



# RETIREMENT PREPAREDNESS 2019

Study Report





**BACKGROUND**



# Purpose of Study

- The goal of this study was to evaluate the level of retirement preparedness among Kenyans with the aim to design retirement products and messages that can make the population more prepared for retirement.
- **A total of 589 quantitative interviews were achieved in 10 towns in Kenya.**

# Study Objectives

- *Explore people's*
  - Awareness,
  - Knowledge,
  - Attitudes,
  - Readiness, and
  - Information needs and sources of information on retirement



**METHODOLOGY**

# Our Approach

- Quantitative face-to-face interviews: CAPI
- 10 locations in Kenya: Nairobi, Mombasa, Kisumu, Vihiga, Nyeri, Meru, Machakos, Eldoret, Kericho, Garissa
- 5 locations rural, 5 urban
- Quota sampling: Gender, Age, Employment, Pension Status

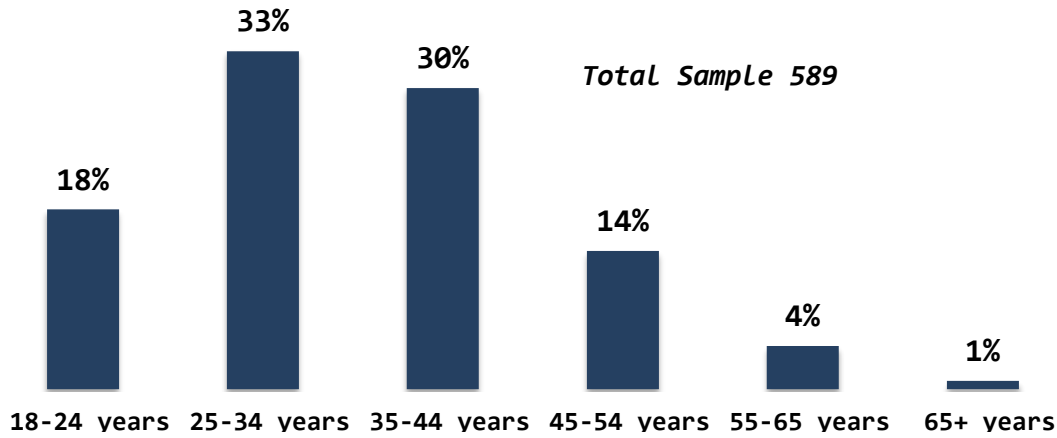


**RESPONDENTS'  
PROFILES**

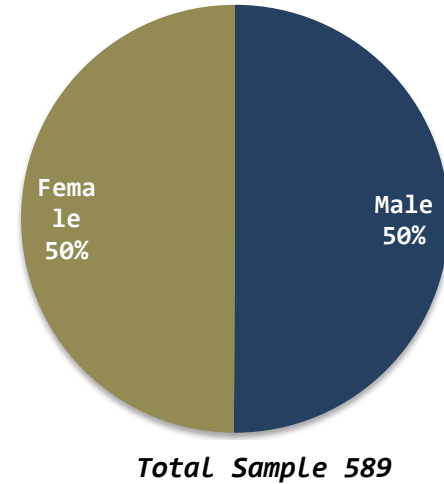


# Demographics

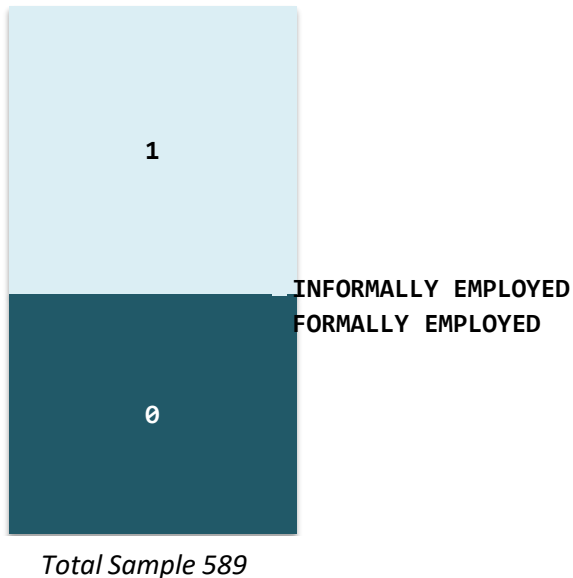
## Age



## Gender



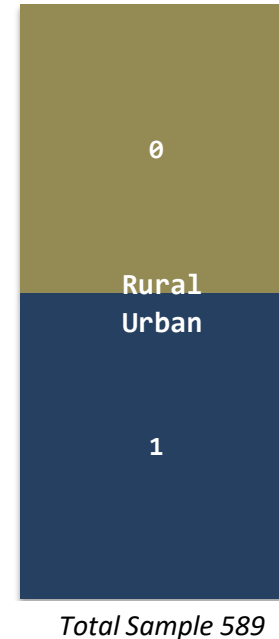
## Employment Status



## Pension Status



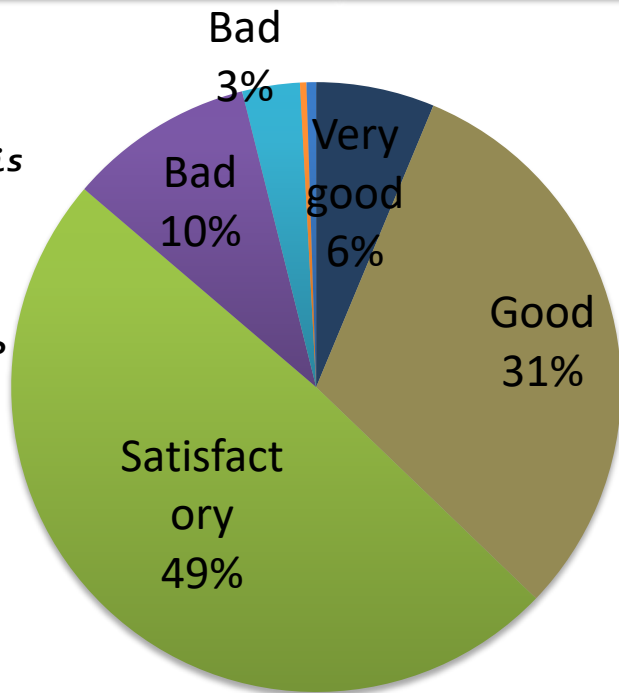
## Location



**Q37. Are you the head of this household?**



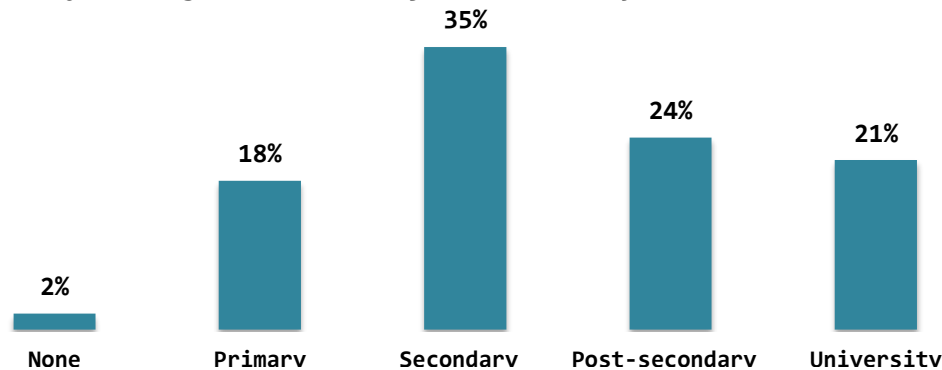
**Q38. How would you characterize the economic status of your own household?**



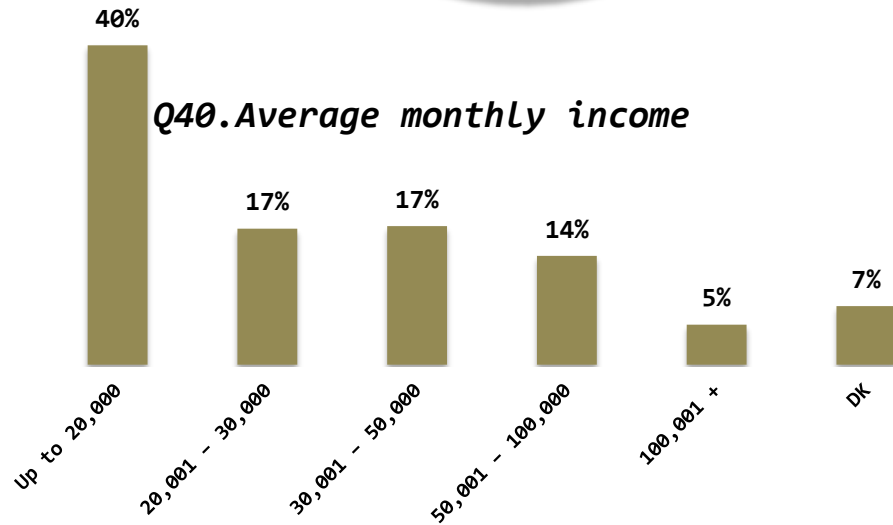
**Religion**



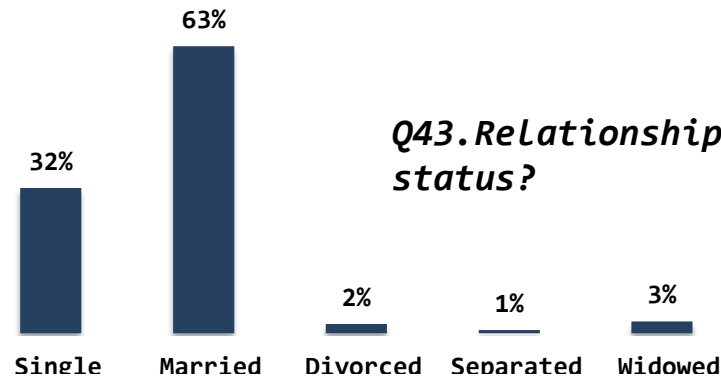
**Q39. Highest level of education you have completed?**



