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REPUBLIC OF KENYA

PARLIAMENT

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SENATE BILLS

*(Bill No. 14 of 2024)*

**THE COUNTY ASSEMBLIES PENSIONS  
SCHEME BILL, 2024**



(A Bill published in the Kenya Gazette Supplement No. 56 of 7<sup>th</sup> February, 2024 and passed by the Senate, with amendments, on 15<sup>th</sup> April, 2025)

**THE COUNTY ASSEMBLIES PENSIONS SCHEME BILL, 2024**

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*The County Assemblies Pensions Scheme Bill, 2024.*  
**THE COUNTY ASSEMBLIES PENSION SCHEME BILL,**  
**2024**

**AN ACT of Parliament to provide for a contributory pension scheme for members of county assemblies; establish a county assemblies pensions fund for the payment or granting of pensions or retirement benefits to members of county assemblies; and for connected purposes.**

**ENACTED** by the Parliament of Kenya, as follows—

**PART I—PRELIMINARY**

1. This Act may be cited as the County Assemblies Pension Scheme Act, 2024. Short title.

2. In this Act, —

Interpretation.

“actuary” has the meaning assigned thereto in the Retirement Benefits Act, Cap. 197; No. 3 of 1997.

“administrator” means the person appointed as such under section 23;

“annuity” means a pension purchased under a contract with a registered insurer;

“approved issuer” means an approved issuer appointed by the Trustee to provide the services of approved issuer in accordance with the Retirement Benefits Act, Cap. 197;

“Authority” means the Retirement Benefits Authority established under the Retirement Benefits Act, Cap. 197;

“beneficiary” means a dependant, a person nominated by the member in writing or any other person other than a member entitled to receive a benefit;

“Board” means the Board of Trustees established under section 6;

“Cabinet Secretary” means the Cabinet Secretary responsible for the National Treasury;

“child” means any child of a deceased member including a

natural child, an adopted child or a step-child who has not attained eighteen years of age or, if the child is receiving full time education, not more than twenty-five years of age and was at the time of the death of the deceased wholly or mainly dependent on the deceased, and includes an unborn child who, if already born, would have been a child of the deceased;

“commencement date” means the date of coming into force of this Act;

“contribution” means the amount payable by a member or sponsor into the Scheme under this Act;

“county assembly” means a county assembly established under Article 176 of the Constitution;

“county assembly service board” means a county assembly service board established under section 12 of the County Governments Act (Cap. 265);

“custodian” means a person appointed as such under section 22 of the Act;

“dependant” in relation to a deceased member, means a relative of the deceased who survives the deceased and who, on the date of the deceased’s death, was—

- (a) a spouse to the deceased;
- (b) a child of the deceased; or
- (c) a parent of the deceased who was dependent on the deceased for the provision of the ordinary necessities of life;

“early retirement age” means such age as may be prescribed but which shall not be less than fifty years;

“existing scheme” means the Local Authorities Provident Fund, the Local Authorities Pension Trust, the Local Authorities Pension Trust (Defined Benefits) Scheme and the Local Authorities Pension Trust (Umbrella) Retirement Fund;

“Fund” means the County Assemblies Pensions Scheme Fund established under section 37;

“fund manager” means a person appointed as such under section 21;

“income drawdown” means an arrangement that allows a member of a retirement benefits scheme to access his or her accumulated retirement benefits as a regular income through reinvesting his or her benefits from an income drawdown fund

registered by the Retirement Benefits Authority;

“insured benefit” means the death in service lump sum benefit and the disability lump sum benefit to be provided in terms of section 24;

“investment return” means a portion of the return of the investment declared by the Board and appropriated to the account of a member;

“member” means an eligible member of a county assembly who has become a member of the Scheme and includes a person entitled to or receiving a benefit under the Scheme;

“member account” means an account maintained by the Scheme for an individual member;

“member of a county assembly” means a member of a county assembly established under Article 176 of the Constitution;

“normal retirement age” means the age of sixty years or such other age set out in written law or applicable policy;

“pensionable emoluments” means basic salary excluding housing, transport and any other allowances or fluctuating emoluments;

“Scheme” means the County Assemblies Pension Scheme established under section 4;

“sponsor” means a county assembly service board that makes contributions on behalf of a member;

“spouse” means a husband or a wife; and

“Trustee” means a member of the Board.

3. (1) The object and purpose of the Act is to—

- (a) provide for the establishment of the Scheme;
- (b) provide for the payment of retirement benefits to members of the Scheme when they become due;
- (c) provide for the social security of members of the Scheme by ensuring that the members save in order to cater for their livelihood during their retirement;
- (d) establish a uniform set of rules, regulations and standards for the administration and payment of retirement benefits for members of the Scheme;
- (e) establish transitional provisions for existing schemes;

Objects and  
purpose of  
the Act.

and

- (f) protect the benefits of the members of the Scheme.

