



COMELY GLOBAL INSURANCE AGENCY LTD

- Personal Finance & Business Solutions -

P.O. Box 37715 - 00100 Nairobi
+ 254 117 575 648 | +254 750 611 664
simon@comelyglobalconsulting.com
www.comelyglobalconsulting.com/

RETIREMENT FUND TRANSFER TO PRS AFTER JOB CHANGE

**Consolidate Scattered Pensions - One Account, Better
Returns, Simplified Retirement**



For Employed Who Changed Employers

Simon Muchiri

Licensed Insurance & Financial Advisor
+254 117 575 648 | +254 750 611 664
simon@comelyglobalconsulting.com
<https://comelyglobalconsulting.com>

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EXECUTIVE SUMMARY

Average Kenyan changes jobs 3-5 times over their career, leaving pension funds scattered across multiple employer schemes. These "orphaned pensions" earn poor returns (5-8%), incur tracking fees, and complicate retirement planning. Consolidating into one high-performing Personal Retirement Scheme (PRS) can add **millions to your retirement fund**.

The Hidden Cost of Scattered Pensions:

- Old employer schemes earn 5-8% (vs modern PRS 11-14%)
- 30% of Kenyans forget they have old pensions
- Fragmented tracking = no clear retirement picture
- **Lost compound growth** over 20-30 years = Ksh 5M - 15M per person

Our Solution:

- Consolidate all pension accounts into ONE high-performing PRS
- Increase returns by 3-6% annually (compounded = massive difference)
- Simplify: One login, one statement, one strategy
- Tax-efficient transfers (no taxes or penalties)

THE PROBLEM: FRAGMENTED RETIREMENT SAVINGS

Problem 1: Multiple Pension Accounts

Typical Kenyan Career Journey:

- **Age 25-28:** First job (Company A) - Pension Ksh 120,000
- **Age 28-32:** Second job (Company B) - Pension Ksh 280,000
- **Age 32-37:** Third job (Company C) - Pension Ksh 520,000
- **Age 37-42:** Fourth job (Company D) - Pension Ksh 380,000
- **Age 42-60:** Current job (Company E) - Active contributions

Result: 4 orphaned pensions + 1 active = 5 different accounts to track

Problem 2: Poor Performance of Old Schemes

Old Employer Schemes Reality:

- Many underperform (5-8% returns)
- Outdated investment strategies
- High administrative fees (eating into returns)
- No active management after you leave

Example:

- Ksh 300,000 in old scheme earning 6% for 20 years = Ksh 962,000
 - Same Ksh 300,000 in modern PRS earning 12% = Ksh 2,893,000
 - **Lost opportunity: Ksh 1,931,000 (3X difference!)**
-

Problem 3: Lost Track of Pensions

Common Scenarios:

- Changed phone number, old employer can't reach you
- Company rebranded, pension administrator changed
- Moved houses, statements sent to old address
- Simply forgot about pension from job 15 years ago

Impact: Money sitting idle, earning minimal returns, while you're unaware

Problem 4: Administrative Nightmare

Challenges:

- Tracking 4-5 different login portals
 - Remembering passwords for schemes you haven't accessed in years
 - Receiving scattered statements (different dates, formats)
 - Inability to see total retirement picture
 - Difficulty projecting retirement adequacy
-

THE SOLUTION: PENSION CONSOLIDATION TO PRS

What is Pension Transfer/Consolidation?

Moving all your scattered pension balances from old employer schemes into ONE Personal Retirement Scheme (PRS) of your choice.

Benefits:

- **Higher Returns:** 11-14% modern PRS vs 5-8% old schemes
 - **Single Account:** One login, one statement, simplified tracking
 - **Tax-Efficient:** No taxes or penalties on pension-to-pension transfers
 - **Better Investment Options:** Choose fund type matching your age/risk
 - **Retirement Clarity:** See exact total, track progress to goal
 - **Portability:** Future job changes? PRS stays with you
-

THE COMPOUND GROWTH IMPACT

Case Example: Daniel, Age 36, Multiple Jobs

Starting Position (Scattered Pensions):

- **Old Employer 1 Pension:** Ksh 180,000 (earning 6% annually)
- **Old Employer 2 Pension:** Ksh 320,000 (earning 7% annually)
- **Old Employer 3 Pension:** Ksh 450,000 (earning 8% annually)
- **Current Employer Pension:** Ksh 200,000 (earning 10% annually)
- **Total:** Ksh 1,150,000 scattered across 4 schemes