**Q40. Average monthly income**



**Q43. Relationship status?**





**FINDINGS**

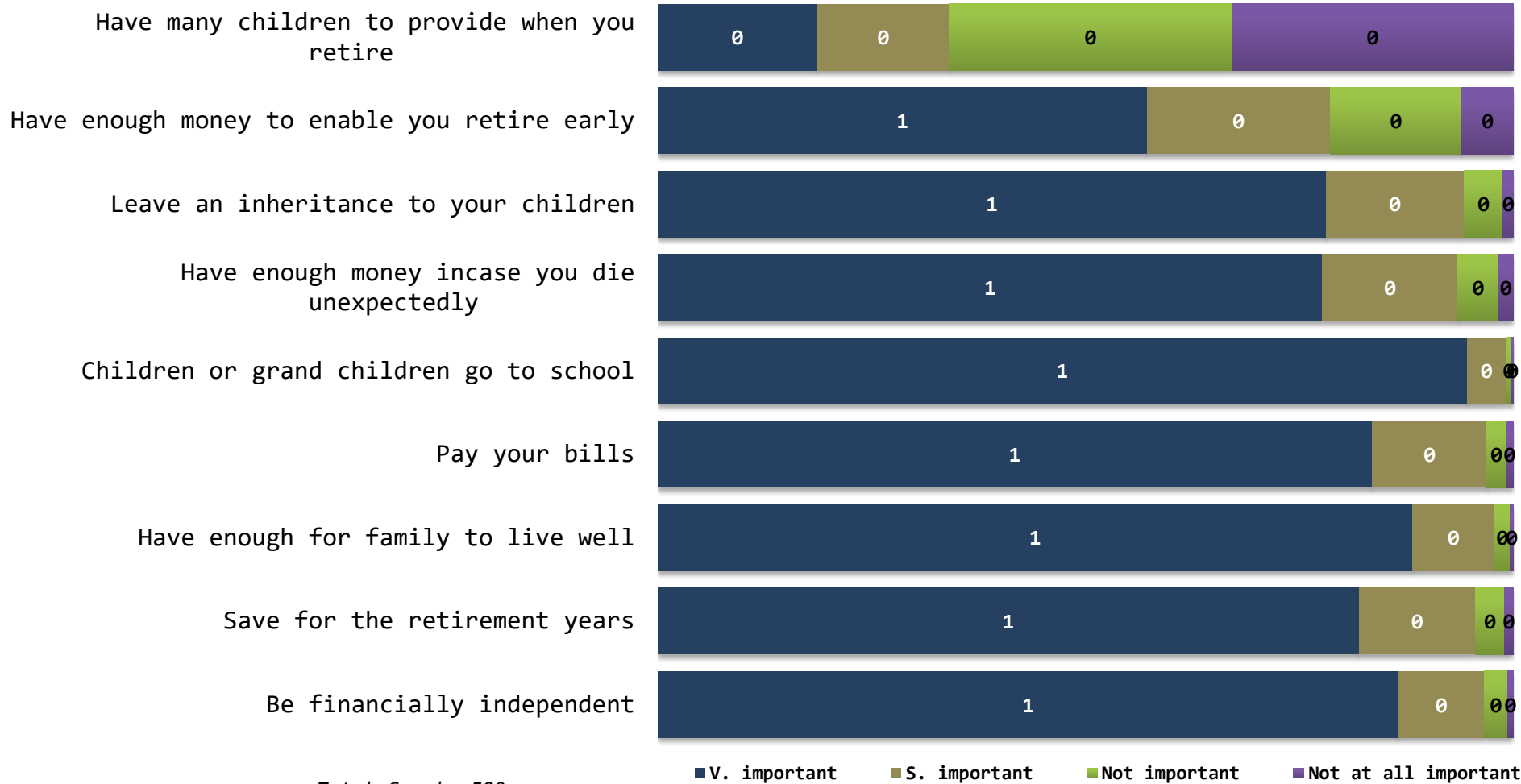


**1. AWARENESS AND  
KNOWLEDGE**



# Are Financial Goals Important?

Q6. Now, I will read you various financial goals that some people have. For each, please tell me how important it is to you personally at this stage of your life.



Total Sample 589

■ V. important   ■ S. important   ■ Not important   ■ Not at all important

- Majority view having financial goals towards retirement as important
- Having many children to help in retirement did not receive a high importance score

# Awareness of Retirement Savings Plans: Total

Q7. What type(s) of retirement savings plans have you ever heard of?	TOM	Total Spontaneous	Prompted	Total Awareness
	589	589	589	589
NSSF [National Social Security Fund]	52%	60%	37%	93%
Employer-provided benefits (e.g., from my workplace pension plan/scheme)	4%	24%	34%	54%
Personal contribution to my private pension	3%	16%	38%	50%
Personal contributions to my workplace pension	2%	11%	34%	42%
Annuities	.2%	3%	17%	18%
Others	6%	10%		10%
Don't Know / Refused	10%	19%	8%	-
None	23%	42%		3%

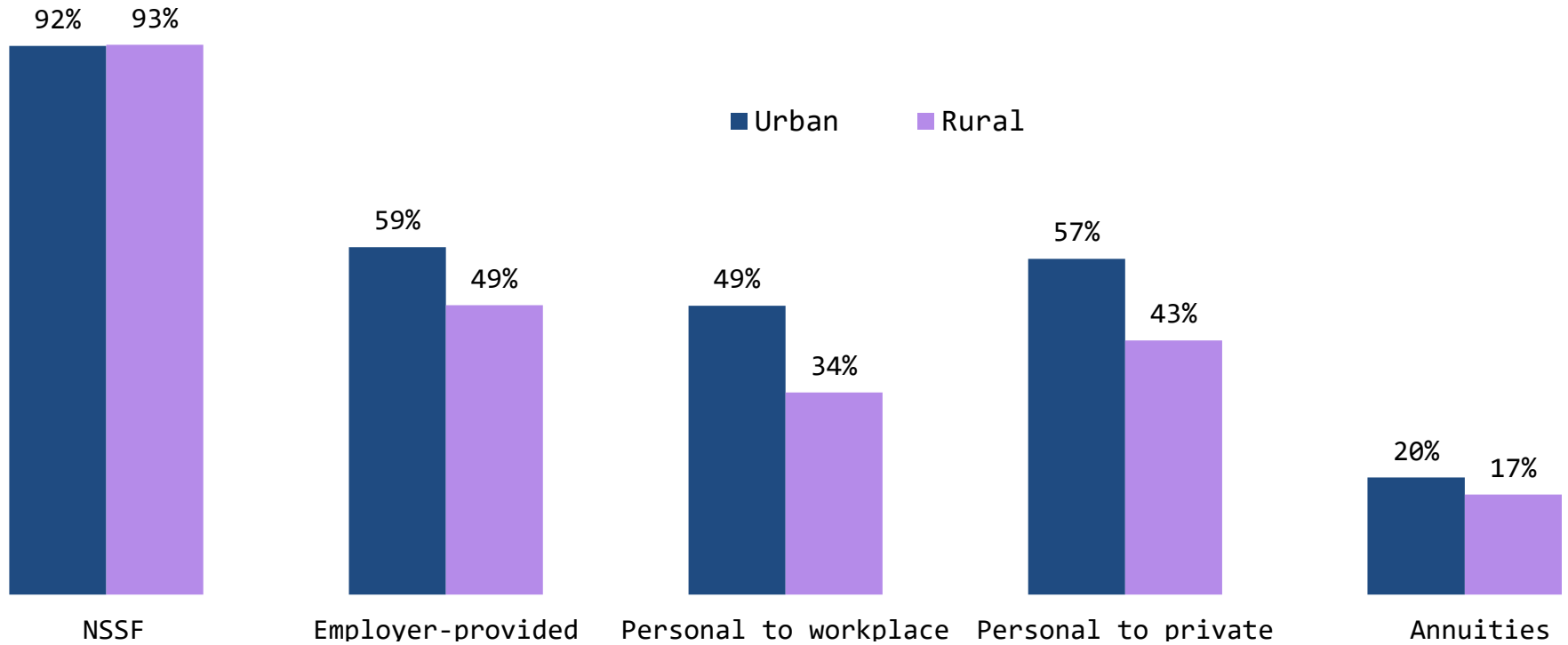
- NSSF: most widely known in both urban and rural areas with 93% total awareness
- The rest have very low top of mind awareness recall but pick up when prompted
- Awareness of other plans are higher in urban areas compared to the rural 14

# Awareness of Retirement Savings Plans: Location

<i>What type(s) of retirement saving plans have you <u>ever heard of</u>?</i>	Total	Nairobi	Mombasa	Kisumu	Vihiga	Nyeri	Meru	Machakos	Eldoret	Kericho	Garissa
	589	60	60	58	57	60	48	60	62	63	61
NSSF [National Social Security Fund]	93%	92%	93%	93%	84%	95%	96%	93%	98%	95%	85%
Employer-provided benefits (e.g., from my workplace pension plan/scheme)	54%	67%	47%	41%	53%	28%	46%	83%	55%	35%	82%
Personal contributions to my workplace pension	42%	43%	52%	33%	32%	20%	46%	33%	61%	43%	52%
Personal contribution to my private pension	50%	57%	50%	48%	25%	17%	58%	72%	61%	48%	64%
Annuities	18%	22%	30%	9%	11%	7%	35%	12%	16%	22%	23%
OTHER	10%	3%	8%	7%	4%	20%	4%	0%	27%	19%	5%
None/DK	3%	0%	2%	2%	14%	5%	2%	0%	0%	5%	2%