## **PART II—ESTABLISHMENT OF THE COUNTY ASSEMBLIES PENSIONS SCHEME**

4. (1) There is established the County Assemblies Pension Scheme. Establishment of the County Assemblies Pension Scheme.

(2) The Scheme shall be a defined contribution scheme providing—

- (a) periodic payments through the purchase of annuities;
- (b) a lump sum as a commutation of pension or trivial pension in accordance with the Retirement Benefits Authority Regulations;
- (c) income drawdown;
- (d) gratuity; and
- (e) any other benefit approved by the Board under this Act.

5. (1) Membership of the Scheme shall consist of all members of county assemblies. Membership of the Scheme.

(2) All members of the third county assemblies shall, on the date of commencement of this Act, be deemed to have joined the Scheme.

6 (1) The management of the Scheme shall vest in a Board of Trustees of the Scheme. Board of Trustees of the Scheme.

(2) The Board shall be a body corporate with perpetual succession and a common seal and shall, in its corporate name, be capable of—

- (a) suing and being sued;
- (b) taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property;
- (c) entering into contracts; and

- (d) doing or performing all other things or acts for the furtherance of the provisions of this Act which may be lawfully done or performed by a body corporate.

(3) The Board shall consist of—

- (a) the chairperson elected by the Trustees from among the members under paragraphs (c) and (d);
- (b) a county executive committee member responsible for matters relating to Finance nominated by the County Council of Governors;
- (c) three people nominated by County Assembly Service Boards;
- (d) five persons nominated by the forum representing all the county assemblies in the country of whom at least two shall not be of the same gender as follows—
  - (i) three representatives of members of county assemblies contemplated in Article 177(a) of the Constitution;
  - (ii) a representative of members of county assemblies contemplated in Article 177(b) of the Constitution; and
  - (iii) a representative of members of county assemblies contemplated in Article 177(c) of the Constitution;
- (e) the Chief Executive Officer who shall be an ex officio member and the secretary to the Board with no voting rights.

(4) The vice-chairperson of the Board shall be elected by the Trustees from among their number.

(5) The chairperson and vice- chairperson shall be of the opposite gender.

(6) The Cabinet Secretary shall ensure that not more than two thirds of the members of the Board are of the same gender.

(7) The Cabinet Secretary shall appoint the persons nominated under subsection (2) by notice in the *gazette*.

(8) The procedure for nomination and appointment of Trustees under subsection (2) shall be as prescribed in the regulations.

7. A person is qualified for appointment as a Trustee if that person—

Qualifications  
for  
appointment  
of Trustees.

- (a) is a citizen of Kenya;
- (b) holds a degree from a university recognized in Kenya;
- (c) has at least five years experience in—
  - (i) finance;
  - (ii) law;
  - (iii) economics;
  - (iv) actuarial science; or
  - (v) any other profession or work experience directly relevant to the functions of the Board; and
- (d) meets the requirements of leadership and integrity set out in Chapter Six of the Constitution.

8. A person shall not be appointed as a Trustee if that person—

Disqualificati  
on from  
appointment  
as a Trustee.

- (a) has been convicted of a criminal offence, and sentenced to imprisonment for a term of six months or more;
- (b) is an adjudged bankrupt or enters into a composition or arrangement with creditors; or
- (c) is disqualified under the provisions of any other written law from appointment as such.

9. (1) A Trustee shall hold office for a term of three years and may be eligible for re-appointment for a further and final term of three years.

Tenure of  
office.

(2) The Cabinet Secretary shall put in place arrangements to ensure that one-third of the Trustees are appointed in a staggered

manner.

**10.** (1) A Trustee may be removed from office by the Cabinet Secretary, in consultation with the nominating body, for— Removal  
from office.

- (a) inability to perform the functions of the office arising out of physical or mental incapacity;
- (b) gross misconduct or misbehaviour;
- (c) incompetence or negligence of duty;
- (d) bankruptcy;
- (e) absence from two consecutive meetings of the Board without a reasonable explanation; and
- (f) failure to meet the requirements of leadership and integrity set out in chapter six of the Constitution.

(2) Before a Trustee is removed from office under subsection (1), the Trustee shall be given an opportunity to be heard against the intended removal.

(3) Notwithstanding subsection (1), the Authority may remove a Trustee on grounds specified in the Retirement Benefits Act, Cap. 197.

**11.** A person ceases to be a Trustee if the person—

Vacation of  
office.

- (a) resigns in writing to the Cabinet Secretary;
- (b) is convicted of a criminal offence and sentenced to a term of imprisonment of six months or more;
- (c) is declared bankrupt or enters into composition with his or her creditors;
- (d) is unable to perform the functions of their office by reason of mental or physical infirmity;
- (e) ceases to be a member of a county assembly;
- (f) is removed in accordance with section 10;
- (g) dies; or
- (h) term expires.

