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REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026

PUBLIC PETITIONS COMMITTEE

REPORT ON CONSIDERATION OF PUBLIC PETITION NO. 08 OF 2026
REGARDING AMALGAMATION/CONVERSION OF FORMER CIVIL SERVICE
NON-CONTRIBUTORY PENSION SCHEMES TO THE CURRENT PUBLIC SERVICE
WORKERS CONTRIBUTION SCHEME UNDER THE PUBLIC SERVICE
SUPERANNUATION FUND OF 2021 AND AMMENDMENT OF PENSIONS ACT

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 30 SEP 2026	
DAY: Wednesday	
TABLED BY:	Hon. Janet Sichega MP (Vice-Chairperson)
CLERK-AT THE-TABLE:	Womale



Directorate of Audit Appropriations &
General-Purpose Committees
Clerk's Chambers
Main Parliament Buildings
NAIROBI

SEPTEMBER, 2026

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ACRONYMS

CEO	Chief Executive Officer
DB	Defined Benefit
DC	Defined Contribution
ePMIS	Electronic Pension Management Information System
NSSF	National Social Security Fund
PAYG	Pay-As-You-Go
PSSF	Public Service Superannuation Fund
PSSS	Public Service Superannuation Scheme
RBA	Retirement Benefits Authority
SRC	Salaries and Remuneration Commission

CHAIRPERSON'S FOREWORD

On behalf of the Public Petitions Committee and pursuant to the provisions of Standing Order 227, it is my pleasant privilege and honour to present to this House the Report of the Committee on the public petition no. 08 of 2026 regarding amalgamation/conversion of former civil service non-contributory pension schemes to the current public service workers contribution scheme under the public service superannuation fund of 2021 and amendment of pensions act. The petition was presented to the House pursuant to Standing Order No. 225 (2) (b) by the Speaker on behalf Mr. John Serem, Eng. Richard Bett and Ms. Olive Chepkoech being members of Kenya National Association of Public Service Pensioners in Kericho, a body representing former civil service workers and retirees countrywide.

The Committee considered the Petition and observed that the Defined Benefit scheme guarantees a fixed retirement benefit calculated from an officer's pensionable salary and years of service, with the Government bearing the funding and investment risk while the Defined Contribution scheme guarantees no fixed benefit; instead, the employer and employee make prescribed contributions to an individual account, and the eventual payout depends on total contributions plus investment returns, with the member bearing the investment and longevity risk. The transition was meant for fiscal sustainability and members above the age of 45 years as at effective date had the option to join.

The Committee declines to grant the prayer for amalgamation of both schemes and recommends that the National Treasury conducts three-year actuarial reviews commencing end of 2026 and submits to the National Assembly proposals to address gaps in the legislative and policy framework within three (3) months of tabling of this report.

The Committee appreciates the Offices of the Speaker and Clerk of the National Assembly for providing guidance and necessary technical support, without which its work would not have been possible. The Chairperson expresses gratitude to the Committee Members for their devotion and commitment to duty during the consideration of the Petition.

On behalf of the Committee and pursuant to the provisions of Standing Order 199, I now wish to lay the Report on the Table of the House.

HON. MUCHANGI KAREMBA, CBS, M.P.

CHAIRPERSON, PUBLIC PETITIONS COMMITTEE

PART ONE

1 PREFACE

1.1 Establishment and mandate of the Committee

- 1) The Public Petitions Committee is established under the provisions of Standing Order 208A with the following terms of reference:
 - i) considering all public petitions tabled in the House;
 - ii) making such recommendations as may be appropriate with respect to the prayers sought in the petitions;
 - iii) recommending whether the findings arising from consideration of a petition should be debated; and
 - iv) advising the House and reporting on all public petitions committed to it.

1.2 Committee Membership

- 2) The Public Petitions Committee was constituted in October 2022 and comprises the following Members:

Chairperson

Hon. Muchangi Karemba, CBS, M.P.

Runyenjes Constituency

United Democratic Alliance (UDA)

Vice Chairperson

Hon. Janet Jepkemboi Sitienei, M.P.

Turbo Constituency

United Democratic Alliance (UDA)

Hon. Patrick Makau King'ola, M.P.

Mavoko Constituency

**Wiper Democratic Movement-Kenya
(WDM-K)**

Hon. Edith Vethi Nyenze, M.P.

Kitui West Constituency

**Wiper Democratic Movement-Kenya
(WDM-K)**

Hon. Joshua Chepyegon Kandie, M.P.

Baringo Central Constituency

United Democratic Alliance (UDA)

Hon. Beatrice Kadeveresia Elachi, CBS, M.P.

Dagoretti North Constituency

Orange Democratic Movement (ODM)

Hon. Maisori Marwa Kitayama, M.P.

Kuria East Constituency

United Democratic Alliance (UDA)

Hon. Paul Biego Kibichiy. M.P.

Chesumei Constituency

United Democratic Alliance (UDA)

Hon. Bernard Muriuki Nebart, M.P.

Mbeere South Constituency

Independent

Hon. Patrick Munene, CBS, M.P.

Chuka Igambang'ombe Constituency

United Democratic Alliance (UDA)

Hon. John Bwire Okano, M.P.

Taveta Constituency

**Wiper Democratic Movement-Kenya
(WDM-K)**

Hon. Peter Mbogho Shake, M.P.

Mwatate Constituency

Jubilee Party (JP)

Hon. Suzanne Ndunge Kiamba, M.P.

Makueni Constituency

**Wiper Democratic Movement-Kenya
(WDM-K)**

Hon. Peter Irungu Kihungi, M.P.

Kangema Constituency

United Democratic Alliance (UDA)

Hon. Sloya Clement Logova, M.P.

Sabatia Constituency

United Democratic Alliance (UDA)

1.3 Committee Secretariat

3) The secretariat comprises the following officers:

Mr. Victor Weke

Principal Clerk Assistant II

Ms. Miriam Modo

Clerk Assistant I

Mr. Bernard Toroitich

Clerk Assistant III

Ms. Kafuyai Wamae

Clerk Assistant III

Mr. Clinton Sindiga

Legal Counsel

Ms. Nancy Ouma

Research Officer III

Ms. Viola Saiya

Research Officer III

Mr. Collins Mahamba

Audio Officer

Ms. Fridah Ngari

Media Relations Officer

Ms. Felister Muiya

Public Communications Officer

Ms. Roselyne Njuki

Principal Sergeant at Arms

Mr. Paul Shana

Sergeant at Arms

PART TWO

2 BACKGROUND OF THE PETITION

2.1 Introduction

- 4) Public Petition 08 of 2026 regarding amalgamation/conversion of former civil service non-contributory pension schemes to the current public service workers contribution scheme under the public service superannuation fund of 2021 and amendment of Pensions Act, was presented to the House by Mr. John Serem, Eng. Richard Bett and Ms. Olive Chepkoech being members of Kenya National Association of Public Service Pensioners in Kericho, a body representing former civil service workers and retirees countrywide.
- 5) The Petitioners, who are public service pensioners adversely affected by the current pension framework governing the public service, aver that the Government, through the Public Service Superannuation Scheme Act, 2012, converted the previous Non-Contributory Defined Benefit (DB) pension scheme to a Defined Contributory (DC) scheme effective 1st January 2021.
- 6) The Petitioners claim that this conversion excluded new entrants from the old scheme, leaving existing pensioners under an obsolete system whose obligations remain unmet in terms of adequacy and regularity of payment.
- 7) The Petitioners claim that the current dual-pension architecture discriminates against former public servants under the Non-Contributory Defined Benefit pension scheme, who receive inadequate and irregular payments compared to the Defined Contributory scheme. They contend that this disparity amounts to unconstitutional discrimination among persons of the same class of entitlement.
- 8) The Petitioners note that Section 5 of the Pensions Act, Cap. 189 defines pension as an absolute right earned through public service. Yet, the current system compels retiring officers to commute one quarter ($\frac{1}{4}$) of their pension, thereby reducing monthly income available to retirees.
- 9) The Petitioners recall that in 2014, the Salaries and Remuneration Commission (SRC), based on Actuarial Study valuation, recommended a 50% increase in the tax-free pension contribution limit under the Defined Benefit (DB) pension scheme every three years. However, no comprehensive actuarial pension review has been undertaken in conformity with the recommendations, leaving pensioners vulnerable to economic attrition.
- 10) The Petitioners are dismayed that the Government has inconsistently applied provisions of Section 17 of the Pensions Act that obligates payment of pension benefits to dependents upon the death of an officer. In this regard, access to Pension Benefits upon death of the Principal Officer by the respective next of kin remains administratively onerous hence violating the said provision.