- NSSF awareness still stands out across all locations
- Notable variations in awareness of other savings plans across different locations

# Awareness of Retirement Savings Plans: Rural, Urban



- No variations for NSSF awareness
- Awareness levels higher in urban areas than in rural for 'other plans'





**2. ATTITUDES TOWARD  
RETIREMENT**



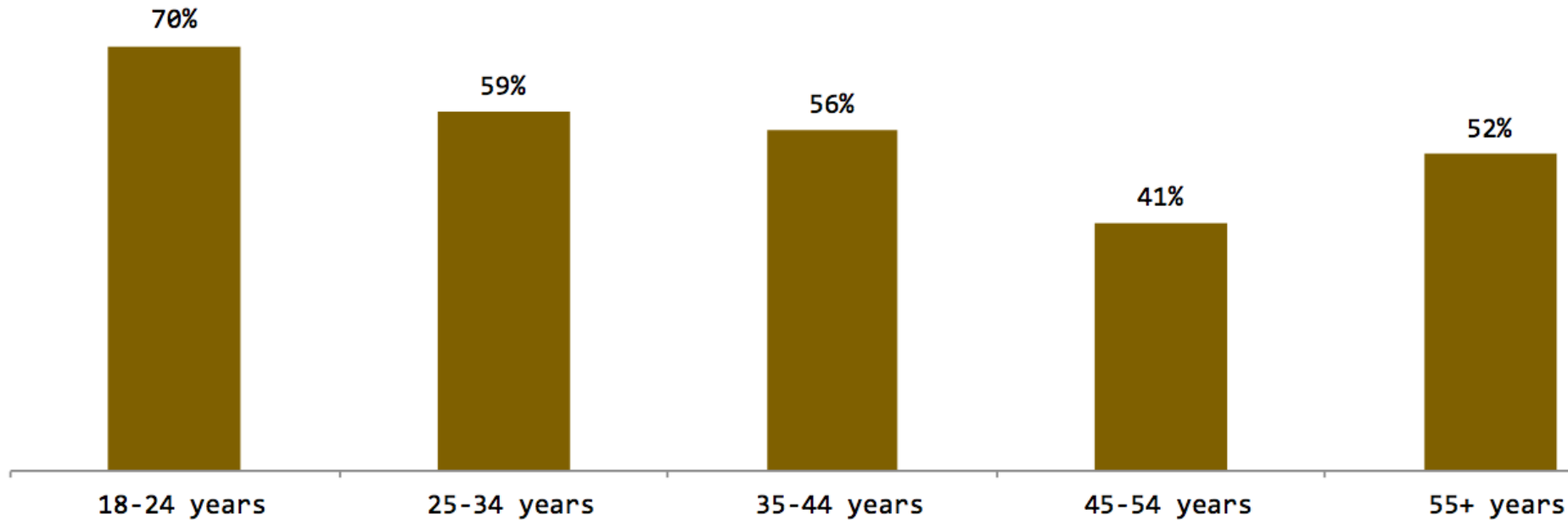
# Opinions on Statements about Retirement

Q9. I am now going to read you a number of statements. Please tell me how much do you agree or disagree with each of the following statements regarding retirement?	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
I plan to retire and don't intend to work for my whole life	29%	18%	7%	11%	34%
I plan to work until retirement age and will have saved enough to meet my retirement needs	58%	21%	7%	6%	8%
I plan to work until retirement age and will still not have saved enough to meet my retirement needs.	13%	15%	9%	18%	45%
I don't ever plan to retire and intend to work for my whole life	19%	10%	6%	14%	51%
I will retire fully	29%	14%	7%	15%	35%
I will retire gradually/in stages	34%	29%	9%	7%	21%
I plan to start running a business after retirement	66%	13%	6%	4%	11%
My children are my retirement package	25%	14%	7%	12%	42%

- 79% plan to work until retirement age and feel they would have saved enough to meet their retirement needs
- 29% plan never to retire but work their whole life
- 79% plan to start a business after retirement
- 39% feel their children are their retirement package

# Opinions on Statements about Retirement

Those who Strongly agree: I plan to work until retirement age and will have saved enough to meet my retirement needs



- The younger age group are more optimistic that they will have saved enough to meet their retirement needs (70%)
- After 55 years the trend changes



**3. READINESS TO RETIRE**

# Planned vs Ideal Retirement Age

Q12. At what age do you plan to fully?

Q13. What age would you say is best or ideal to retire?

Mean	Total	Nai robi	Mombasa	Ki sumu	Vi hi ga	Nyeri	Mer u	Machakos	Ei dor et	Ker i cho	Gar i ssa
Planned	58.16	55.94	58.75	58.19	56.32	59.59	60.43	56.12	58.33	58.51	59.28
I deal	60.25	57.32	62.28	61.79	59.66	60.45	59.67	57.86	59.64	58.59	64.87

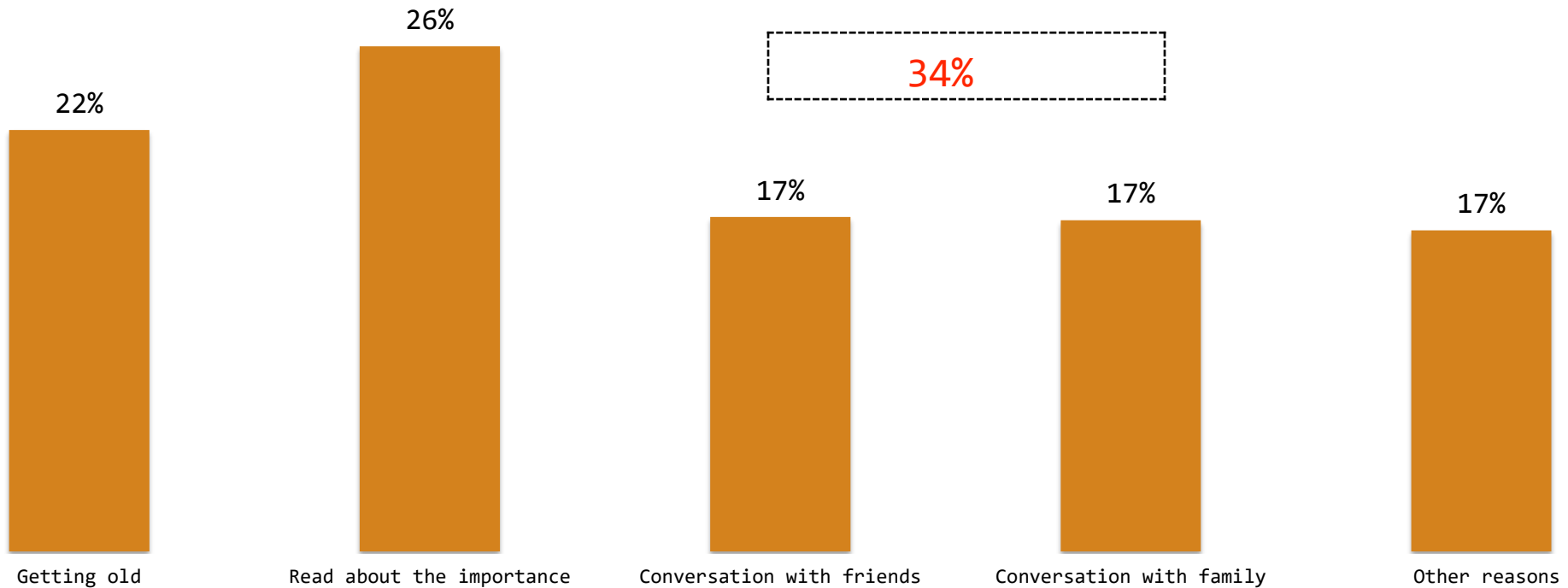
*Those planning to retire at some point*

- The average age vs best age to retire are very close
- Slight variations across locations

# Reasons for Thinking of Retirement

Q11. What are the reasons that made you start thinking of retirement?

Those planning to retire either fully or partially 581



- Conversations with friends and family plays the biggest role (34%) for people to think of retirement
- A notable 26% read about the importance of thinking and planning for retirement
- Age also contributes as 22% started thinking about it since they were getting old.