**12.** Where a vacancy occurs in the membership of the Board under section 10 or 11, the Cabinet Secretary shall appoint a new Filling of  
vacancy.

Trustee in accordance with the provisions of this Act.

**13. The Board shall—**

Functions of  
the Board.

- (a) formulate policies relating to the Scheme in accordance with the provisions of the Retirement Benefits Act, Cap.197;
- (b) collect contributions and income payable to the Fund under this Act;
- (c) pay out the various benefits to persons entitled to the benefits as provided under the Act;
- (d) protect the Fund's assets and ensure long term viability of the Scheme;
- (e) ensure efficient management of the Scheme;
- (f) ensure prudent investment of the monies forming part of the Fund;
- (g) ensure that the Scheme observes high standards of corporate and business ethics;
- (h) advise the Cabinet Secretary on any matter relating to the objects and functions of the Board under this Act; and
- (i) perform any other functions assigned to it under this Act.

**14. (1)** In the exercise of its functions, the Board shall be accountable to the sponsors and the members of the Scheme.

Powers of the  
Board.

(2) The Board shall have all powers necessary for the proper performance of the functions of the Scheme under this Act.

(3) Without prejudice to the generality of subsection (2), the Board shall have power to—

- (a) supervise the assets of the Scheme in such manner as best promotes the purpose for which the Scheme is established;
- (b) appoint a custodian, fund manager and administrator to carry out their functions as specified in the Retirement Benefits Act, Cap. 197;
- (c) determine the provisions to be made for administrative expenses as provided for under section 38 and for reserves of the Fund as provided for under section 39;



- (d) ensure protection, where necessary, of the assets of the Scheme;
  - (e) associate with any other institution so as to further the purpose for which the Scheme is established;
  - (f) receive grants, gifts, donations or endowments and make legitimate disbursements from them;
  - (g) enforce remittance of outstanding Contributions by a sponsor;
  - (h) invest any monies of the Scheme not immediately required for its purposes;
  - (i) delegate any of its powers; and
  - (j) undertake any activity necessary for the fulfilment of any of the functions of the Scheme.
- (4) The Board may, subject to such conditions as it may consider necessary, by directions in writing, delegate any of its powers to any one or more of the Trustees or to the chief executive officer or employees of the Scheme.

**15.** (1) The Board may establish committees consisting of the Trustees for the better carrying out of its functions. Committees of the Board.

(2) The Board may co-opt persons to committees established under subsection (1) for a particular reason and such persons shall hold office for such period as the Board may determine.

(3) The persons co-opted into a committee under subsection (2) shall not be more than three.

(4) Subject to any specific or general direction of the Board, a committee established under subsection (1) may regulate its own procedure.

**16.** The Trustees shall be paid such remuneration as the Authority may determine in accordance with the Retirement Benefits Act. Remuneration of Trustees.

**17.** (1) The business and affairs of the Board shall be conducted in accordance with the Schedule. Meetings of the Board.

(2) Except as provided in the Schedule, the Board may regulate its own procedures subject to compliance with the

Retirement Benefits Act and the regulations thereunder.

(3) The Board may invite any person to attend any of its meetings and to participate in its deliberations, but such person shall not have a vote in any of its decisions.

18. (1) There shall be a chief executive officer of the Scheme who shall be appointed by the Board through a competitive recruitment process on such terms and conditions as may be specified in the instrument of appointment.

Chief  
executive  
officer of the  
Scheme.

(2) The chief executive officer shall be an *ex-officio* member of the Board.

(3) A person is qualified for appointment as the chief executive officer if that person—

- (a) is a citizen of Kenya;
- (b) holds a degree from a university recognized in Kenya;
- (c) has at least ten years of experience of which five years should be at senior management level in a profession relevant to the functions of the Scheme as may be defined in the Regulations; and
- (d) meets the requirements of leadership and integrity set out in Chapter Six of the Constitution.

(4) The Chief Executive Officer shall be the accounting officer of the Scheme and secretary to the Board and, subject to the direction of the Board, shall be responsible for the—

- (a) implementation of the decisions of the Board;
- (b) day to day management of the affairs of the Scheme;
- (c) management and discipline of the employees of the Scheme; and
- (d) any other function that may be assigned by the Board.

(5) The Chief Executive Officer shall hold office for a term of three years and may be eligible for re-appointment for a further final term of three years.

(6) The Chief Executive Officer may be removed from office by the Board such grounds as may be set out in the instrument of appointment.

(7) Before the Chief Executive Officer is removed from office under subsection (5), the Chief Executive Officer shall be given—

- (a) sufficient notice of the allegations made against him or her; and
- (b) an opportunity to be heard either in person or by a legal representative.

19. (1) The Board may engage such other employees as it may consider necessary for the performance of its functions under this Act. Employees of the Scheme.