2.2 Petitioner's Prayers

- 11) The Petitioners pray that the Committee investigates the matter and recommends that;
- i) All non-contributory civil service pension schemes be amalgamated into a single, unified, equitable, and sustainable pension framework;
 - ii) The National Treasury and the Salaries and Remuneration Commission undertake an immediate actuarial review of public service pensions and gazette appropriate pension increases to cushion pensioners against the effects of inflation and the rising cost of living; and
 - iii) The Pensions Act (Cap. 189) and the Pensions (Increase) Act (Cap. 190) be reviewed and amended to address existing gaps and ensure adequate protection of pensioners and their beneficiaries.

PART THREE

3 STAKEHOLDERS' SUBMISSIONS

3.1 The Petitioners

The petitioners appeared before the Committee on 16th June, 2026 and submitted as follows in furtherance to their submissions contained in the background above-

- 12) Approximately 25 per cent of public service pensioners currently receive pensions of less than Ksh. 4,000 per month, an amount they contend falls below the prevailing poverty threshold and is insufficient to meet basic living expenses.
- 13) They further submitted that retired public officers made significant contributions to the country's development and should therefore be supported through enhanced post-retirement welfare programmes, including the establishment of a voluntary post-retirement medical scheme to guarantee access to healthcare and promote the realization of the right to the highest attainable standard of health.
- 14) The Petitioners also noted that many retirees possess valuable knowledge, skills, and experience accumulated during their years of service. They proposed that retirees be recognized as a valuable human resource and that mechanisms be developed to facilitate their engagement in consultancy, mentorship, and other income-generating opportunities.
- 15) Additionally, the Petitioners expressed concern that dependents of deceased pensioners receive pension benefits for only five years, after which payments cease. They argued that this limitation places undue hardship on beneficiaries and should be reviewed to provide more sustainable support to dependents.

3.2 Retirement Benefits Authority

Mr. Charles Machira, the Chief Executive Officer, vide a letter NA/DAA & GPC/PPC/2026 dated 30th June, 2026 submitted as follows -

On amalgamation of all non-contributory civil service pension schemes into single, unified and sustainable framework;

- 16) The Authority submits that the decision to amalgamate retirement benefits schemes rests with the sponsor, in this case the Government, following a comprehensive assessment of the relevant financial, legal, governance and labour related considerations. Given the public interest nature of this matter, public participation would also be a key consideration.
- 17) The Authority notes that the proposed amalgamation is specific to the non-contributory civil service scheme financed through the Exchequer. In this regard, the Public Service Superannuation Fund (PSSF) would not be affected by the proposed amalgamation, given that it is a funded contributory scheme where both employees and the Government make contributions toward members' retirement benefits received.

- 18) If the amalgamation of the non-contributory scheme with PSSF were to be considered, significant financial and operational considerations would require resolution. In particular, the Government would first be required to provide funding for the accrued liabilities arising from the non- contributory scheme before any transfer of obligations or assets to the PSSF. According to an actuarial valuation report prepared by the National Treasury for the period ended June 2024, the estimated actuarial liability stood at over Kshs.1 trillion.
- 19) Further, since the non-contributory scheme currently meets pension obligations directly to existing pensioners, appropriate arrangements would need to be developed to safeguard the continuity of pension payments. Such arrangements may include externalization of pensioners through insurance arrangements to ensure continued payment of their benefits.
- 20) The PSSF operates a defined contribution scheme and does not pay pensions directly from the scheme upon members' retirement. Instead, members are provided with options to secure retirement income through the purchase an annuity from an insurance company or an income draw down arrangement offered by schemes registered by the Retirement Benefits Authority.

On the petitioners' prayer that the National Treasury and SRC to conduct an immediate actuarial study and gazette pension increases to mitigate the effects of inflation;

- 21) The Authority notes that the National Treasury conducted an actuarial study of the Civil Service Pension Scheme as at June 2024. The actuarial valuation report assessed the financial implications of various scenarios, including the impact of potential pension increases. The Authority further notes that any decision to provide additional pension increases would require consideration by the Government taking into account the associated fiscal implications, affordability, long- term sustainability and the overall impact on public finances.

On review of the Pensions Act (CAP 189) & the Pensions Increase Act (CAP 190);

- 22) The Authority notes the Petitioners' concerns regarding the erosion of pension purchasing power arising from inflation and the rising cost of living. Section 3 of the Pensions Increase Act (CAP 190) provides for a pension increase of the pension in payment, payable every two years on the 1st of July subject to the conditions and exclusions set out in the Act. This provision came into effect from 1st July 2005.
- 23) Any decision to grant additional pension increases beyond the statutory framework would require consideration by the Government, considering fiscal affordability.

On Discrimination Factors in Commutation of Pension between the Civil Service Pension Scheme and the Public Service Superannuation Fund;

- 24) The difference in commutation factors between the Civil Service Pension Scheme and the Public Service Superannuation Fund (PSSF) is based on the design and financing structures of the two schemes.

- 25) The Civil Service Pension Scheme is unfunded while the PSSF is funded hence they have different commutation factors. A higher commutation factor increases the lump sum payable to retirees while reducing the periodic pension payable.
- 26) Any increase in the commutation factor under an unfunded scheme would have financial implications on the Exchequer in financing the liability.

On concerns on delays in access to Benefits on death of a Principal Member

- 27) The Authority notes the concerns raised by the petitioners regarding administrative processes, including timely access to benefits following the death of a principal member. The Authority is aware that the Director of Pensions under the National Treasury has undertaken significant digital transformation and structural reforms aimed at addressing historical administrative challenges and improving service delivery to pensioners and beneficiaries.
- 28) Based on the foregoing, the Authority submits that any proposed amalgamation of retirement benefits schemes would require comprehensive consideration of the different scheme structures, funding arrangements, accrued liabilities, administrative frameworks and the need to safeguard the rights and interests of members and pensioners. The Authority remains available to provide the necessary regulatory guidance and support on this matter.

3.3 National Social Security Fund

Mr. David Koros, MBS, the CEO/Managing Trustee of the National Social Security Fund, vide a letter NA/DAA&GPC/PPC/2026/106 dated 3rd July, 2026 submitted as follows;

- 29) The National Social Security Fund is a statutory body established under the National Social Security Fund Act, 2013 to provide social security through a mandatory contributory pension scheme for employees in Kenya.
- 30) The Fund respectfully observes that the issues raised in the Petition principally concern the administration, financing and reform of pension schemes established under the Pensions Act (Cap.189) and the Public Service Superannuation Scheme Act, 2012. The Petition raises concerns premised on public pension policy, pension administration, fiscal sustainability and the protection of pensioners' rights. While these concerns merit consideration, the proposals advanced require careful constitutional, legal, actuarial and fiscal evaluation before legislative action can be recommended.
- 31) The administration of the Civil Service Non- Contributory Pension Scheme, pensions payable under the Pensions Act (Cap. 189), the Public Service Superannuation Scheme established under the Public Service Superannuation Scheme Act, 2012 and pension adjustments made under the Pensions (Increase) Act (Cap.190) fall under the policy and administrative responsibility of the National Treasury through the Pensions Department and the Public Service Superannuation Fund.