# Reasons for Thinking of Retirement: Location

Q11.What are the reasons that made you start thinking of retirement?	Tot al	Nai r obi	Mombasa	Ki sumu	Vi hi ga	Nyeri	Mer u	Machakos	Eldoret	Ker i cho	Gar i ssa
		581	60	58	58	57	60	47	60	57	63
I was getting old	22%	23%	3%	41%	28%	40%	6%	22%	9%	8%	33%
I read about importance of thinking and planning for retirement	26%	23%	5%	21%	28%	12%	32%	28%	35%	21%	56%
Through a conversation with my friends	17%	12%	9%	9%	16%	10%	19%	15%	14%	13%	56%
Through a conversation with my family	17%	7%	28%	9%	11%	23%	2%	12%	11%	10%	56%
Other reasons	17%	22%	47%	7%	2%	13%	6%	12%	35%	14%	7%
Don't know / Refused to answer	24%	22%	16%	26%	28%	30%	34%	25%	9%	46%	3%

- Garissa and Eldoret had the highest proportion of those who read about importance of thinking of retirement compared to other locations
- Conversations with friends and family are highest in Garissa

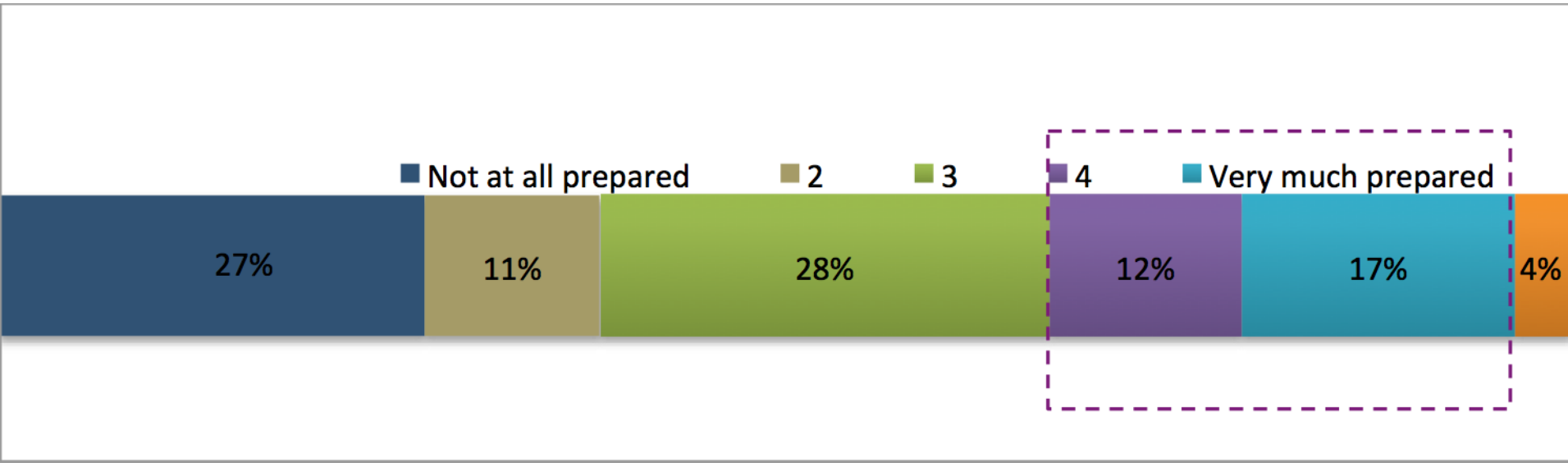
# Reasons for Thinking of Retirement: Rural, Urban, Gender, Age

Q11. What are the reasons that made you start thinking of retirement?	Urban	Rural	Male	Female	18-24	25-34	35-44	45-54	55+
	297	284	294	287	104	193	179	80	25
I was getting old	22%	21%	21%	22%	8%	12%	23%	50%	57%
I read about importance of thinking and planning for retirement	28%	24%	26%	26%	25%	32%	25%	18%	17%
Through a conversation with my friends	20%	14%	18%	16%	17%	17%	17%	19%	13%
Through a conversation with my family	22%	12%	17%	17%	13%	15%	19%	25%	13%
Other reasons	23%	10%	19%	14%	13%	15%	19%	18%	17%
Don't know / Refused to answer	15%	33%	21%	26%	38%	28%	19%	10%	13%

- After 45 years, age plays a substantial role of thinking about retirement
- Age group 25-34 produced the majority of those who read about the importance of thinking and planning for retirement
- There are more conversations with family and friends in urban areas as compared to rural



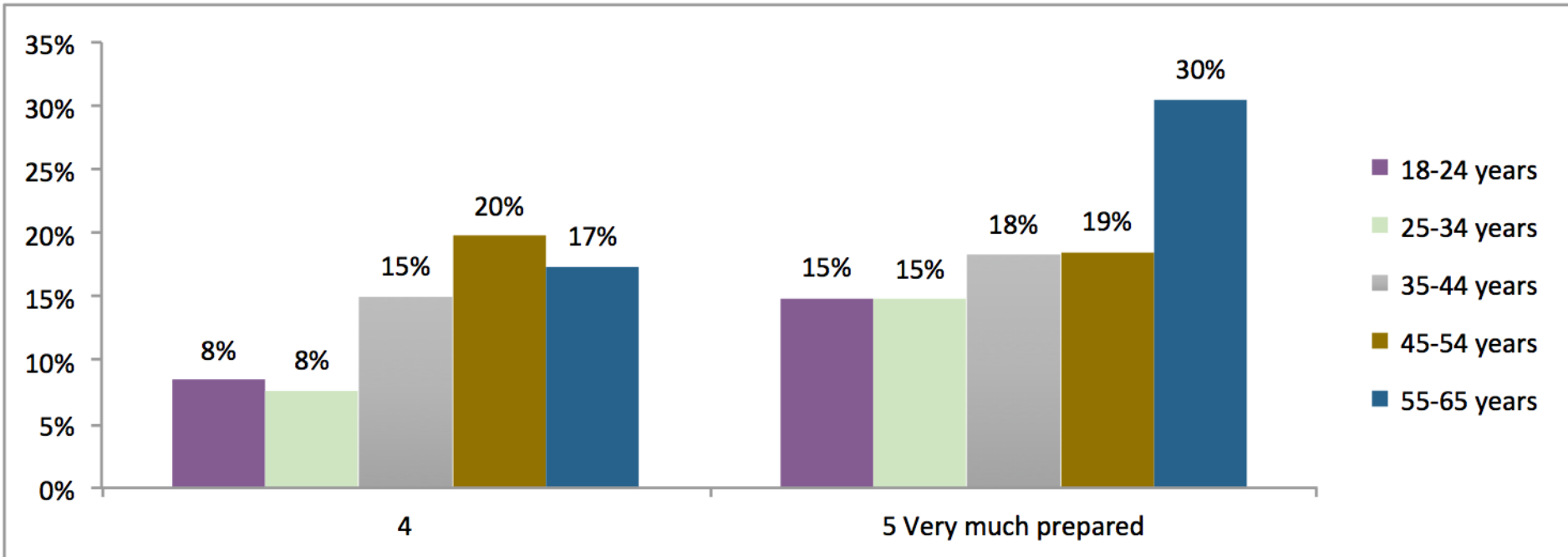
# Level of Retirement Preparedness



Q14. On a scale of 1 to 5 where 1 means not at all prepared and 5 means very much prepared, how prepared are you for retirement?

- 29% are prepared for retirement

# Level of Retirement Preparedness by Age



Q14. On a scale of 1 to 5 where 1 means not at all prepared and 5 means very much prepared, how prepared are you for retirement?

- Level of preparedness increases with Age

# What information was used to prepare for retirement?

Q15. What have you done to prepare for your retirement with regards to information	Total	18- 24	25- 34	35- 44	45- 54	55+
	581	104	193	179	80	25
Paid for professional financial advice	2%	3%	2%	3%	3%	0%
Read free sources of information	18%	19%	20%	17%	15%	9%
Read information provided by my employer	14%	13%	11%	13%	19%	30%
Read information provided by sources other than my employer	8%	9%	5%	11%	10%	0%
Read information provided by my pension provider	9%	5%	6%	12%	13%	13%
Spoken to my family and friends for advice	28%	25%	21%	31%	43%	30%
Other reasons	4%	3%	3%	4%	4%	9%
Don't know	8%	7%	10%	6%	6%	4%
I have not done anything to prepare for my retirement	33%	40%	39%	29%	21%	26%

- ‘speaking to family and friends for advice’ received the highest proportion at 28%.
- The 45-54 year olds were more likely to do this as compared to the other ages.
- 49% read information from ‘free’ different sources
- only 2% paid for professional financial advice

# Confidence toward aspects on retirement

Q16. I would like to know how confident you are about certain aspects related to retirement	Very confident	Somewhat confident	Not too confident	Not at all confident	Don't Know/Refused
You will have enough money to live comfortably throughout your retirement	44%	32%	15%	8%	1%
You are doing a good job of preparing financially for your retirement	42%	30%	16%	11%	%
You will have enough money to take care of your medical expenses during your retirement	39%	28%	19%	12%	2%
You will have enough money to pay for basic expenses like food during your retirement	62%	24%	8%	5%	2%