(2) The terms and conditions of service of employees of the Scheme shall be determined by the Board.

20. (1) The common seal of the Scheme shall be kept in such custody as the Board may direct and shall not be used except on the order of the Board. Common seal of the Scheme.

(2) The common seal of the Scheme when affixed to a document and authenticated shall be officially noticed, and unless the contrary is proved, an order or authorization of the Board under this section shall be presumed to have been given.

### **PART III—ADMINISTRATION OF THE SCHEME**

21. The Board shall appoint a fund manager of the Scheme who shall, in addition to the duties prescribed under the Retirement Benefits Act— Fund manager.

- (a) implement the investment policy of the Scheme as approved by the Board;
- (b) manage the Scheme funds and assets in accordance with the provisions of the Retirement Benefits Act;
- (c) maintain books of accounts on all investment transactions relating to the Scheme;
- (d) submit reports on a quarterly basis on investment strategy, market returns and other performance indicators to the Board; and
- (e) perform any other function that may be assigned in the instrument of appointment and other written law.

22. (1) The Board shall appoint a custodian of the Scheme who shall, in addition to the duties prescribed under the Retirement Benefits Act — Custodian of the Scheme.

- (a) receive the contributions remitted by the sponsors and members under this Act on behalf of the Board;
  - (b) not later than the next business day following receipt of the contributions from a sponsor, notify the fund manager and the administrator of such receipt;
  - (c) receive and keep in safe custody the title documents, securities and monies of the Scheme in trust for the members and beneficiaries;
  - (d) collect dividends for the Scheme;
  - (e) report to the Board on any matter relating to the assets being held by the custodian on its behalf at such intervals as may from time to time be determined by the Board;
  - (f) undertake statistical analysis on the investments and returns on investments with respect to funds in its custody and provide data and information to the administrator and the Board;
  - (g) submit to the Board a report on a quarterly basis, of the reconciliations with respect to the funds held by the Custodian;
  - (h) execute, on behalf of the Board, the relevant proxy for the purpose of voting in relation to the investments; and
  - (i) perform any other function that may be assigned in the instrument of appointment or any other written law.
- (2) The custodian shall maintain all funds and assets in its custody to the order of the Board and shall not utilise any pension fund or assets in its custody to meet its own financial obligation.

**23.** (1) The Scheme shall be administered by an Administrator  
administrator appointed by the Board.

(2) The functions of the administrator shall be to—

- (a) open and maintain an account for each member;
- (b) upon receiving details of the contributions remitted under this Act, cause the amount of the contributions to be credited in the account of the member in respect of whom the sponsor has made the payment;
- (c) inform the Board if a member's contribution details

differ from the expected;

- (d) provide customer support services to members, including access at least on a quarterly basis to members' account balances and statements;
- (e) keep and maintain proper books of accounts of the Scheme;
- (f) cause to be paid retirement benefits to a member who has retired;
- (g) be responsible for all calculations relating to retirement benefits; and
- (h) carry out any other functions as may be directed by the Board from time to time.

(3) The administrator shall ensure that all income earned from the investment of the Fund is distributed to the credit of the members' retirement savings accounts save for clearly defined and reasonable fees, charges, costs and expenses of transactions as may be approved by the Board.

24. (1) A member shall, so long as the member is a member of a county assembly, contribute not less than seven nought five percent (7.5%) of that member's pensionable emoluments to the Scheme. Contributions

(2) Every sponsor shall contribute to the Scheme not less than fifteen per cent of the pensionable emoluments of a member of the Scheme plus the amounts necessary to cover the premiums for insured benefit.

(3) Subject to such guidelines as the Board may issue, in consultation with the members and sponsors of the Scheme, a member of the Scheme may make additional contributions to the Scheme.

(4) Upon commencement of this Act, contributions required to be made under subsections (1) and (3) shall be deducted by a sponsor from the salary of the member in each month on which the salary is paid and shall be paid into the Scheme together with the sponsor's contribution before the tenth day of every calendar month or before any other day which may be notified in writing and approved by the Authority.

(5) Any contribution not paid to the scheme by a sponsor within ten days after the last day of the calendar month to which

the contributions relate, shall attract interest which shall not be less than the interest declared during the period the contribution remains unremitted.

(6) All unpaid contributions and interest thereon shall constitute a civil debt of the respective sponsor and shall be recoverable summarily by the Board as provided for by law.

(7) The Board shall report to the Authority at such intervals as specified by the Authority, all remittances of contributions outstanding and not received after the deadlines specified herein.

25. All the benefits derived from contributions by a member and a sponsor shall vest immediately in the member.

Vesting of  
benefits.

26. (1) A member shall not withdraw membership or retirement benefit from the Scheme while the member is a member of a county assembly.

Withdrawal  
of  
membership  
or benefits.