- 32) From the onset any review of the Pensions Act (Cap. 189), the Public Service Superannuation Scheme Act, 2012 and the Pensions (Increase) Act (Cap.190) should consider the following;
- comprehensive actuarial valuation of liabilities under both schemes;
 - fiscal implications for the Consolidated Fund;
 - accrued pension rights and legitimate expectations of beneficiaries;
 - transition arrangements for serving officers and pensioners;
 - governance and administration of the proposed unified scheme;
 - compatibility with existing employment contracts and terms of service.

3.4 State Department for Public Service and Human Capital Development

The Principal Secretary, the State Department for Public Service and Human Capital Development, Dr. Jane Kere Imbunya, PhD, appeared before the Committee on 11th August, 2026 and submitted as follows-

- 33) The petition outlines three primary areas of concern for the Government's consideration:
- i) Scheme Amalgamation: The perceived disparity between retirees under the legacy non- contributory arrangement and the modernized contributory framework;
 - ii) Cost of Living Adjustments: The urgent need to review pension benefits to mitigate the impact of inflation on household, medical, and transport costs; and
 - iii) Administrative Bottlenecks: The significant challenges faced by dependents' when pursuing benefits following the demise of a pensioner or serving officer.
- 34) The State Department for Public Service and Human Capital Development derives its mandate from the Executive Order No. 1 of 2025 which highlights its functions as follows:
- i) Public Service Reforms and Transformation including Operational Standards and Process Engineering;
 - ii) Government Human Resource Information Systems and Services;
 - iii) Overseeing the management of the National Youth Service (NYS);
 - iv) Internship and Volunteer Policy for Public Service;
 - v) Government Payroll Policy and Standards;
 - vi) Government Shared Support Services;
 - vii) Research, Development and Public Service Delivery Innovations;
 - viii) Public Service Career Planning and Development; and
 - ix) Administration of Insurance and Welfare Programmes for the Civil Service, Including: Comprehensive Group Life, Last expense, Work Injury Benefits and Group Personal Accident Insurance Cover; and Counselling Policy and Service.
- 35) The State Department responsible for Public Service focuses on public service policies and human capital development, specifically regarding the management, capacity development and support of public servants / officers throughout their careers. While we do not directly appropriate pension funds, or manage the National Treasury's pension vote, or administer

the PSSF, we accept our responsibility to coordinate a comprehensive and professional Government response, given the impact of these issues on our current and former workforce.

Amalgamation of Pension Schemes

- 36) The request for a unified, sustainable pension framework is well- noted. However, the legacy non- contributory pension scheme for public officers' arrangement is essentially a government promise to workers budgeted and funded directly by public resources, whereas the PSSF is a funded scheme comprising contributions both from the members and employers, assets, returns from investments, trustees, and individual member accounts. Amalgamation is not merely a transfer of names but a complex legal and financial transition.
- 37) It is important to note that before recommending such a reform, the Government must accurately determine the total liability, define the treatment of past service, protect existing rights, and ensure the transition is fiscally sustainable without disadvantaging any group which must be implemented in full compliance with the existing policies, laws and regulations.
- 38) The pension wage bill has continued to increase over the years since independence. To ensure sustainability of the Public Service pension wage bill, the Government implemented a contributory pension scheme, the Public Service Superannuation Scheme with effect from 1st January, 2021. The Scheme covers Civil Servants, Teachers and Disciplined Services (National Police Service, Kenya Prisons Service and the NYS) who are on permanent and pensionable terms of service.
- 39) The administration of the Scheme is governed by the Public Service Superannuation Scheme Act, 2012, which is the legal framework for the Scheme. Membership to the Scheme are employees serving on permanent and pensionable terms of service and aged below 45 years as at 1st January, 2021. However, employees aged above 45 years were given an option to join the contributory Scheme or remain in the non- contributory pension scheme managed under the Pensions Act.
- 40) The Scheme is oversighted by a Board of Trustees and managed by a Secretariat headed by a Chief Executive Officer. The Board of Trustees has representation from the National Treasury, Ministry of Public Service, Human Capital Development and Special Programmes, Teachers Service Commission, Public Service Commission, National Police Service, Kenya National Union of Teachers, Kenya Union of Post Primary Education Teachers; Union of Kenya Civil Servants and three (3) independent Members and a Chair appointed by the Cabinet Secretary, the National Treasury.
- 41) For most of Kenya's history, retirement benefits for public servants were paid as a non-contributory, Pay- As- You- Go arrangement under the Pensions Act (Cap. 189) which was established in 1946, and the Widows' and Children's Pensions Scheme Act (Cap. 195). Benefits were financed entirely by the Exchequer and administered by the Pensions Department at the National Treasury, with no contribution from members and no fund of assets to meet the promise. This defined benefit (DB) arrangement covered the bulk of the

- public service, civil servants, teachers, and the disciplined services personnel (National Police Service, Prisons and NYS). Forming the largest sector in the public service and being unfunded, its cost increased unsustainably, placing an open-ended and growing liability directly on the national budget and wage bill.
- 42) The decisive policy shift came through Treasury Circular No. 18 of 2010, in which the National Treasury directed all public sector pension schemes to convert from the defined benefit model to a funded defined contribution (DC) model. The Circular's objective was to align public service pension arrangements with best practice in the retirement benefits industry, replace the open-ended Exchequer charge with a funded system in which both employer and employee contribute, and progressively reduce Government's unfunded pension liability. Every Public Sector employer was to convert by July 2011. Most of the entities save for the categories highlighted above shifted to DC.
 - 43) As an effect to the circular, the Public Service Superannuation Scheme Act, 2012 (No. 8 of 2012), now Cap. 189A, assented to on 9th May 2012, established the Public Service Superannuation Scheme (PSSS) as a funded DC scheme for employees under the Public Service Commission, the Teachers Service Commission, and the National Police Service Commission.
 - 44) Although the PSSS Act was enacted in 2012, it remained dormant for several years before it was operationalized. The turning point came at the National Wage Bill Conference held from 26th – 28th November 2019, convened by the Salaries and Remuneration Commission together with the National Treasury and other State actors under the theme "Transforming Kenya's Economy through a Fiscally Sustainable Public Wage Bill." Among its several resolutions on the size and sustainability of the public wage bill, the Conference specifically directed that the PSSS Act be operationalized without further delay.
 - 45) That resolution supplied the political and administrative push that had delayed for 9 years to see the scheme commence operations on 1st January 2021. Officers aged 45 years and below were automatically enrolled from that date, while those aged 45 and above were given an option window, from 1st January – 31st March 2021, to elect to join; those who did not opt in remained in the old DB scheme, which was itself closed to new entrants with effect from 1st January 2021. The PSSS has a membership of 529,635 as at 30th June 2026.
 - 46) The practical difference between the two models is felt most directly by the individual employee. Because the DC arrangement is funded from day one, and a member's savings are fully vested in that member credited into the individual retirement savings account, an employee can move between employers, or leave the public service altogether, without losing any accrued benefit; the balance simply moves with the member, is deferred in the scheme or is paid out to the member. This is unlike the old, unfunded DB scheme administered by the Pensions Department at the National Treasury, where benefits were tied to years of pensionable service within the scheme and did not readily follow an employee who exited early or moved across employers without a loss of benefits.
 - 47) Under the DC arrangement, payment is also immediately available to the member upon exit from service, rather than being a contingent on the Exchequer allocation. Beyond the

individual member, the accumulating contributions under the DC model also build up a substantial pool of long- term capital, which the Scheme's trustees invest across various sectors of the economy, including government securities, equities, real estate, and infrastructure, giving the reform a second dividend as a source of domestic investment alongside its role in securing members' retirement income.

