PCKSRBS

STRATEGIC PLAN 2019 – 2023

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