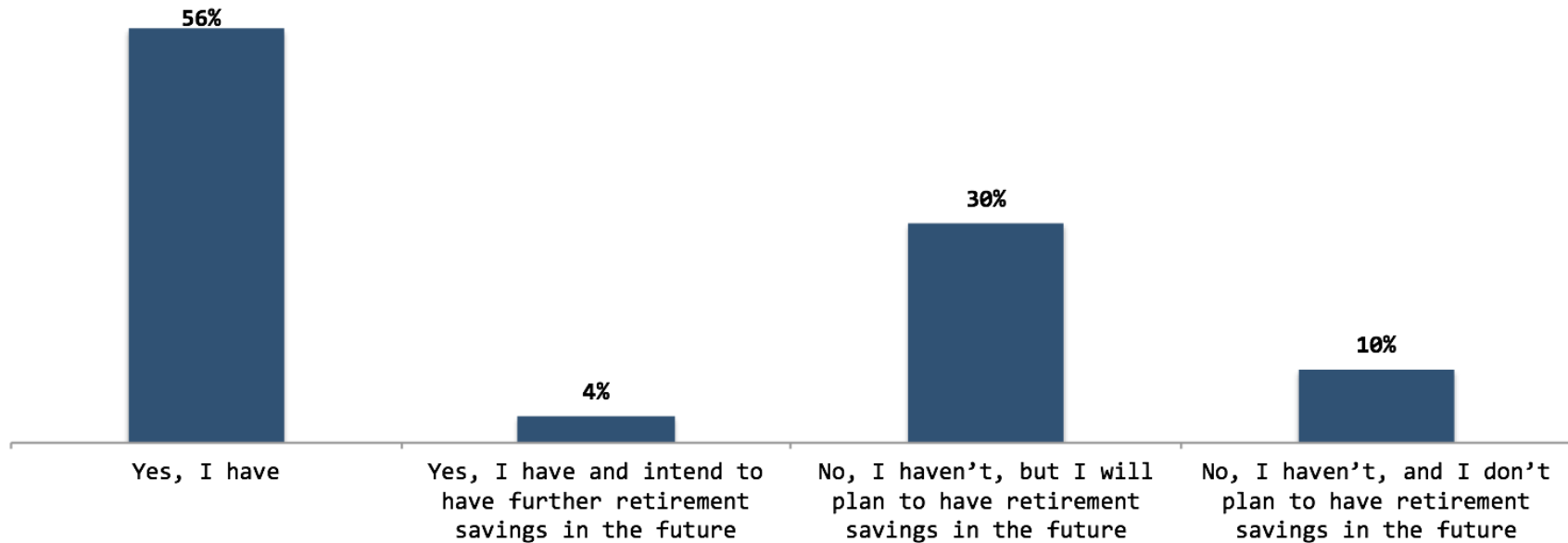
- High levels of confidence reported across the four statements
- 86% confident that they would have enough money to pay for basic expenses like food during retirement.
- 76% confident that they would have enough money to live comfortably throughout their retirement
- 72% confident that they are doing a good job preparing financially for their retirement.
- 67% confident they would have enough money to take care of their medical expenses during retirement



**4. SOURCES OF INCOME  
IN RETIREMENT**

# Retirement Savings

Q17. Do you currently have retirement savings set-aside for when you retire?



*Those planning to retire either fully or partially 581*

- 90% have savings in mind , only 10% do not plan to have retirement savings
- 56% - Mainly those already with a pension (82%) and formally employed (78%) and mostly above 25 years

# Retirement Savings: Location

Q17. Do you currently have retirement savings set-aside for when you retire?	Total	Nai ro bi	Mombasa	Ki sumu	Vi hi ga	Nyer i	Meru	Machakos	El dor et	Ker i cho	Gar i ssa
	581	60	58	58	57	60	47	60	57	63	61
Yes, I have	56%	65%	60%	40%	46%	40%	79%	53%	53%	59%	74%
Yes, I have and intend to have further retirement savings in the future	4%	2%	2%	0%	0%	15%	0%	7%	2%	0%	8%
No, I haven't, but I will plan to have retirement savings in the future	30%	22%	24%	41%	39%	43%	13%	38%	32%	38%	7%
No, I haven't, and I don't plan to have retirement savings in the future	10%	12%	14%	19%	16%	2%	9%	2%	14%	3%	11%

- Meru and Garissa have highest proportions of those who have set aside savings
- Kisumu and Nyeri had the highest proportions of those planning to set aside savings

# Retirement Savings: Rural, Urban, Gender, Age

Urban, Gender and Age, April 2019

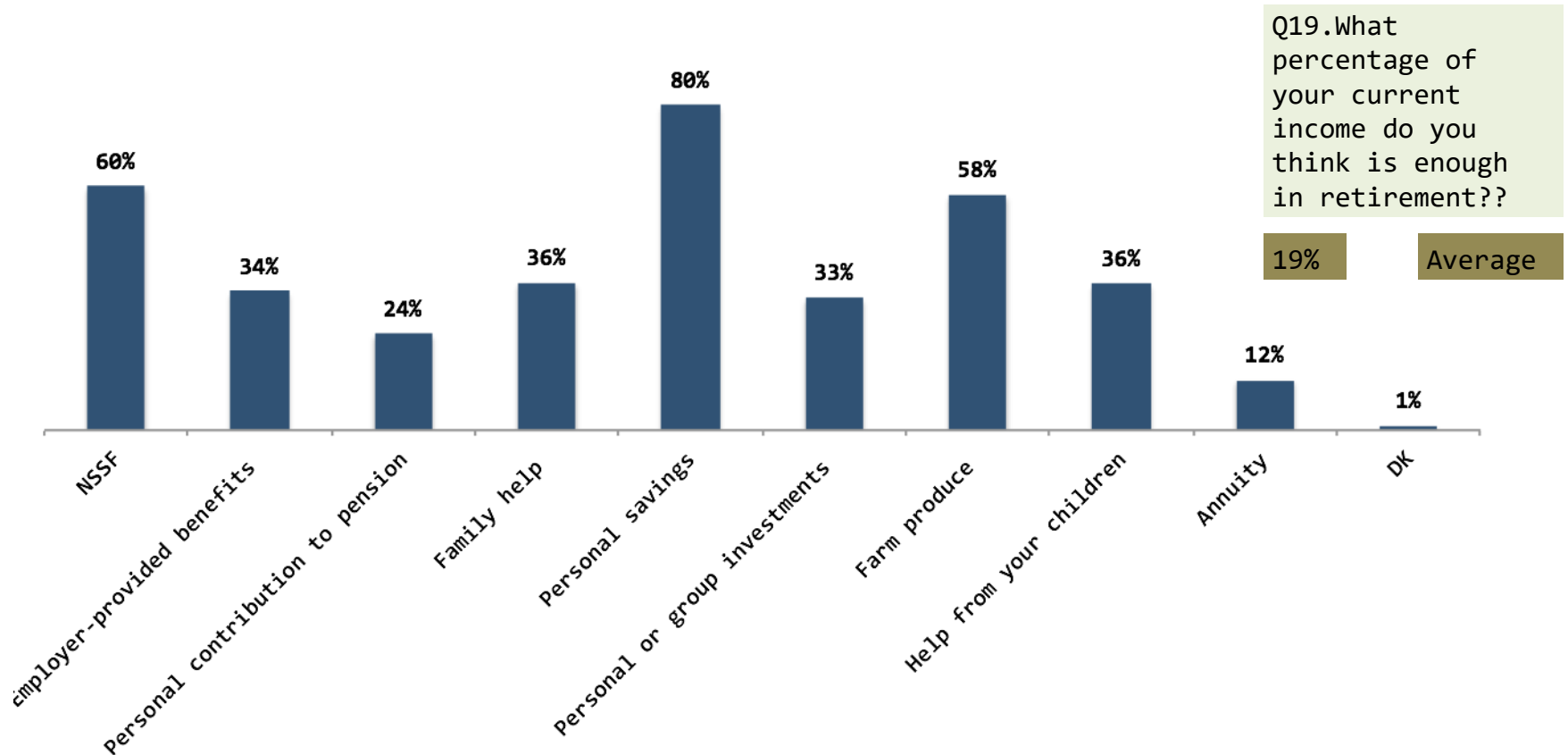
<i>Q17. Do you currently have retirement savings set-aside for when you retire?</i>	Urban	Rural	Male	Female	18-24	25-34	35-44	45-54	55+	Formally Employed	Informally Employed
	297	284	294	287	104	193	179	80	25	258	323
Yes, I have	59%	54%	56%	56%	38%	60%	60%	61%	65%	78%	39%
Yes, I have and intend to have further retirement savings in the future	3%	5%	4%	3%	2%	2%	3%	10%	9%	4%	3%
No, I haven't, but I will plan to have retirement savings in the future	25%	36%	31%	29%	49%	32%	23%	20%	17%	15%	42%
No, I haven't, and I don't plan to have retirement savings in the future	14%	6%	8%	12%	12%	7%	13%	9%	9%	3%	16%

- Steady progression of proportions after 25 years
- The younger age group of 18 to 24 years had the highest proportion (49%) of those with a plan to have retirement savings in the future



# Income during Retirement

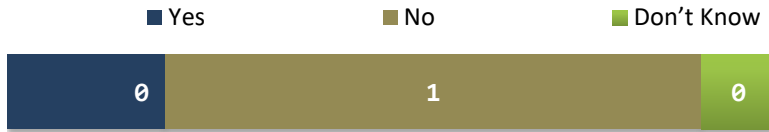
Q18. Which, if any, of the following sources of income do you think you will have when you retire?