Key Justifications for the Shift

- 48) Fiscal sustainability and reducing the wage bill: Under the old DB scheme, the Exchequer bore the full, open-ended cost of pensions as an unfunded liability. A funded DC scheme caps the Government's annual liability to its fixed 15% contribution, stabilising public expenditure and easing pressure on the national budget.
- 49) Shifting the funding burden from taxpayers to a pre-funded model: Because DB pensions were paid directly from current revenue, future taxpayers effectively financed retirees' benefits with no dedicated fund set aside. PSSS requires both employee (graduated to 7.5% of basic salary) and Government (15%) contributions to be paid into a ring-fenced Fund during an employee's working life.
- 50) Alignment with retirement- benefits industry best practice: The reform brought public service pensions in line with the funded, contributory model already used in the private/occupational sector and regulated by the Retirement Benefits Authority (RBA), replacing an unregulated, ad hoc Exchequer arrangement.
- 51) Mobilising national savings and capital for growth: A funded DC scheme accumulates investable assets (Kenya's retirement benefits assets reached Sh1.7 trillion by June 2023), increasing the pool of long- term capital available for private and public sector investment and supporting broader economic growth.
- 52) Individual ownership, transparency, and portability: Each member has a personal retirement savings account showing contributions and accrued interest, via annual benefit statements, giving members clearer visibility of their entitlements than the discretionary, service- based DB formula allowed.
- 53) Regulatory oversight and governance: PSSS is administered by an independent Board of Trustees and regulated by the RBA, introducing professional fund management, actuarial oversight, and accountability absent from the Exchequer- financed DB scheme.

Cost of Living and Pension Reviews

- 54) The State department acknowledges that inflation can diminish the real value of pensions, forcing many retirees to struggle with basic needs. However, any increase in payments creates a long- term, continuing obligation and burden on the government hence the need to ensure affordability and sustainability of payment of pension to all eligible public officers and their beneficiaries.

- 55) The State Department recommends an immediate actuarial and fiscal review of pensions currently in payment to ensure that any adjustments are evidence- based, all public sector inclusive, affordable, and integrated into the proper budgetary process.

Commutation and Financial Literacy

- 56) The choice to receive a lump sum (commutation) at retirement often results in a significantly reduced monthly pension later in life. This is a human and financial literacy issue. The state department proposes implementing mandatory, simplified mandatory pre- retirement courses, training and counselling to ensure retirees fully comprehend the long- term impact of their financial choices.

Administration of Dependents' Benefits

- 57) The State Department for Public Service and Human Capital Development believes immediate administrative improvements are required to support grieving families concerning pension administration which is currently is largely associated with inefficiencies;
- i) A standardized, clear checklist for all dependents' claims;
 - ii) Experienced and dedicated officers to guide families through the process;
 - iii) Transparent claim tracking and established timelines for each stage of processing; and;
 - iv) Enhanced coordination between pension offices, employers, and supporting public agencies
- 58) In conclusion, the transition from the non- contributory DB Pension Scheme (Cap 189) to the contributory DC PSSSF Scheme was driven primarily by the need to make public pension costs fiscally sustainable and predictable, shift funding risk away from future taxpayers, align Kenya's public service pensions with modern retirement- benefits practice, and mobilise domestic savings for economic development, while giving members greater transparency and ownership over their retirement savings.
- 59) In view of the foregoing, it is the considered opinion of the State Department for Public Service and Human Capital Development that the current arrangement of contributory pension scheme for public service employees aligns with international best practice in pension management.

3.5 The National Treasury

Mr. Alfred Kagika, the Secretary, Pensions, at the National Treasury, appeared before the Committee on 20th August, 2026 on behalf of the Principal Secretary and submitted as follows-

- 60) Kenya's public service pension arrangements have evolved over time in response to changes in pension policy, demographics, fiscal considerations and the need to strengthen retirement

security. There are currently two principal pension arrangements applicable to public servants, reflecting this transition.

- 61) The Civil Service Pension Scheme is established under the Pensions Act (Cap. 189) and is:
 - non-contributory;
 - unfunded;
 - financed directly from the Consolidated Fund on a Pay-As-You-Go (PAYG) basis; and
 - a Defined Benefit (DB) arrangement.
- 62) Under this arrangement, Government bears responsibility for meeting the pension obligations as and when they fall due.
- 63) As at 31st July, 2026 the Scheme had approximately 319,207 pensioners/beneficiaries in payment with a monthly pension payroll of approximately Kshs.7.8 billion equivalent to approximately Kshs.93.7 billion per annum.
- 64) The Public Service Superannuation Scheme (PSSS) was established under the Public Service Superannuation Scheme Act, 2012, with implementation commencing on 1st January 2021. Unlike the legacy arrangement, PSSS is:
 - contributory;
 - funded;
 - Defined Contribution (DC); and
 - based on accumulated member and employer contributions together with investment returns.
- 65) Members have individual retirement savings accounts to which contributions are credited and invested in accordance with the Scheme's investment framework. As at 30th June, 2026, PSSS had approximately 529,635 active members, with accumulated assets of approximately KSh.343.75 billion.
- 66) The two arrangements are therefore fundamentally different in legal character, benefit design, financing mechanism, actuarial treatment and fiscal structure. The coexistence of the two arrangements is a consequence of the transition from a legacy unfunded Defined Benefit system to a funded contributory Defined Contribution system.
- 67) The Petitioners contend that the existence of two pension arrangements creates a discriminatory dual-pension architecture in which existing retirees are disadvantaged relative to members of the contributory scheme.
- 68) On the allegation of discrimination, the National Treasury submitted that the mere existence of the two arrangements, in itself, does not constitute discrimination. The distinction arises from statutory pension reform and objectively different categories of membership, rather than from arbitrary differentiation between persons who are similarly situated.
- 69) The transition to PSSS was designed to establish a more sustainable contributory retirement benefits framework while protecting pension rights accrued under the previous arrangement. The applicable transitional provisions determine which employees remained under the legacy Defined Benefit arrangement and which employees became members of PSSS.

- 70) Importantly, the transition did not extinguish or retrospectively alter pension rights already accrued under the previous scheme. Rather, it established a framework for protecting accrued rights while progressively introducing a funded and contributory system for future service.
- 71) The two schemes should therefore be understood as part of a managed pension transition, rather than as competing schemes offering different treatment to persons with identical pension entitlements.
- 72) Below are key numbers in relation to the two schemes:
- Number of pensioners/dependants under the legacy DB arrangement -319,207
 - Number of active members under PSSS - 529,635
 - Number of officers who transitioned to PSSS on 1 January 2021 - 342,907
 - Number of new entrants joining PSSS since 1 January 2021 – 186,728
 - Percentage of the public service currently under PSSS: 78%
- 73) The principal prayer is for the amalgamation of all non-contributory civil service pension schemes with PSSS into a single, unified and sustainable framework, the National Treasury appreciates the objective of seeking a sustainable and coherent pension framework. However, immediate amalgamation of the legacy Defined Benefit arrangement with PSSS is not recommended because the two arrangements are fundamentally different.
- 74) The legacy Civil Service Pension Scheme is a Defined Benefit arrangement, under which the benefit payable is determined in accordance with the applicable statutory formula.
- 75) PSSS, on the other hand, is a Defined Contribution arrangement, under which the eventual retirement benefit is principally determined by the contributions accumulated in a member's account and the investment returns earned. The liabilities and benefits under the two arrangements are therefore determined using fundamentally different methodologies.
- 76) The legacy arrangement is unfunded and financed through the Exchequer on a PAYG basis. PSSS is a funded contributory arrangement, supported by member and employer contributions and investment returns. Consequently, amalgamating the two would not merely involve administrative consolidation. It would require fundamental decisions regarding:
- treatment of existing accrued DB liabilities;
 - treatment of accumulated PSSS assets;
 - assumption of historical liabilities;
 - valuation and transfer of assets and liabilities;
 - protection of individual PSSS member accounts;
 - future contribution rates;
 - benefit entitlements; and
 - the resulting huge fiscal exposure to Government.
- 77) PSSS members have accumulated retirement savings arising from contributions made by both employees and the Government, together with investment returns. These assets are attributable to individual members and are intended to finance their future retirement benefits.