(2) A member may withdraw benefits from their account before normal retirement age in the following circumstances –

- a. resignation;
- b. dismissal;
- c. removal from office;
- d. ill health;
- e. emigration.

(3) Despite subsection (1)—

(a) where a member ceases being a member of a county assembly before attaining the early retirement age, that member may opt for payment of—

(i) not more than fifty percent of his total accrued benefits and the investments income that has accrued in respect of those contributions provided that a member may withdraw any additional voluntary contributions made into the scheme and accrued interest in full; and

(ii) the balance shall be retained in the

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Scheme and continue to accrue interest until the member attains early retirement age, or transferred to another registered Scheme of the members choice;

- (b) a member may opt for payment to him or her of the total amount of vested accrued benefits—
- (c) on grounds of ill health or subsequently during deferment, if the member becomes incapacitated due to ill health, to the extent that it would occasion his or her retirement, if he or she was in employment; or
- (d) if the member has emigrated from Kenya to another country without the intention of returning to reside in Kenya and the Board has approved the payment of the retirement benefits and submitted, fourteen days prior to payment of the benefits, the approval to the Authority.

27. (1) Despite any other provisions in this Act, a member who retires is entitled to make withdrawals—

Retirement  
from service.

- (a) on attaining the normal retirement age, or where their exact date of birth is not known, on the first day of July in the year in which the Board deems that they have reached normal retirement age;
- (b) on the advice of a qualified medical practitioner appointed by the Board certifying that the member is no longer mentally or physically capable of carrying out the functions of their office.

(2) The proof of age of a retiring member for the purposes of subsection (1) is the date of birth in any of the following documents—

- (a) birth certificate;
- (b) national identification card; or
- (c) a valid passport.

28. (1) Notwithstanding the provisions of section 27, any member who retires on attaining the early retirement age is

Early  
retirement.

entitled to make withdrawals in accordance with section 29.

(2) The proof of age of a retiring member for the purposes of subsection (1) is the date of birth in any of the following documents—

- (a) birth certificate;
- (b) national identification card; or
- (c) a valid passport.

**29.** (1) Where a member retires as provided in this Act, the member may request the Board in writing to pay to him or her— Payment of retirement benefits.

- (a) a lump sum from the balance in his or her retirement savings account that shall not exceed the equivalent of one-third of that balance:

Provided that a Member may withdraw any additional voluntary contributions made into the Scheme and accrued interest in full;

- (b) monthly or quarterly income drawdown in accordance with a formula prescribed by the Board on the advice of an actuary;
- (c) monthly or quarterly annuity for life purchased from an approved issuer of their choice:

Provided that the annuity shall include a provision for benefits payable to dependants upon a member's death.

(2) Subject to the Retirement Benefits Act, a benefit granted under this Act shall not be—

- (a) assignable or transferable except in accordance with the terms of a mortgage guarantee facility approved by the Board; and
- (b) liable to be attached in settlement of any claim.

(3) The payment of a retirement benefits shall commence from the end of the month immediately following the month of the retirement of the member.

(4) Every payment of benefits from the Scheme may be subject to deduction of the amount outstanding due by the member under any mortgage guarantee facility approved by the Board.



**30.** (1) Every member shall provide his or her particulars and those of his or her dependants to the administrator in the prescribed manner.

Particulars of member and dependants of the member.

(2) A member may update the particulars provided under subsection (1) at any time and, in any event, at least three years before retirement.

**31.** (1) If a dispute relating to a nomination under this Part arises, the Board has power to consider evidence presented and determine the rightful dependant.

Dispute on nomination.

(2) Nothing in this Part may be construed as limiting or otherwise affecting the inherent power of the Board, either on its own motion or on the application of a party, to make such decisions as may be necessary.

**32.** If upon the death of a member, benefits are paid to a person validly nominated under this Part, no other person shall have any other claim to the benefits against the Fund.

Benefits to be paid upon the death of a member.

**33.** (1) Upon the death of a member, the benefits accrued to the member shall be paid to the person whose particulars the Member had provided or at the Board's discretion as otherwise provided in the Retirement Benefits Act and Regulations thereunder.

Death of a member in service.

i. In the absence of a nomination, the Board shall apply the benefits referred to in subsection (1) to such of dependants of the deceased and in such amounts as the Board shall determine.

ii. Where a dispute arises under this section, the Board shall consider any evidence presented before it and determine the rightful beneficiary.

**34.** (1) Where a member is missing and it is proved that the member has not been heard of for such period as prescribed by the law relating to presumption of death by those who might be expected to have heard of the member if that member was alive, there shall be a rebuttable presumption that the member is dead as provided under the law.

Presumption  
of death of  
member.

(2) Where a person is presumed dead under this section, the provisions of section 33 apply.

**35.** (1) If a member who was receiving a retirement benefit under an income drawdown dies, a benefit that is equivalent to the unutilized balance of the account of the member shall be paid to the nominated beneficiaries of the member.