Those planning to retire either fully or partially 581

- Overwhelming majority, 80% will have personal savings when they retire
- An average, 19% of current income will be enough during retirement – *this low percentage can be a hindrance to retirement preparedness*

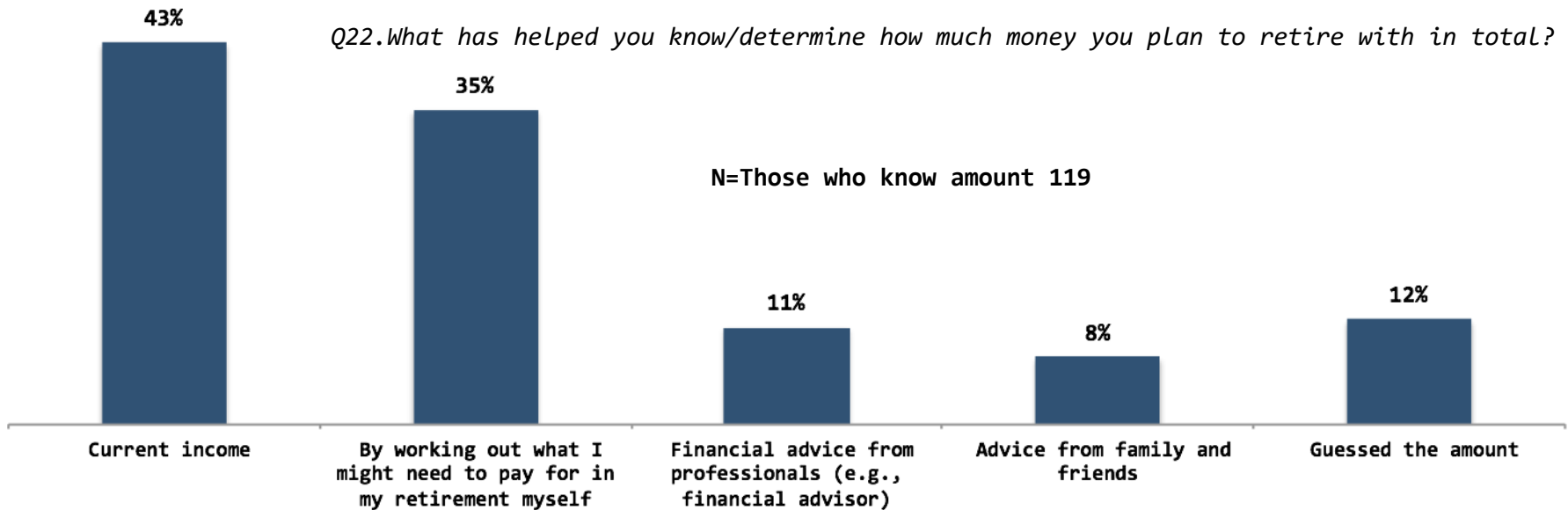
# Income during Retirement



Q20. Thinking about all sources of income for when you retire do you currently know (or have an idea of) how much money you plan to retire with in total?



Q21. Thinking about all sources of income for when you retire do you currently know how much money you will get each month during retirement?



Q22. What has helped you know/determine how much money you plan to retire with in total?

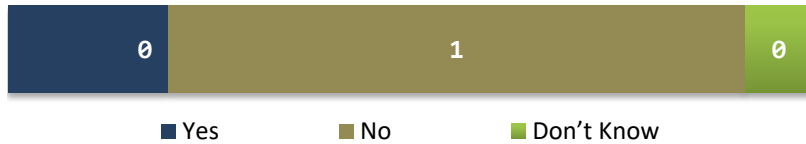
- Few know how much money they plan to retire with – this could be the reason why they feel 19% of current income is enough in retirement
- Those who know base it on their current income and working out what they need to pay in retirement
- Only 11% know it due to financial advice from professionals

# Income during Retirement: Location

Q23. What are the reasons why you don't currently know how much money you plan to retire with in total?	Total	Nairobi	Mombasa	Kisumu	Vihiga	Nyeri	Meru	Machakos	Eldoret	Kericho	Garissa
	406	42	58	35	35	49	42	42	34	32	37
I have not decided on an amount of money, but I have thought about it	29%	45%	12%	14%	11%	31%	2%	60%	29%	38%	49%
I intend to decide on an amount soon	19%	14%	31%	14%	26%	12%	0%	12%	15%	25%	38%
I don't know how to	22%	7%	26%	46%	34%	31%	5%	5%	47%	13%	14%
I don't think I need to know how much money I need for retirement It seems too many years away to think about	19%	10%	22%	11%	11%	16%	69%	12%	0%	16%	16%
I don't plan to save for my retirement	3%	2%	5%	6%	3%	0%	2%	0%	9%	0%	0%
Other	8%	10%	17%	6%	0%	22%	10%	0%	0%	3%	0%
Don't know	8%	12%	3%	3%	23%	4%	12%	12%	3%	9%	0%

- 29% indicated they had thought about it
- 22% did not know how to make the estimation.

# Income during Retirement



Q24. Do you know how long or how many years your retirement savings will last you in retirement?



Q25. Have you tried to figure out how much money you will need to have saved by the time you retire so that you can live comfortably in retirement?

Q26: What role would you say the following plays in keeping you from saving any money for your retirement years? = 116	Major role	Minor role	No role
Not enough income to allow you to save	61%	31%	8%
Saving for retirement is not a priority	45%	24%	30%
High expenses everyday	66%	28%	6%
Lack of financial advice	48%	39%	12%
Lack of saving discipline	56%	27%	16%
Lack investment ideas or options	47%	37%	16%

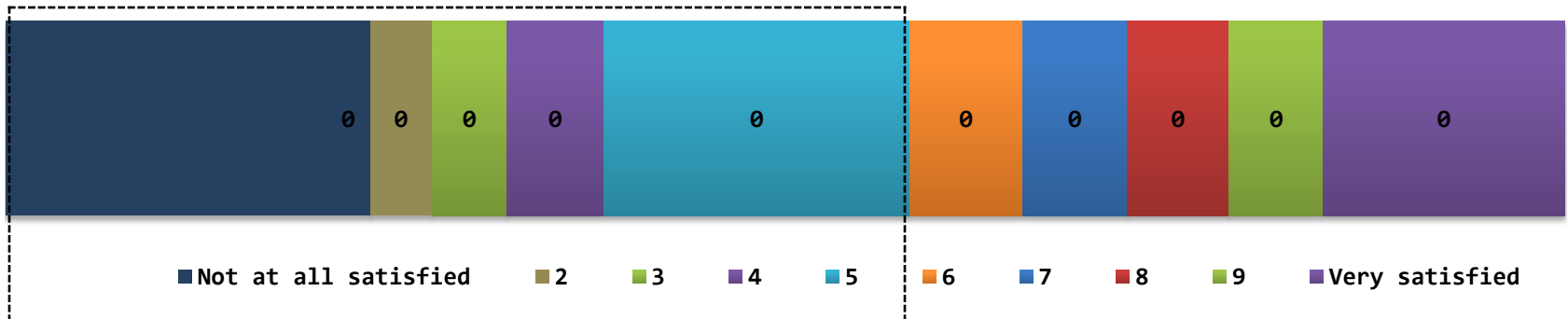
- Few know how long their retirement savings will last
- High expenses and Not having enough income are the main hindrance to saving for retirement

# Pension – Satisfaction Rate

Q27. You mentioned that you have an active pension contribution, what kind of contribution is it?



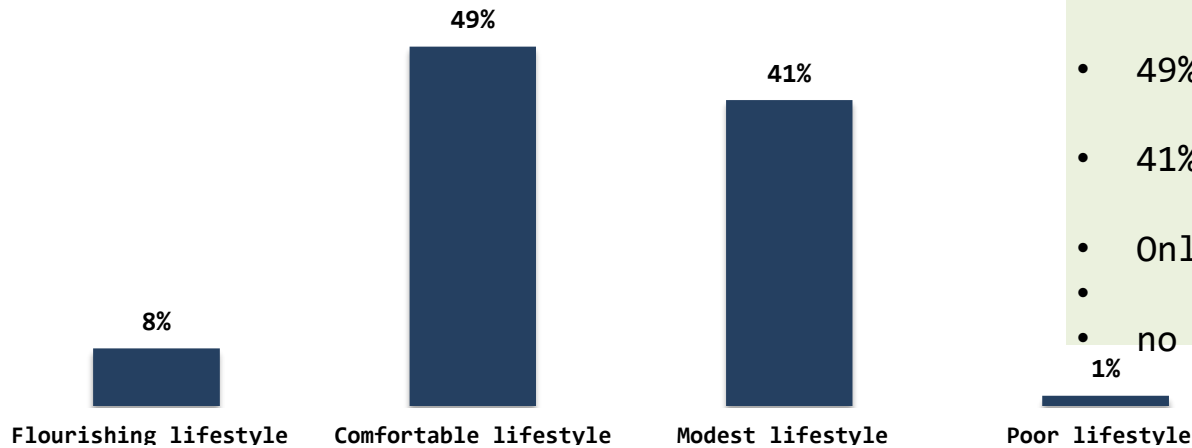
Q28. On a scale of 1 to 10, where 10 means very satisfied and 1 means not at all satisfied, how would you rate your satisfaction with your current pension product?



- NSSF is the largest pension contribution
- 58% are dissatisfied with their active pension

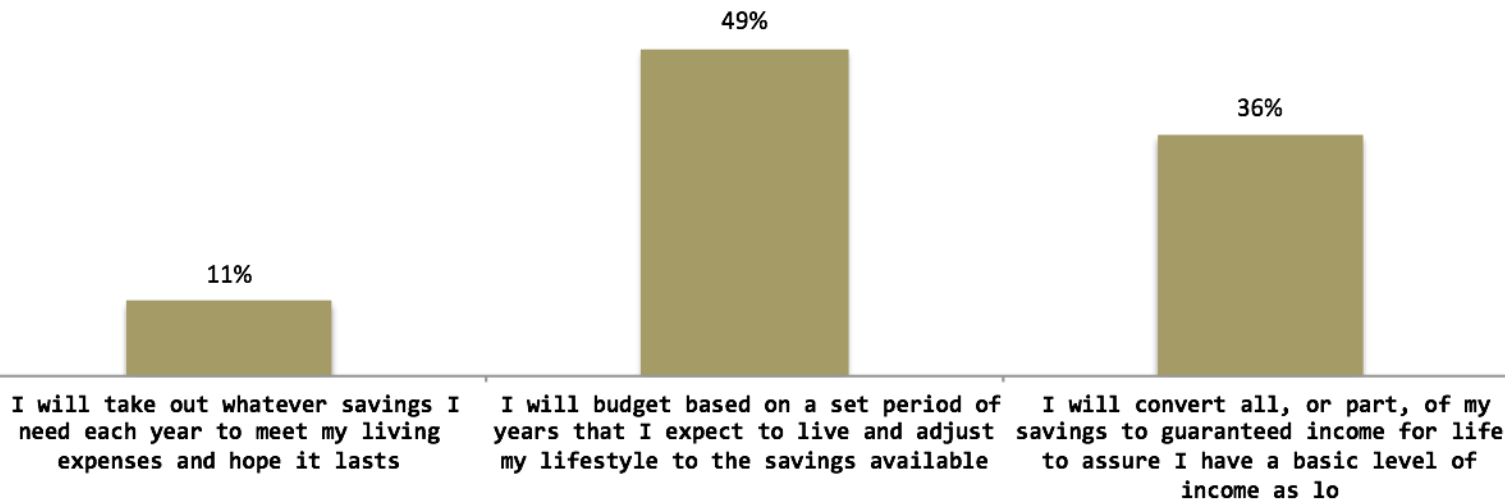
# Expected Lifestyle during Retirement

Q31. I will read a number of lifestyle statements to you. Please tell me which lifestyle will apply to you on retirement as a result of your total retirement savings