- 78) Accordingly, using accumulated PSSS assets to finance historical unfunded pension liabilities would raise significant issues regarding members' accrued interests, intergenerational equity and confidence in the contributory pension system. Indeed, in a contributory arrangement contributions and investment returns immediately vest to a member at the point the money records in the books and it becomes private property.
- 79) Any restructuring would therefore have to ensure that accumulated member retirement savings are fully protected.
- 80) The transition to PSSS was intended, among other objectives, to progressively move new public service retirement obligations towards a funded and contributory model. The legacy DB arrangement represents a stock of obligations arising from past service, which Government remains responsible for meeting.
- 81) These obligations cannot simply be transferred to PSSS without addressing the underlying financing implications. Indeed, amalgamation without a clear financing mechanism could result in the Government assuming both the legacy unfunded liabilities and additional obligations associated with the contributory scheme, potentially increasing rather than reducing fiscal pressure.
- 82) The appropriate policy objective should therefore be to manage the DB and Contributory Schemes carefully while honouring accrued rights and strengthening the sustainability of the emerging funded system.
- 83) The more appropriate approach is to continue managing the legacy arrangement as a closed legacy Defined Benefit obligation, while progressively allowing the contributory PSSS to serve the retirement needs of its membership. Under such an approach:
- existing pensioners continue to receive their lawful benefits;
 - accrued pension rights remain protected;
 - PSSS members retain their accumulated retirement savings;
 - new members participate in the contributory arrangement; and
 - the legacy liability is progressively managed as the number of beneficiaries evolves over time.
- 84) This approach avoids disrupting accrued rights while allowing the Government to pursue the long-term objectives of pension reform.
- 85) The Petition characterizes retirees under the legacy arrangement as being subjected to inadequate and irregular pension payments. However, the National treasury acknowledges the concerns regarding pension adequacy and the impact of inflation but clarifies that pensions under the legacy arrangement are processed through the Government pension payroll and paid through established banking arrangements.
- 86) As at July 2026, the monthly pension payroll was approximately KSh.7.8 billion, covering approximately 319,207 pensioners and beneficiaries. During the period 2025/2026 the percentage of pension payments successfully processed within the scheduled payment cycle was 76%.
- 87) The Department has also undertaken significant reforms aimed at improving the timeliness, accuracy and integrity of pension payments, including:

- automation of pension processing;
 - digitisation of pension records;
 - implementation of ePMIS;
 - electronic claims processing;
 - beneficiary validation;
 - payroll reconciliation; and
 - integration with relevant Government databases.
- 88) The National Treasury nevertheless recognises that adequacy and purchasing power are distinct from the question of payment regularity and remain important policy considerations.
- 89) The National Treasury clarified that the Petition incorrectly cites section 5 of the Pensions Act regarding the commutation of pension. The option to commute part of the pension is provided for under Regulation 27 of the Pensions (General) Regulations, which provides for the payment of a reduced pension together with a gratuity calculated in accordance with the prescribed formula.
- 90) Importantly, the provision is an option available to an eligible retiring officer, rather than an involuntary reduction imposed on every retiree. The arrangement allows a retiree to make a choice between receiving:
- a higher periodic pension without commutation; or
 - a reduced periodic pension together with a lump-sum gratuity.
- 91) The lump sum may provide retirees with resources for immediate financial needs, including:
- housing;
 - debt settlement;
 - investment;
 - education; and
 - family obligations.
- 92) The National Treasury recognises, however, that the adequacy of the commuted pension and the appropriateness of the existing commutation framework may warrant review as part of the broader review of the pension legal framework.
- 93) The National Treasury acknowledges that pension adequacy and preservation of purchasing power are legitimate policy considerations. However, pension adjustments have significant and recurring fiscal implications, particularly in respect of an unfunded Defined Benefit arrangement financed directly from the Exchequer. Any increase in pension benefits therefore needs to be considered against:
- the prevailing inflation rate;
 - the level and sustainability of Government revenues;
 - the projected pensioner population;
 - the existing pension expenditure;
 - actuarial projections of future liabilities;
 - competing public expenditure priorities;
 - the overall fiscal position; and
 - long-term debt and fiscal sustainability considerations.

- 94) An actuarial recommendation provides an important technical basis for policy consideration but does not, on its own, automatically create a legal or fiscal obligation to implement a particular level of pension increase.
- 95) The National Treasury supports periodic actuarial assessment as an evidence-based mechanism for informing future decisions on pension adequacy and sustainability.
- 96) The Petitioners raised concerns regarding the processes through which dependants and next of kin access benefits following the death of a principal pensioner or officer. The National Treasury acknowledged that timely settlement of death and survivor benefits is an important aspect of pension service delivery. At the same time, the processing of death-related benefits requires appropriate verification to ensure that payments are made to lawful beneficiaries and to protect public resources from fraudulent or duplicate claims. The Department has therefore been progressively modernising the process through:
- digitisation of pension records;
 - electronic claims processing;
 - enhanced beneficiary verification;
 - integration with national identification and other relevant databases;
 - implementation of ePMIS;
 - digitisation of supporting documentation; and
 - improved monitoring of outstanding claims.
- 97) These reforms are intended to achieve an appropriate balance between facilitating timely access to benefits and maintaining necessary safeguards over public funds. The National Treasury nevertheless recognises that there remains scope to simplify and streamline the process, the reason we now facilitate through e-Citizen platform a dependant initiated self-registration.
- 98) The Department will therefore continue reviewing the administrative requirements and processes applicable to survivor benefits with a view to reducing unnecessary documentation, shortening processing timelines and improving communication with beneficiaries.
- 99) The National Treasury acknowledged the Petitioners' request for review of the Pensions Act (Cap. 189) and the Pensions (Increase) Act (Cap. 190). The Government recognises that the pension legislative framework requires periodic review to ensure that it remains responsive to:
- changes in pension policy;
 - demographic developments;
 - constitutional principles;
 - administrative requirements;
 - pension adequacy;
 - fiscal sustainability; and
 - the transition to contributory retirement arrangements.