Death of  
member in  
retirement.

(2) The payment under subsection (1) shall be made to the beneficiaries either as a lump sum or as an annuity commencing from the day following the death of the member.

**36.** The retirement benefits under this Act shall not be paid by the Scheme to—

Prohibited  
payments  
from the  
Scheme.

- (a) a member, while the member is still a member of a county assembly except where a member works on a contractual basis for the Sponsor after their resignation or early retirement; or
- (b) any person as a loan, advance or other similar benefit or payment except as provided under this Act.

#### **PART IV—FINANCIAL PROVISIONS**

**37.** There is established the County Assemblies Pensions Scheme Fund which shall be administered by the Board in accordance with this Act and other relevant written laws.

County  
Assemblies  
Pensions  
Scheme  
Fund.

**38.** (1) The Fund shall consist of—

Sources of  
funds.

- (a) monies as may vest in or accrue to the Scheme in the performance of its functions under this Act or under any other written law;

- (b) contributions from sponsors and members;
  - (c) grants, gifts, donations or other endowments given to the Scheme;
  - (d) income from investments made by the Scheme that are approved by the Board;
  - (e) fees and charges authorized by the Board;
  - (f) monies earned by the Scheme from any other source; and
  - (g) monies from any other source provided or donated or lent to the Scheme.
- (2) There shall be paid out of the Fund—
- (a) all benefits provided for under this Act;
  - (b) the expenses incurred in the management and administration of the Scheme subject to the limits provided under this section.
- (3) For the avoidance of doubt, nothing in this Act is intended to or may be construed as providing for or dealing with—
- (a) taxes;
  - (b) the imposition of charges on a public fund or the variation or repeal of any of those charges;
  - (c) the appropriation, receipt, custody, investment or issue of public money;
  - (d) the raising or guaranteeing of any loan or its repayment except as provided in any written law; or
  - (e) matters incidental to any of those matters.
- (4) The Board shall establish an account into which may be paid—
- (a) the monies transferred from the Fund for the trust expenses incurred by the Board in the exercise of its powers or the performance of its functions under this Act;
  - (b) the annual administrative expenses deducted from the value of the Fund at the rate approved from time to time by the Board but subject to a maximum of one and half percent of the Fund value or any such rate as the Board in consultation with the Authority may prescribe;

- (c) monies that may vest in the Board in the course of the exercise of the powers of the Board;
- (d) income from the investment of the monies held in the account established under this section; and
- (e) all monies from any other source provided for or donated or lent to the Board.

(5) Any unspent monies budgeted for annual administrative expenses shall lapse back into the Fund at the end of the financial year.

(6) The Board may invest any surplus monies held in the account established under this Act in asset classes approved under the Retirement Benefits Act.

**39.** (1) The Board may maintain a reserve account of the Scheme into which the following shall be deposited— Reserve account.

- (a) any special contribution paid into the Scheme by a sponsor or the Government for the purpose of improving the benefits of the members; and
- (b) any income of the Scheme that the Board determines should be set aside to stabilize the returns to members subject to a maximum of ten per cent of such income with consideration to the Income Tax Act or regulations made thereunder. Cap. 470

(2) Money shall not be drawn out of the reserve account except as directed by the Board for the purposes provided for under subsection (1).

(3) Any monies determined to be income of the reserve account shall be treated as income forming part of the general income of the Scheme.

**40.** (1) Before the commencement of each financial year, the Board shall cause to be prepared estimates of the revenue and expenditure of the Scheme for that year. Annual estimates.

(2) The annual estimates shall make provision for all the estimated expenditure of the Scheme for the financial year concerned and, in particular, shall provide for the—

- (a) payment of the salaries, allowances, and other charges

in respect of the employee of the Scheme;

- (b) payment of benefits and other charges which are payable out of the funds of the Scheme;
- (c) funding of the registration, monitoring and evaluation activities of the Scheme;
- (d) maintenance of the buildings and grounds of the Scheme;
- (e) funding of training, research and development of activities of the Scheme;
- (f) reserve funds to meet future or contingent liabilities in relation to retirement benefits, insurance or replacement of buildings or equipment; and
- (g) such other matters as the Board may consider necessary.

(3) The annual estimates shall be approved by the Board before the commencement of the financial year to which they relate.

(4) Expenditure of the Scheme shall not be incurred except in accordance with the annual estimates approved by the Board.

41. (1) The Board shall cause to be kept proper books and records of accounts of the income, expenditure, assets and liabilities. Accounts and audit.

(2) Within a period of three months after the end of each financial year, the Board shall submit to an auditor who is recognized and approved by the Authority the accounts of the Scheme in respect of that year together with—

- (a) balance sheet showing in detail the assets and liabilities of the Scheme as at the end of the financial year.
- (b) a statement of the income and expenditure of the Scheme during that year; and
- (c) such other statements as may be required by the Authority.