- All have expect a good lifestyle
- 49% expect a comfortable lifestyle
- 41% expect a modest lifestyle
- Only 1% expect a poor lifestyle
- no significant differences by Age

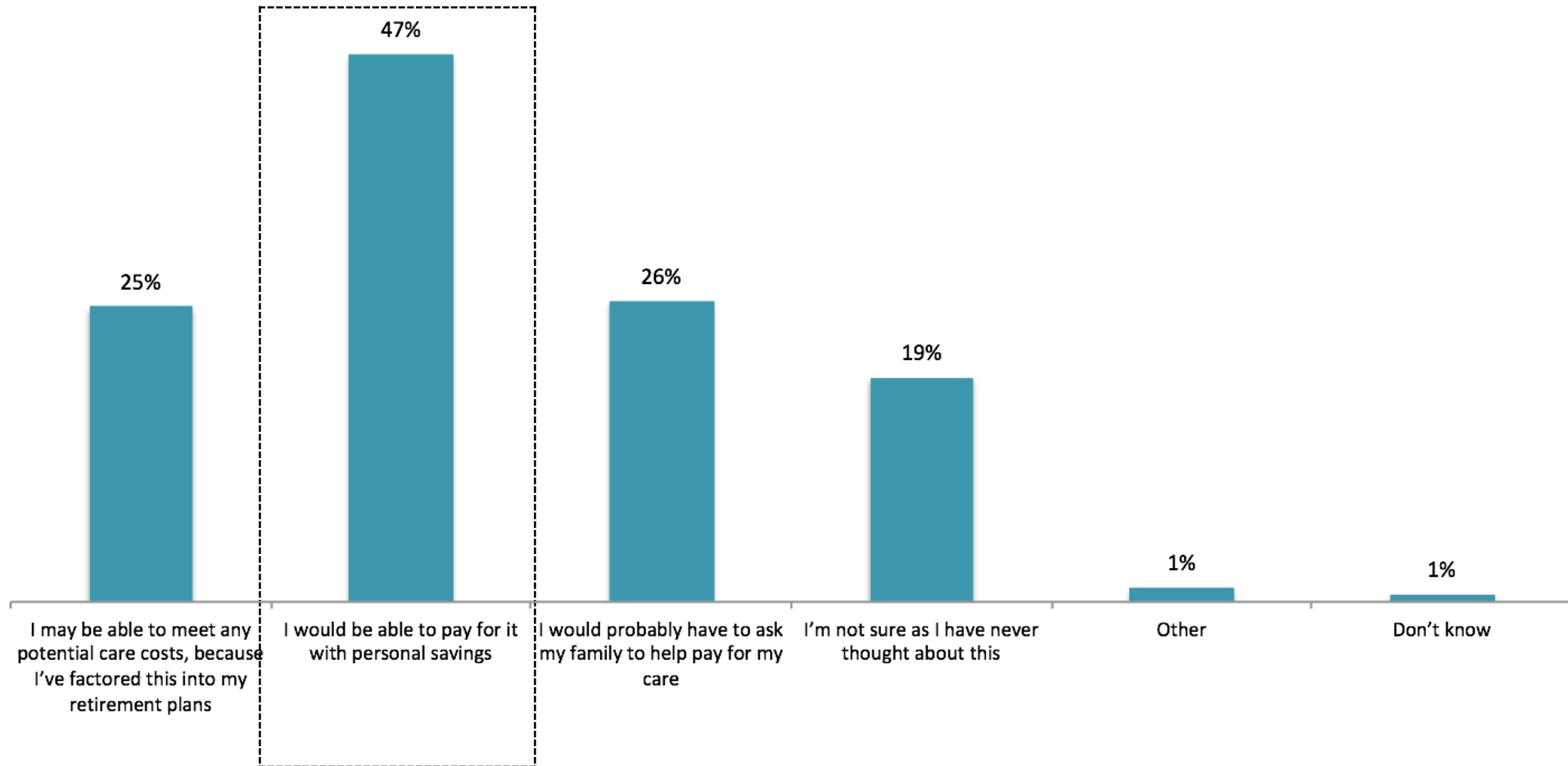
Q32. Which ONE of the following statements do you think BEST describes how you intend to budget and withdraw your retirement savings money to help fund your retirement?



- 49% intend a budget based on a set period of years they expect to live and adjust their lifestyle to the savings available

# Reactions to Unexpected Events

Q35. Thinking about your retirement: Please imagine that you suffered from chronic ill health that meant you had to pay for care (i.e., either at home, or for a long-term care facility, etc.). Which of the following do you think describes what you would do?