- 100) The National Treasury is therefore undertaking work towards the review and modernisation of the pension legal framework. The review provides an opportunity to consider, among other matters:
- the adequacy and structure of pension benefits;
 - commutation arrangements;
 - pension adjustment mechanisms;
 - survivor and dependant benefits;
 - administrative processes;
 - protection of accrued rights;
 - governance and accountability;
 - alignment with the contributory pension framework; and
 - long-term fiscal sustainability.
- 101) Any proposed legislative amendments will be subjected to the appropriate policy, legal, stakeholder and legislative processes.
- 102) The National Treasury agreed with the Petitioners that actuarial assessment is an important tool for informing pension policy and assessing the long-term implications of pension obligations. An actuarial assessment is particularly important for the legacy Defined Benefit arrangement because the Scheme is unfunded and financed on a PAYG basis.
- 103) The Government will therefore continue to undertake actuarial assessments aimed at establishing a robust evidence base on:
- accrued pension liabilities;
 - projected future pension obligations;
 - demographic and retirement trends;
 - expected pension expenditure;
 - long-term fiscal implications; and
 - financing requirements.
- 104) The findings of the actuarial assessment will inform Government's consideration of measures necessary to ensure the adequacy, sustainability and affordability of public service pensions.
- 105) The National Treasury proposes that actuarial assessment of public service pension obligations be undertaken periodically and integrated into the Government's broader fiscal-risk and medium-to-long-term fiscal planning framework.
- 106) In 2023, the National Treasury developed the National Retirement Benefits Policy, which provides a policy framework for strengthening retirement benefits in Kenya. Consistent with the policy direction, Government is undertaking reforms aimed at:
- modernising pension administration through ePMIS;
 - reviewing the Pensions Act and the Pensions (Increase) Act;
 - strengthening the governance and administration of PSSS;
 - improving pension payroll management;
 - strengthening actuarial capacity;
 - enhancing data quality and pension records management;
 - automating pension processing;

- improving beneficiary verification;
 - strengthening fraud prevention and detection; and
 - improving customer service and access to pension benefits.
- 107) These reforms are intended to ensure that the pension system simultaneously achieves adequacy, efficiency, integrity and fiscal sustainability.
- 108) In view of the foregoing, the National Treasury respectfully recommended that the Committee:
- Notes that the coexistence of the legacy Defined Benefit pension arrangement and the Public Service Superannuation Scheme represents a statutory transition from an unfunded PAYG arrangement to a funded contributory retirement benefits framework and does not, in itself, constitute discriminatory treatment.
 - Does not recommend amalgamation of the legacy Defined Benefit arrangement with PSSS, given the fundamental differences in their legal, benefit, financing and actuarial structures and the need to protect accrued pension rights and PSSS members' accumulated retirement savings.
 - Supports periodic actuarial assessment of public service pension obligations as the basis for future policy on pension adequacy, liability management and long-term fiscal sustainability.
 - Supports the ongoing review of the Pensions Act (Cap. 189) and the Pensions (Increase) Act (Cap. 190) with a view to modernising the legislative framework and addressing emerging policy, administrative and fiscal considerations.
 - Supports continued reforms in pension administration, including ePMIS, digitisation of pension records, automation of claims processing, beneficiary verification and strengthened pension payroll controls.
 - Encourages the National Treasury to develop a transparent and sustainable framework for consideration of future pension adjustments, informed by actuarial evidence, inflation, pension adequacy and the overall fiscal position.
 - Supports continued efforts to simplify the processing of survivor and dependant benefits, while retaining appropriate verification and accountability safeguards.
 - Recommends that future consideration of any structural changes to public pension arrangements be preceded by comprehensive actuarial, legal, financial and fiscal impact assessments, including an assessment of the implications for accrued rights, scheme members and the Exchequer.
- 109) In conclusion, the National Treasury therefore remains committed to working with Parliament, pensioners, the Salaries and Remuneration Commission, the Public Service Superannuation Scheme, the Retirement Benefits Authority and other stakeholders to strengthen Kenya's public pension system in a manner that is fair, efficient, adequate and fiscally sustainable.

3.6 The Salaries and Remunerations Commission

CHRP Ali Abdullahi Surraw, the CEO/ Commission Secretary, Salaries and Remuneration Commission (SRC), vide a letter NA/DAA&GPC/PPC/2026/104 dated 22nd June, 2026 submitted as follows -

- 110) The National Treasury being responsible for the National Pension Policy and the administrator of the civil service pension schemes, may consider the Petitioners' request for amalgamation of all non-contributory civil service pension schemes within the existing legal, policy and fiscal provisions.
- 111) On the prayer for an actuarial study and gazettment of pension increases, the SRC submitted that Pensions Department under the National Treasury is the custodian of all data on retirees under the Pensions Act and the administrator of the civil service schemes. The department may initiate an actuarial study and recommend a pension increase for retirees under the Pensions Act in consultation with SRC, taking into account the prevailing fiscal realities.
- 112) Regarding the review of the Pensions Act (Cap. 189) and the Pensions (Increase) Act (Cap. 190), the SRC submitted that the Pensions Department under the National Treasury is the body responsible for the management and administration of the Pensions Act (Cap 189) and the Pensions (Increase) Act Cap 190. Consequently, any review, repeal or amendment of the two laws should be initiated by or through the Pensions Department.
- 113) Consequently, the Pensions Department may also consider the petitioner's prayers taking into account the prevailing legal, policy and fiscal provisions. Any legislative amendments affecting review of the quantum of pension should however, be considered in consultation with SRC in line with Article 230 (4) (a) and (b) of the Constitution.

3.7 The Public Service Commission

Mr. Gerald Kauka, the Deputy CEO, Public Service Commission, appeared before the Committee on 11th August, 2026 and submitted as follows -

- 114) A Defined Benefit scheme guarantees a fixed retirement benefit calculated from an officer's pensionable salary and years of service, with the Government bearing the funding and investment risk. A Defined Contribution scheme guarantees no fixed benefit; instead, the employer and employee make prescribed contributions to an individual account, and the eventual payout depends on total contributions plus investment returns, with the member bearing the investment and longevity risk.
- 115) The move from the DB scheme under the Pensions Act (Cap. 189) to the DC scheme under the Public Service Superannuation Scheme Act, 2012 was intended to secure the long- term sustainability of public service pensions by funding benefits from accumulated contributions rather than government expenditure alone.
- 116) It is correct that, with effect from 1st January 2021, the public service transitioned from the Defined Benefits Scheme administered by the National Treasury to the Defined Contribution

Scheme established under the Public Service Superannuation Scheme Act (PSSS Act).
Section 5 of the PSSS Act provides:

117) Membership of the Scheme -

i) A person who -

✓ at the commencement of this Act, is employed in the public service on permanent and pensionable establishment and -

- has not attained the age of forty-five years;
- if the person has attained the age of forty-five years opts, within three months of such commencement or such longer period as the Cabinet Secretary may, by notice in the Gazette, prescribe, that this Act shall apply to him; or

✓ joins the public service on or after the commencement of this Act on a permanent and pensionable establishment, shall be a member of the Scheme.

ii) For the avoidance of doubt, the law to be applied with respect to the retirement benefits of a person in the public service at the commencement of this Act who does not, where required, opt for the application of this Act under subsection (1)(a), shall be the law in force when that period of service commenced.

iii) A member, other than a member who has retired and has opted to be paid his benefits under section 28(2)(a), who for any reason leaves the public service shall cease to be a member of the Scheme.

118) Under Section 5(1)(a)(ii), every officer above 45 years at the PSSS's commencement was given the option to join the Scheme; no discrimination arose. Officers who chose to remain in the Defined Benefits Scheme did so by exercising that right. The claim that the transition created a discriminatory dual- pension architecture is therefore unfounded, as every officer over 45 years at the point of transition was free to choose.

119) As for officers who had already retired before the transition, the PSSS Act cannot apply retrospectively. The PSSS is, moreover, a contributory scheme; since these retirees did not contribute to it, they cannot now be converted to PSSS benefits and their pensions remain fully funded by the Government. In any event, discrimination arises only where persons in the same category are treated differently. In this case, retirees are treated uniformly under the Defined Benefits Scheme, and serving officers were transitioned to the PSSS uniformly, so no discrimination occurs in either group.

120) On the concerns regarding Sections 5 and 17 of the Pensions Act (Cap. 189), the National Treasury constituted a Multi- Agency Task Team in 2024 to review all the pension laws; whose membership includes the Public Service Commission. This review is ongoing, and any resulting amendments or repeals will go through the normal legislative process, which is expected to address these concerns.

121) The Commission agrees that periodic actuarial evaluations are needed to review pension benefits against inflation and the cost of living. This is among the matters the Multi- Agency Task Team is addressing, with proposals to be carried forward through the legislative process.

