

# Regulator recovers Shs43b in misused pension funds

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## Shs263b

**Management costs.** Report also points to rising operational costs in the pension sector, with the total operating expenses reaching Shs263b in the 2024/25 financial year.

## Shs5.8m

**Expensive schemes.** The Parliamentary Pension Scheme, which spent an annual management cost of about Shs5.8m per member, is one of the most expensive schemes to run.

## 40%

**Savings.**

Government is seeking to increase domestic savings from 21 percent to 40 percent of GDP by 2040



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The retirement benefits regulator recovered Shs43b from unpaid benefits, unremitted contributions, and misused pension funds, exposing governance weaknesses across several retirement schemes.

Details contained in the Retirement Benefits Sector Annual Report 2024/25 indicate that Uganda Retirement Benefits Regulatory Authority (URBRA) intervened in several pension schemes during the year to safeguard workers' savings and enforce compliance with pension regulations.

The recoveries followed supervisory interventions that uncovered irregularities such as delayed remittance of contributions by employers, delayed payment of benefits and weaknesses in the management of pension funds.

URBRA said the Shs43b recovered largely stemmed from unpaid benefits, contributions that employers deducted from workers but failed to remit to pension schemes, and cases of mismanagement or misuse of members' savings.

**Commonest violations**

Unremitted contributions, URBRA noted was the commonest violations, in which several cases showed that employers had deducted pension contributions from employees' salaries but delayed or failed to transfer the funds to respective retirement schemes.

URBRA also intervened in cases where retirees and beneficiaries had not received benefits on time, despite qualifying for payments under their schemes, while in other instances the regulator intervened in misappropriation or misuse of pension funds, with some scheme managers or trustees failing to properly safeguard members' savings or breached governance requirements in handling scheme assets.

During the period, URBRA noted it had conducted a risk-based supervision framework by reviewing scheme operations, investigating complaints, and enforcing compliance with laws, which enabled it to make the recoveries.

URBRA also noted that governance failures, including weak risk management systems, failure to comply with



URBRA recovered Shs43b from unpaid benefits, unremitted contributions and misused pension funds, exposing governance weaknesses in retirement schemes and reinforcing regulatory oversight to protect workers' savings. PHOTO / FILE

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internal policies, and poor oversight of outsourced services, continued to expose pension savings.

Regulatory inspections also revealed several governance weaknesses, such as failure to update or develop internal policies, failure to establish fully constituted boards of trustees, unlicensed trustees managing pension schemes,

and oversight of outsourced service providers, which continues to threaten the integrity of pension schemes.

Investigations also revealed inaccurate member records and delays in paying benefits, which increases the risk of mismanagement and damages the confidence in retirement savings systems.

To address the challenges, URBRA said it had strengthened its risk-based supervision framework, enabling it to investigate schemes, impose licensing conditions, and intervene where necessary to safeguard members' funds.

**Rising management costs**

The report also points to rising opera-

tional costs in the pension sector, with the total operating expenses, which cover administration, custodial services, fund management, governance costs, and staff expenses, reaching Shs263b in the 2024/25 financial year.

URBRA noted that in some cases, the cost of managing pension schemes was significantly higher than others, with the Parliamentary Pension Scheme, which spent an annual cost of about Shs5.8m per member, being one of the most expensive schemes to run.

High administrative costs can potentially reduce long-term investment returns for retirement savers.

**Disparities in retirement savings**

The report also highlights stark disparities in retirement savings across different pension schemes, with average member balances differing widely depending on the type of scheme.

URBRA indicates that mandatory employer-based schemes record an average balance of about Shs223m per member, while voluntary schemes average about Shs84m per member.

However, despite the governance concerns, URBRA noted that the pension sector remains central to Uganda's economic ambitions, with government seeking to increase domestic savings from 21 percent to 40 percent of GDP by 2040, an agenda that will largely be driven by pension funds.

Retirement schemes account for about 67 percent of Uganda's gross domestic savings, making the sector one of the most significant financial pillars.

Thus, URBRA noted that strengthening supervision, improving governance, and controlling operational costs will be critical to ensuring pension funds continue to grow while protecting workers' retirement benefits.

Key data

**40%**

Government, according to URBRA, wants to increase domestic savings from 21 percent to 40 percent of GDP by 2040.