(3) The annual accounts of the Scheme shall be prepared, audited and reported upon in accordance with the Retirement Benefit Act and other relevant laws.

42. The financial year of the Scheme shall be the period of Financial year.

twelve months ending on the thirtieth June in each year.

**43.** The annual investment income earned by the Scheme shall after deduction of all expenses and costs properly paid out of the Scheme and any appropriation to a reserve account approved by the Board be credited to members' accounts on a pro-rata basis.

Annual  
distribution of  
profits.

**44.** (1) The scheme shall be reviewed by an actuary appointed by the Board as provided for in the Retirement Benefits Act.

Actuarial  
review of the  
Scheme.

(2) The actuary appointed under subsection (1) shall—

- (a) prepare a report on the state of the Scheme; and
- (b) recommend any necessary action to be taken.

(3) The actuary shall submit the report prepared under subsection (2) to the Board within the stipulated time in the instrument of appointment.

(4) The Board shall, within six months of the receipt of such report, consider any recommendations made by the Actuary and in so doing, may take any action recommended by the actuary.

## **PART V—MISCELLANEOUS PROVISIONS**

**45.** Where there is a conflict between the provisions of this Act and the provisions of the Retirement Benefits Act, the provisions of the Retirement Benefits Act shall prevail.

Conflict with  
other written  
law.

**46.** (1) The Board shall—

Duty of care.

- (a) ensure that the Scheme is at all times managed in accordance with the provisions of this Act, the Retirement Benefits Act and any other applicable law; and
- (b) take reasonable care to ensure that the management of the Scheme or safe keeping of the assets of the Scheme is carried out in the best interests of the members of the

Scheme.

(2) The administrator, fund manager, actuary and custodian shall—

- (a) report to the Board and the Authority, as soon as reasonably practicable, any unusual occurrence with respect to the Scheme which in their view could adversely affect the rights of the owner of a member's account under the Scheme; and
- (b) report to the Board and the Authority, as soon as is reasonably practicable, if a sponsor has not remitted the required contribution and such remittance remains due for more than ten days.

47. The Cabinet Secretary may, by order in the *Gazette*—

Exemption from compliance with provisions of this Act.

- (a) exempt any person or class of persons from compliance with any specified provisions of this Act; or
- (b) extend the time for compliance by any person or class of persons with any specified provisions of this Act

provided that nothing in this section shall apply in respect of payment of retirement benefits.

48. The provisions of the Retirement Benefits Act and regulations thereunder shall apply to the Fund.

Provisions of the Retirement Benefits Act.

Cap. 197.

49. No action or omission by any member of the Board, or employee of the Scheme shall, if the act was done in good faith for the purpose of carrying out the provisions of this Act or any other law, subject the person to any liability, action, claim or demand.

Protection from personal liability.

50. (1) A person who—

Offences.

- (a) wilfully fails to remit contributions to the Scheme as required;
- (b) knowingly gives false information to the Scheme; or
- (c) being a Trustee or employee of the Scheme, wilfully

misappropriates the assets of the Scheme,  
commits an offence and is liable on conviction to a fine not exceeding five million shillings or to imprisonment for a term not exceeding five years or to both.

(2) Where an offence under this section is committed by a body corporate, every person who at the time of the commission of the offence was—

- (a) a director, general manager, secretary of the company or other similar officer of the body corporate; or
- (b) purporting to act in any such capacity as provided in paragraph (a),

commits that offence.

(3) A person who is convicted of an offence under subsection (1) (c) shall, in addition to any fine that may be imposed, refund to the scheme three times the value of any loss that may be incurred by the scheme by reason of the commission of the offence.

**51.** (1) Notwithstanding the provision of section 26, where a sponsor, having made deduction from a member's emoluments for remittance to the Scheme, fails to remit the contribution within fifteen days of the deduction, the Scheme shall, after giving such sponsor not less than seven days' notice, institute proceedings for the recovery of the deduction.

Proceedings  
for recovery  
of deductions  
from  
sponsors.

(2) A notice under subsection (1) shall be in writing and copied to the Authority, and shall—

- (a) require the sponsor to pay the sum deducted to the Scheme within seven days of the notice; and
- (b) inform the sponsor that if he fails to pay such sum before the expiration of the notice, proceedings for summary recovery of the sum shall be filed in court without further reference to him.

(3) Any sum which is the subject of proceedings of summary recovery under this section shall attract a compound interest at the rate of three per cent per month.

(4) Without prejudice to any proceedings instituted under the provisions of this section, a sponsor who makes a deduction from a member's emoluments for remittance to the Scheme and fails to remit the contribution to the Scheme within fifteen days



commits an offence and shall on conviction be liable to a fine not exceeding five million shillings or in the case of a natural person to imprisonment for a term not exceeding two years or to both.