122) In conclusion, the Commission submits that the discrimination claim has been fully addressed above and does not hold. The remaining issues raised by the Petitioners have merit and are already under active consideration by the Multi- Agency Task Team under the National Treasury.

3.8 The Public Service Superannuation Fund

The CEO Public Service Superannuation Fund, Dr. Joel Aiyebai, appeared before the Committee on 11th August, 2026 and submitted as follows-

123) The Public Service Superannuation Fund (PSSF) is a defined contribution (DC) scheme that commenced on 1st January 2021 pursuant to Legal Notice No. 156 published in the Kenya Gazette Supplement No. 146 of 12th August 2020. It is established under the Public Service Superannuation Scheme Act, Cap 189A enacted in 2012 (the PSSS Act). PSSF is governed by a Board of Trustees and is regulated by the Retirement Benefits Authority under the Retirement Benefits Act Cap. 197.

124) PSSF was established in response to the unsustainability of the defined benefits arrangement under the Pensions Act Cap. 189 and in line with National Treasury Circular No. 18 of 2010 which directed all public service defined benefit schemes to convert to defined contribution schemes. The Scheme has the statutory mandate to:

- pay retirement benefits to members of the Scheme;
- ensure that every member of the Scheme receives his retirement benefits as and when they become due;
- assist to improve the social security of members of the Scheme by ensuring that the members save in order to cater for their livelihood during their retirement; and
- establish a uniform set of rules, regulations and standards for the administration and payment of retirement benefits for members of the scheme.

125) The Key features of PSSF are as follows: -

- i) **Membership:** The scheme covers all public officers serving as teachers under the Teachers Service Commission, civil servants in the Public Service Commission, and the Disciplined Services Personnel (National Police Service, Kenya Prisons Service, and the National Youth Service) who were aged below 45 years as at 1 January 2021, all new entrants to the above services on or after 1 January 2021, and public servants whose services were transferred to county governments. Officers aged 45 years or above as at 1 January 2021 who did not opt into PSSS remain under Cap. 189.
- ii) **Contributions:** Members contribute 7.5% of their monthly basic salary and the Government contributes 15% of each member's monthly basic salary, constituting a direct charge on the Consolidated Fund.
- iii) **Benefits:** Benefits are determined by the total accumulated contributions and the investment returns thereon, rather than a fixed formula. This transfers investment risk from the Government to the member.

- iv) Portability: Benefits under the PSSS are fully portable and transferable to any other registered scheme.
- v) Regulation: The scheme is regulated by the RBA and is required to comply with all requirements of the Retirement Benefits Act, including the maintenance of audited accounts and the holding of Annual General Meetings.

126) The table below sets out the key structural and legal differences between Cap. 189 and the PSSS;

Feature	PSSF (Contributory DC)	Cap. 189 (Non-Contributory DB)
Legal basis	Public Service Superannuation Scheme Act (Cap 189A), 2012	Pensions Act (Cap. 189), enacted 1946
Scheme type	Defined Contribution (DC) — accumulation-based	Defined Benefit (DB) — benefit formula-based
Member contributions	7.5% of monthly basic salary	None — fully employer-financed
Employer contributions	15% of monthly basic salary (charge on Consolidated Fund)	Pay-as-you-go from Consolidated Fund
Benefit calculation	Accumulated member + employer contributions + investment returns	$1/480 \times \text{months of service} \times \text{final salary}$
Benefit calculation	Accumulated member + employer contributions + investment returns	$1/480 \times \text{months of service} \times \text{final salary}$

Fund / asset backing	Fully funded — assets held in the Public Service Superannuation Fund	Unfunded — no assets set aside
Regulation	Regulated by the Retirement Benefits Authority (RBA)	Not regulated by RBA
Portability	Fully portable	Non-portable
Investment risk	Borne by the member	Borne entirely by Government
Vesting	Immediate vesting of contributions	After 10 years of pensionable service
Commencement	1 January 2021	1 January 1946
Membership	Officers aged below 45 years at commencement, those aged 45 years and above who opted in, and all new entrants on/or after 1 Jan 2021.	Officers in service before 1 Jan 2021.
Early exit benefits	Access on resignation, dismissal, ill-health, immigration, death	Forfeiture of pension if below 10 years; limited gratuity

127) In view of the foregoing analysis, PSSF submits as follow in regard to the issues raised in the public petition: -

Concerns about discrimination between different categories of public servants

128) The Petition before the Public Petitions Committee assumes that the existence of different pension arrangements for different categories of public servants is inherently discriminatory. That assumption is not accurate and is not supported the existing constitutional principles, local and international pension reform practices on dual pension arrangements.

- 129) The contributory and non-contributory schemes are administered under different legislative regimes and the commutation factors guiding the two schemes are based on their respective financing structures and designs. Since the Civil Service Pension Scheme is unfunded, it applies a commutation factor of $\frac{1}{4}$ while the Public Service Superannuation Fund has a commutation factor of $\frac{1}{3}$ because it is funded.

Amalgamation of all non-contributory civil service pension schemes into single, unified and sustainable framework

- 130) The contributory and non-contributory schemes operate under different legal and statutory regimes. The non-contributory civil service scheme is unfunded and benefits are discharged on a pay-as-you-go model whereas PSSF is funded and both employees and the Government contribute towards members' retirement benefits. Amalgamation of the schemes may be undertaken but will require a policy directive by the Government through the National Treasury. Amalgamation would require at least the following conditions to be met:
- a) Review of Primary legislation: Parliament has to enact a comprehensive amendment Act or a new consolidated public service pension Act. Such legislation would need to repeal Cap. 189 in whole or in part, amend the PSSS Act to accommodate a hybrid benefit structure, provide for the transfer of accrued liabilities, and preserve the vested rights of existing Cap. 189 members.
 - b) Constitutional compliance: any legislation must respect the vested rights of existing Cap. 189 pensioners and members under Article 40 of the Constitution. Conversion of accrued defined benefits to defined contribution accounts without consent or actuarially equivalent compensation would be unconstitutional. An opt-in mechanism, providing existing Cap. 189 members with a genuinely equivalent alternative, is the minimum constitutional requirement.
 - c) Actuarial equivalence: the transfer value of accrued Cap. 189 entitlements must be calculated by an independent qualified actuary and credited to individual DC accounts, or the merged scheme must establish a ring-fenced defined benefit sub-fund for Cap. 189 liabilities until they run off naturally.
 - d) Fiscal provision: Parliament must make adequate fiscal provision for the capitalisation of Cap. 189 liabilities, either directly from the Consolidated Fund, from a bond issuance, or through a structured multi-year funding plan approved by the National Treasury and the RBA.
 - e) RBA approval: the merged scheme must be registered with the RBA and comply with all applicable requirements of the Retirement Benefits Act.
 - f) Consultation and consent: in keeping with the principles of fair labour practices under Article 41 of the Constitution and the requirements of the Labour Relations Act (Cap. 234), the Government must meaningfully consult the relevant stakeholders before legislating any change that affects the terms of pensionable employment.

**Request to the National Treasury and SRC to conduct an immediate actuarial study and
gazette pension increases to mitigate the effects of inflation**

- 131) PSSF is aware that the National Treasury conducted an actuarial assessment of the non-contributory civil service Pension Scheme as at 30th June 2024. Any decision regarding the implementation of the actuarial valuation report falls within the mandate of the National Treasury.

Review of the Pensions Act (Cap 189) and the Pensions Increase Act (Cap 190)

- 132) PSSF submits that the decision to grant additional pension increases through a review of the prevailing the statutory framework would require consideration and policy decision by the Government.
- 133) While a dual public service pension architecture exists under the Pensions Act and the Public Service Superannuation Scheme Act, the distinction between them and any possible amalgamation is rationally connected to legislative, regulatory, fiscal, actuarial and policy considerations. These matters fall within the broader mandate and jurisdiction of the National Treasury.
- 134) The issues raised by the Petitioners concern commutation of pension benefits, pension increases and inflation adjustments, dependants' benefits and administrative processes relating to pension payments. These matters concern the administration of pensions under the Pensions Act and are regulated principally by the Pensions Act (Cap. 189) and related legislation governing non-contributory public service pensions. Notably, the Petitioners' grievances do not concern matters within the mandate and statutory jurisdiction of PSSF (which are employee contributions, employer contributions, member accounts, Fund governance, investment management and benefits payable under PSSF).