Personal savings are key to dealing with unexpected events during retirement

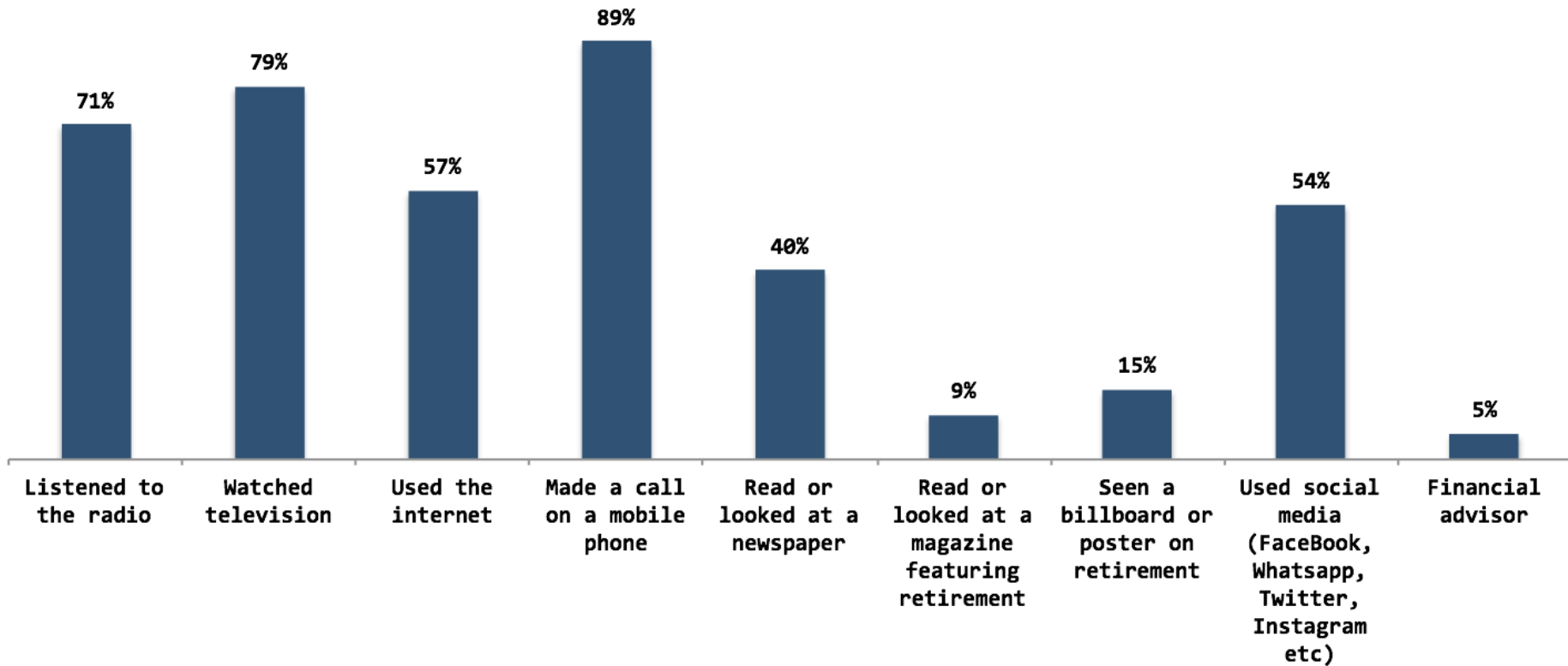


**5. INFORMATION  
SOURCES AND NEEDS**



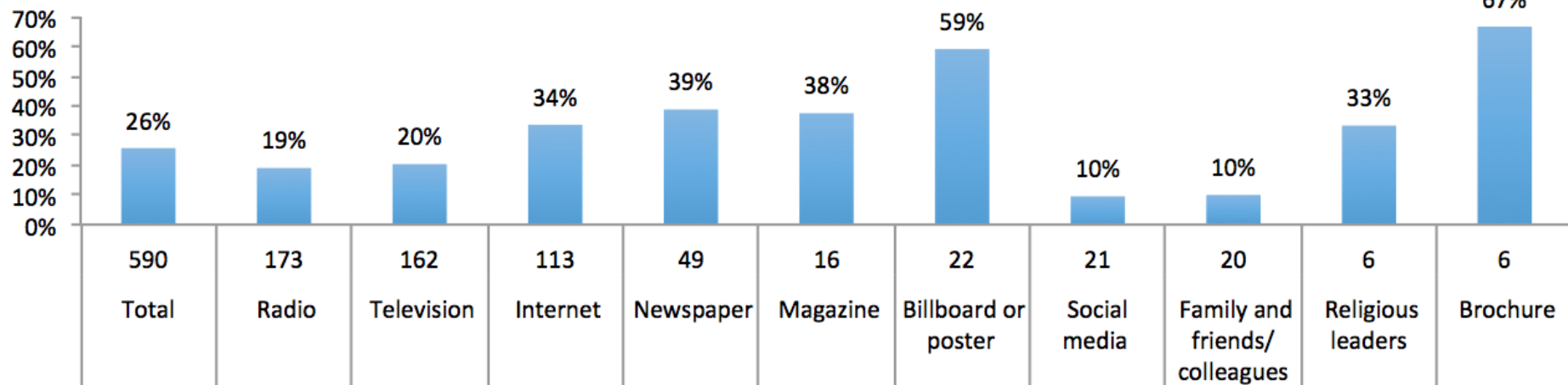
# Past 7 Days Activities

Q36. Which of the following have you done in the past 7 days?



# Past 7 Days Activities

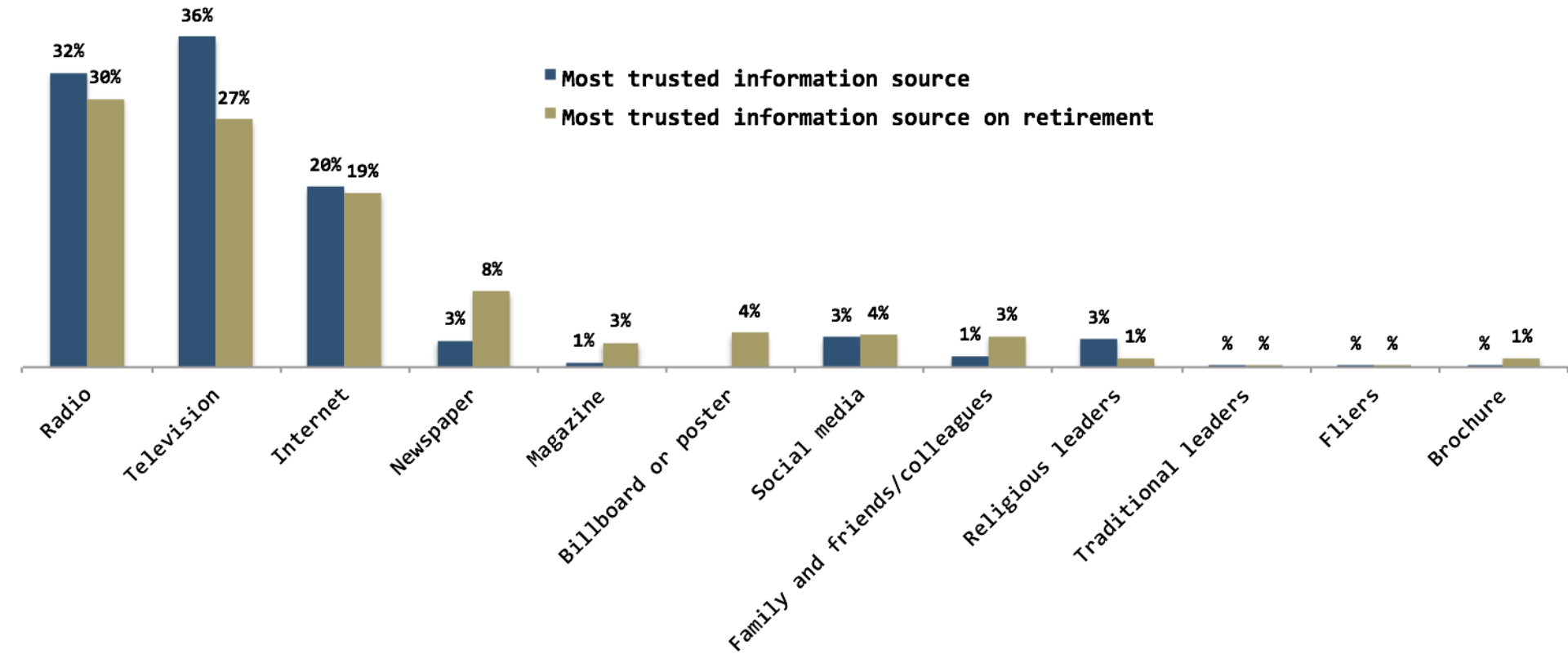
## I read about importance of thinking and planning for retirement



# Trusted Source of Information

Q35. What is your most trusted source of information?

Q36. What is your most trusted source of information on retirement?



- Television is the most trusted source of information
- Radio is the most trusted information source on retirement matters closely followed by Television



**CONCLUSIONS**

# Awareness and Knowledge

- There is seemingly a very high level of awareness (93%) of the National Social Security Fund (NSSF) as a retirement savings plan while the other savings plans have relatively low awareness. More effort needs to be in place to raise the awareness levels of other retirement savings plans including annuities that had only 19% total awareness.
- The younger age group of 18 to 24 years had the lowest awareness of ‘employer provided benefits’ at 37% compared to more than 70% awareness for those over 55 years of age. This could be attributed to lower exposure to employment of the younger population, as compared to the older population. This age group needs to have a good knowledge of savings plans so that they plan their retirement life early enough. Awareness messages can be designed to appeal to this age group.
- Since awareness levels of retirement savings plans other than NSSF are reportedly higher in urban areas than in rural, this could be a factor of information access and exposure to the rural population.

# Attitudes Toward Retirement

- The majority is of the opinion that they will not work their entire life but will rather retire at some point. Thus any information tailored towards retirement preparedness is crucial and it will in effect be preparing majority of our population.
- It is also noteworthy that the opinion of the majority is that they will have saved enough money to use in their retirement. This definitely can only happen if individuals have clear, actionable and sufficient information about life during retirement and what can be done right away irrespective of ones age.
- Since the younger age group of 18 to 24 years was more optimistic that they will have saved enough to meet their retirement needs (70%) as compared to the older age groups, it gives a window of opportunity to give this younger population group the information needed to ensure their perception is turned into actionable realities.
- A large proportion does not plan to idle in retirement but instead be active running a business. Products tailored toward that can be helpful in preparing such a group so that at retirement they know their way forward.

# Readiness to Retire

- At the age of 58 to 60 years majority will be ready to retire. 'Conversations with family and friends' plays the biggest role for individuals to start thinking about retirement. This means that any communication campaign aimed at increasing awareness on retirement should target areas that allow for or trigger conversations or word of mouth with friends and family. Reading material about the importance of thinking about retirement will be much welcome to the 25 to 34 age group. Such material needs to be provided and ways should be designed to also attract the age groups to read about such in readiness for retirement.
- Majority is not ready for retirement despite the mention of them hoping to have saved enough for when they retire. Only 29% felt that they are well prepared for retirement. The rural population was more prepared than the urban population while the females reported to be more prepared than the male. Something needs to be done urgently to get the population ready for retirement. Since those much older seem more prepared than the young, a targeted approach to educate the young population of importance of starting early to prepare for retirement is essential.

# Readiness to Retire

- The main source of information for getting ready for retirement was, 'speaking to family and friends for advice'. A relatively high percentage of participants read information from different sources including 'free sources of information', 'information provided by the employer' and 'information provided by a pension provider'. This indicates a strong culture of reading up on information related to retirement preparedness and more can be done to enhance this. Since only 2% paid for professional financial advice, it appears that free information sources are more likely to be embraced. More than a third (33%) mentioned that they had done nothing to prepare for retirement with regards to information. This is a large proportion that needs to be targeted with information since it is widely acknowledged that on any topic, information is power



# Sources of Income During Retirement

- The main source of income during retirement will be personal savings. Despite a large proportion mentioning they already have those savings in place, still some do not currently have. Both groups can be educated on best practices of making personal savings in readiness for retirement. NSSF is the retirement plan many will rely on in retirement as their source of income. There is need to create more awareness about the other retirement savings plans and allow for the variety of choice. There is a knowledge gap when it comes to how much money an individual will retire with. Very few know how much money they planned to retire with and how much they would get each month during retirement. This gap can be addressed and reduced and in effect help inform the population how many savings they need to make upfront.

# Expected Lifestyle During Retirement

- None expects to poor lifestyle at during retirement. This requires good planning and high levels of retirement preparedness. The message should be clear that a good comfortable lifestyle does not come by chance but rather by good planning and foresight.
- The financial costs of unexpected events like a chronic disease will be handled using personal savings and family help. Even though some claimed to have factored this in their retirement plans, some have not. An opportunity to drum home the realities of medical expenses and bills at retirement is available. It should indeed form part of retirement preparedness.

# Information Sources and Needs

- Many information platforms are available for use to push for retirement preparedness information. They include utilization of mobile phone gadgets are a huge population uses it regularly. Since radio and TV are the most trusted information source on retirement matters these can be utilized for awareness creation and education on retirement preparedness. .



**Research PLUS Africa**  
*Going the extra mile.*