Scenario A: Without Consolidation (Do Nothing)

Projected at Age 60 (24 Years):

- Employer 1: Ksh 180K at 6% = Ksh 729,000
- Employer 2: Ksh 320K at 7% = Ksh 1,663,000
- Employer 3: Ksh 450K at 8% = Ksh 2,851,000
- Current: Ksh 200K at 10% = Ksh 1,973,000
- **Total: Ksh 7,216,000**

Weighted Average Return: 7.75%

Scenario B: With Consolidation (Smart Move)

Action: Consolidate all Ksh 1,150,000 into ONE PRS earning 13% average

Projected at Age 60 (24 Years):

- **Total: Ksh 23,568,000**

DIFFERENCE: +Ksh 16,352,000 (227% more!)

Why Such Massive Difference?

1. **Higher Average Return:** 13% vs 7.75% weighted average = 5.25% annual difference
2. **Compound Effect:** 5.25% compounded over 24 years = exponential growth
3. **Single Fund Efficiency:** Better diversification, professional management, lower fees
4. **No Orphaned Underperformers:** All money working optimally

Visual Impact:

- Ksh 7.2M = Ksh 72,000/month for 10 years (barely adequate)
- Ksh 23.6M = Ksh 236,000/month for 10 years (comfortable retirement)

PENSION TRANSFER ELIGIBILITY

What Can Be Transferred?

- **Employer Occupational Schemes:** Pensions from previous employers
- **NSSF Tier II Balances:** Can transfer to PRS (Tier I stays with NSSF)
- **Individual Pension Plans:** Old personal pensions
- **Provident Funds:** From companies with provident arrangements

Vesting Requirements:

Vested Funds (YOURS):

- Your own contributions: **100% vested immediately**
- Employer contributions: Typically vest after 2-5 years employment
- **Example:** 3 years at company, employer contribution fully vested = Can transfer 100%

Unvested Funds (NOT YOURS YET):

- If you left before vesting period (e.g., left after 1 year, vesting at 2 years)
- Employer contributions remain with scheme
- Can only transfer your own contributions + vested portion

We Verify: Vesting status for each old employer before initiating transfer

PENSION CONSOLIDATION PROCESS

Step 1: Pension Discovery & Audit

We Help You:

1.1 Identify All Pensions

- Contact previous employers (HR departments)
- Request pension statements and administrator details
- Search RBA database for registered schemes
- Check for forgotten pensions (common with old employers)

1.2 Obtain Current Balances

- Request updated statements from each administrator
- Verify vesting status (what % is yours)
- Check for any outstanding loans against pensions
- Confirm administrator contact details

1.3 Review Performance

- Analyse historical returns (are you earning 6% or 13%?)
- Calculate opportunity cost of keeping money there
- Compare to modern PRS benchmarks

1.4 Calculate Lost Growth

- Project difference between current path and consolidated path
- Show potential retirement wealth gain
- Build business case for consolidation

Required Documents for Discovery:

- National ID/Passport
- Previous employment letters (dates, positions)
- Old payslips showing pension deductions (if available)
- Previous employer contacts (HR phone/email)
- KRA PIN

We Handle: All follow-ups, tracking down administrators, obtaining statements

Step 2: PRS Selection & Enrolment

Open New PRS Account & Consolidation:

- Identify PRS provider
- Complete enrolment application
- We handle the transfer process
- Transfer Processing
- Full Consolidation Complete

Common Transfer Delays (We Handle):

- **Incorrect Paperwork:** We ensure everything correct first submission
- **Old Employer Approval Needed:** Some schemes require former employer consent (we coordinate)
- **Missing Documentation:** ID, employment proof (we gather all upfront)
- **Administrator Backlogs:** Public sector slower (we follow up persistently)
- **Vesting Disputes:** Unclear vesting schedules (we clarify with legal basis)

Our Role: Handle ALL paperwork, follow-ups, dispute resolution. You don't chase administrators.

No Advisory Fees: You pay me nothing for my services - providers pay my commission and you gain professional guidance on retirement fund transfers.