(5) Where an offence under subsection (4) is a continuing offence, the person convicted shall, in addition to the penalty prescribed in that subsection be liable to a further fine of one thousand shillings for every day or part thereof during which the offence continues.

**52.** A person who—

General  
penalty.

(a) contravenes any provision of this Act which is expressly stated to be an offence but for which no other penalty is prescribed; or

(b) fails to comply with any direction given by the Authority,

commits an offence and is liable, on conviction, to a fine not exceeding one hundred thousand shillings, or to imprisonment for a term not exceeding one year, or to both.

**53.** The Cabinet Secretary may, in consultation with the Board, make regulations generally for the better carrying into effect the provisions of this Act.

Regulations.

## **PART VI—SAVINGS AND TRANSITION**

**54.** (1) A member of a county assembly who is a member of the Local Authorities Provident Fund, the Local Authorities Pension Trust, the Local Authorities Pension Trust (Defined Benefits) Scheme and the Local Authorities Pension Trust (Umbrella) Retirement Fund shall be transitioned into the Scheme within one year upon the commencement of this Act.

Transition of  
members of  
county  
assemblies to  
the Scheme.

(2) The funds, assets and other movable or immovable property which immediately before the commencement date were held by or on behalf of the Local Authorities Provident Fund, the Local Authorities Pension Trust, the Local Authorities Pension Trust (Defined Benefits) Scheme and the Local Authorities Pension Trust (Umbrella) Retirement Fund for the members of county assemblies shall vest in the Scheme.

(3) All the records of members of county assemblies held by the Local Authorities Provident Fund, the Local Authorities

Pension Trust, the Local Authorities Pension Trust (Defined Benefits) Scheme and the Local Authorities Pension Trust (Umbrella) Retirement Fund shall be transferred to the Scheme administrator.

(4) All rights, liabilities and duties whether arising under any written law or otherwise, which immediately before the commencement date were accruing, imposed or enforceable by or against the Local Authorities Provident Fund, the Local Authorities Pension Trust, the Local Authorities Pension Trust (Defined Benefits) Scheme and the Local Authorities Pension Trust (Umbrella) Retirement Fund with regard to members of county assemblies shall vest in, be imposed on, or be enforceable against the Scheme.

**55.** County governments shall, during the short and medium term, guarantee the solvency of the Scheme for any payment that may be required under it.

Government  
guarantee.

**SCHEDULE**

**(s.17)**

**THE CONDUCT OF BUSINESS AND  
AFFAIRS OF THE BOARD**

1. (1) The Board shall hold at least four meetings in every financial year and not more than four months shall elapse between the date of one meeting and the date of the next meeting. Meetings.

(2) Meetings shall be convened by the Secretary of the Board in consultation with the Chairperson and shall be held at such times and such places as the Chairperson shall determine.

(3) The chairperson shall preside over all meetings and in the absence of the chairperson, the vice-chairperson, or in the absence of the vice-chairperson, a Trustee elected by the Board at the meeting for that purpose, shall preside over the meeting.

(4) The chairperson may at any time convene a special meeting of the Board, and shall do so within seven days of the receipt by the chairperson of a written request signed by at least five other Trustees.

(5) Unless six Trustees otherwise agree, at least seven days' notice of a meeting shall be given to every trustee.

2. (1). The quorum of a meeting of the Board shall be five Trustees present and voting and shall include at least two Trustees appointed under section 6 (2) (b), (c), (d) or (e) and at least three Trustees appointed under section 6 (2) (f). Quorum.

(2) For special meetings, the quorum shall be six Trustees present and voting and shall include at least three Trustees appointed under section 6 (2) (b) or (c) and at least four Trustees appointed under section 6 (2) (d).

3. A decision of the Board shall be by a majority of the Trustees present and voting and, in the case of a tie of votes, the person presiding at the meeting shall have a second or casting vote. Voting.

4. Minutes of all meetings shall be kept and entered in records kept for that purpose. Minutes.

*The County Assemblies Pensions Scheme Bill, 2024.*

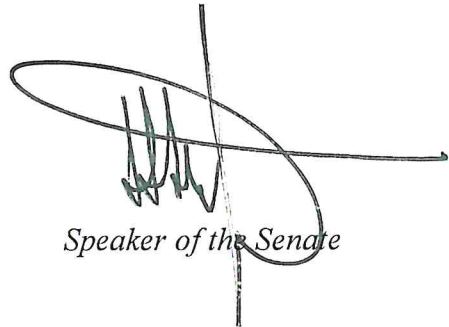
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I certify that this printed impression is a true copy of the Bill as passed by the Senate on 15<sup>th</sup> Apr, 2025.



*Clerk of the Senate*

Endorsed for presentation to the National Assembly in accordance with the provisions of standing order 161(1) of the Senate Standing Orders.



*Speaker of the Senate*