PART FOUR

4 COMMITTEE OBSERVATIONS

Upon hearing from the Petitioners, the Ministry of Public Service, Human Capital Development and Special Programmes, the National Social Security Fund, Retirement Benefit Authority, Public Service Commission, the Salaries & Remunerations Commission and the Public Service Superannuation Fund and the National Treasury the Committee observed that;

- 135) A Defined Benefit scheme guarantees a fixed retirement benefit calculated from an officer's pensionable salary and years of service, with the Government bearing the funding and investment risk. A Defined Contribution scheme guarantees no fixed benefit; instead, the employer and employee make prescribed contributions to an individual account, and the eventual payout depends on total contributions plus investment returns, with the member bearing the investment and longevity risk.
- 136) The legacy arrangement (DB) is unfunded and financed through the Exchequer on a PAYG basis. PSSS (DC) is a funded contributory arrangement, supported by member and employer contributions and investment returns.
- 137) The move from the DB scheme under the Pensions Act (Cap. 189) to the DC scheme under the Public Service Superannuation Scheme Act, 2012 effective 1st January 2021 was intended to secure the long- term sustainability of public service pensions by funding benefits from accumulated contributions rather than government expenditure alone.
- 138) Under Section 5(1)(a)(ii) of the Public Service Superannuation Scheme Act, 2012, every officer above 45 years at the PSSS's commencement was given the option to join the Scheme. Officers who chose to remain in the Defined Benefits Scheme did so by exercising that right.
- 139) As for officers who had already retired before the transition, the PSSS Act cannot apply retrospectively. Since these retirees did not contribute to it, they cannot enjoy PSSS benefits funded by individual officers under PSSF.
- 140) The Petition incorrectly cites section 5 of the Pensions Act regarding the commutation of pension. The option to commute part of the pension is provided for under Regulation 27 of the Pensions (General) Regulations, which provides for the payment of a reduced pension together with a gratuity calculated in accordance with the prescribed formula. This provision is an option available to an eligible retiring officer, rather than an involuntary reduction imposed on every retiree. The arrangement allows a retiree to make a choice between receiving a higher periodic pension without commutation; or a reduced periodic pension together with a lump-sum gratuity.
- 141) The National Treasury had constituted a Multi- Agency Task Team to review all the pension laws; including a review of the Pensions Act (Cap. 189) and the Pensions (Increase) Act (Cap. 190) with a view to modernising the legislative framework and addressing emerging policy, administrative and fiscal considerations under the National Retirement Benefits Policy.

- 142) The National Treasury and the Ministry of Public Service have undertaken reforms, including the digitization of records, electronic claims processing, beneficiary verification and the implementation of ePMIS. However, the continued scope for simplifying and streamlining pension administration underscores the need for further improvements in the timeliness, transparency and accessibility of pension services.
- 143) Such review should address pension adequacy, pension adjustments, commutation, survivor and dependant benefits, protection of accrued rights, administrative efficiency and long-term fiscal sustainability. The Committee further observed that any future structural changes to the public service pension system should be preceded by comprehensive actuarial, legal, financial and fiscal impact assessments and meaningful stakeholder engagement.

PART FIVE

5 COMMITTEE RECOMMENDATIONS

Pursuant to the provisions of Standing Order 227, the Committee responds to the Petition as follows-

- 1) On prayer that all non-contributory civil service pension schemes be amalgamated into a single, unified, equitable, and sustainable pension framework; **The committee declines to grant this prayer on the aforementioned observation that the PSSF is a member funded contributory arrangement.**
- 2) On prayer that the National Treasury and the Salaries and Remuneration Commission undertake an immediate actuarial review of public service pensions and gazette appropriate pension increases to cushion pensioners against the effects of inflation and the rising cost of living; **the Committee recommends that the National Treasury in liaison with the Salaries and Remunerations Commission conducts actuarial reviews every three (3) years and provide for resultant fiscal/ budgetary requirements. The first such actuarial review should be conducted by 31st December 2026.**
- 3) On the prayer that the Pensions Act (Cap. 189) and the Pensions (Increase) Act (Cap. 190) be reviewed and amended to address existing gaps and ensure adequate protection of pensioners and their beneficiaries; **The Committee recommends that within ninety (90) days upon tabling of this report, the Multi- Agency Task Force through the National Treasury completes and submits to the National Assembly its report on review of the Pensions Act (Cap. 189), the Pensions (Increase) Act (Cap. 190) and the National Retirement Benefits Policy with proposals to modernize the legislative framework and address policy, administrative efficiency and fiscal considerations.**

Signed:  for _____ Date: 30-09-2026

HON. MUCHANGI KAREMBA, CBS, M.P.

CHAIRPERSON, PUBLIC PETITIONS COMMITTEE

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 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 30 SEP 2026	
DAY: Wednesday	
TABLED BY:	Hon. Siliencei M.P.
CLERK-AT THE-TABLE:	Vice-Chairperson Lomale

ANNEXURES

- Annex 1: The Adoption List
- Annex 2: Public Petition No. 08 of 2026 regarding amalgamation/conversion of former civil service non-contributory pension schemes to the current public service workers contribution scheme under the public service superannuation fund of 2021 and amendment of pensions act
- Annex 3: Minutes of proceedings

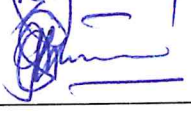
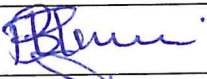
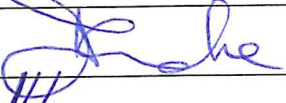
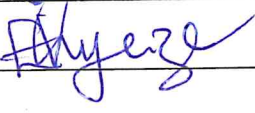
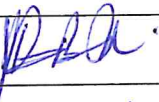
PUBLIC PETITIONS COMMITTEE

ADOPTION LIST

- (i) Consideration and adoption of the P/No. ~~15~~⁸ of 2026 regarding Amalgamation of the Civil Service Non- contributory Pension Scheme and the Public Service Superannuation Fund by Mr. John Serem and 2 others on behalf of the Kenya National Association of Public Service Pensioners (Kericho Branch)

We, the undersigned, hereby affix our signatures to this Report to affirm our approval:

DATE: 2/9/2026.

	HON. MEMBER	SIGNATURE
1.	Hon. Muchangi Karemba, CBS, M.P. (Chairperson)	
2.	Hon. Janet Jepkemboi Sitienei, CBS, M.P. (Vice Chairperson)	
3.	Hon. Patrick Makau King'ola, M.P.	
4.	Hon. Beatrice Kadeveresia Elachi, CBS, M.P.	
5.	Hon. Joshua Chepyegon Kandie, M.P.	
6.	Hon. Maisori Marwa Kitayama, M.P.	
7.	Hon. Edith Vethi Nyenze, M.P.	
8.	Hon. Patrick Ntwiga Munene, CBS, M.P.	
9.	Hon. Paul Biego Kibichy, M.P.	
10.	Hon. (Eng.) Bernard Muriuki Nebart, M.P.	
11.	Hon. Peter Mbogho Shake, M.P.	
12.	Hon. Suzanne Ndunge Kiamba, M.P.	
13.	Hon. John Bwire Okano, M.P.	
14.	Hon. Sloya Clement Logova, M.P.	
15.	Hon. Peter Irungu Kihungi, M.P.	