CLIENT SUCCESS STORIES

Case Study 1: Mid-Career Professional - Susan Wanjiru (Age 42)

Background: Banking professional, 4 banks over 18 years

Starting Situation (Scattered Pensions):

- **Bank A Pension (2006-2010):** Ksh 380,000 earning 6.5%
- **Bank B Pension (2010-2014):** Ksh 520,000 earning 7.2%
- **Bank C Pension (2014-2019):** Ksh 680,000 earning 8.5%
- **Bank D Pension (2019-present):** Ksh 340,000 earning 11%
- **Total:** Ksh 1,920,000 across 4 schemes

Challenges:

- Tracking 4 different logins, statements, administrators
- Old banks' schemes underperforming (6.5-8.5% vs market 12%+)
- Lost track of Bank A pension for 2 years (forgot it existed)
- No clear picture of total retirement savings

Our Consolidation Solution:

Week 1-2: Pension Discovery

- Contacted all 4 banks, obtained updated statements
- Bank A took 3 weeks to respond (old records)
- Verified vesting (all 100% vested - Susan stayed 4+ years each)
- Calculated total: Ksh 1,920,000

Week 3-4: PRS Selection

- Compared PRS providers based on fund performance (Susan age 42)
- Selected ABC PRS provider (*name withheld for privacy*)
- Enrolled Susan, account activated in 10 days

Week 5-10: Transfer Processing

- Submitted 4 transfer requests simultaneously
- Bank D (current): Fastest, 2 weeks
- Banks B & C: 4 weeks each
- Bank A (oldest): 8 weeks (slow records department)

Week 11: Full Consolidation Complete

- All Ksh 1,920,000 consolidated into single ABC PRS account (*name withheld for privacy*)

- One login, one monthly statement
 - Clear visibility of total retirement savings
-

Results After Consolidation:

Immediate Benefits:

- **Single Account:** One login vs four (simplified tracking)
- **Higher Returns:** Britam Balanced 12.8% vs old average 8.3% = **4.5% annual gain**
- **Tax Benefits:** Susan increased voluntary contributions to Ksh 30,000/month (maximum tax-deductible)

Projected Impact at Age 60 (18 Years):

OLD PATH (Scattered, Low Returns):

- Weighted average 8.3% on Ksh 1.92M = Ksh 7,800,000 at age 60

NEW PATH (Consolidated, 12.8% ABC PRS):

- 12.8% on Ksh 1.92M = Ksh 16,200,000 at age 60
- Plus, voluntary contributions Ksh 30K/month x 18 years = Additional Ksh 18,500,000
- **Total Projected: Ksh 34,700,000**

Susan's Gain from Consolidation:

- Existing funds: +Ksh 8.4M (vs scattered path)
- Motivated to maximize voluntary contributions (seeing clear progress)
- **Total additional retirement wealth: Ksh 18M+ thanks to consolidation strategy**

Susan's Testimonial:

"I had no idea how much my scattered pensions were costing me. Four different logins, couldn't even remember Bank A existed. Consolidating was simple with Simon's help. Now I see my total, track my progress monthly, and I'm motivated to contribute more. Projected to retire with 3X what I would have had!"

Case Study 2: Late-Career Consolidation - John (Age 54)

Background: Manufacturing manager, 5 companies over 30 years

Starting Situation:

- **5 Different Pension Schemes:** Total Ksh 3,450,000
 - **Average Return:** 7.2% across all schemes (significantly underperforming)
 - **Lost Pension:** Had forgotten about first employer pension (Ksh 280,000)
 - **Problem:** Only 6 years to retirement, fragmented savings
-

Consolidation Strategy:

- Discovered all 5 schemes (including forgotten Ksh 280K)
 - Consolidated into XYZ PRS
 - Moved from 7.2% average to 10.5%
-

Consolidation Impact:

Results at Age 60 (6 Years):

OLD PATH (Scattered at 7.2%):

- Ksh 3.45M at 7.2% for 6 years = Ksh 4,900,000

NEW PATH (Consolidated at 10.5%):

- Ksh 3.45M at 10.5% for 6 years = Ksh 6,200,000

DIFFERENCE: +Ksh 1,300,000 in just 6 years

John's Testimonial:

"With only 6 years to retirement, I thought it was too late to make a difference. Simon showed me consolidation into better-performing fund added over Ksh 1M to my retirement. Plus, I found a forgotten pension worth Ksh 280K. Should have done this 10 years ago!"

Case Study 3: Young Professional - Early Consolidation (Age 32)

Client: Michael, Tech sector, 2 job changes

Pensions:

- First employer: Ksh 180,000
- Second employer: Ksh 240,000
- Current employer: Active contributions

Strategy:

- Consolidated Ksh 420,000 early (age 32)
- Moved to ABC PRS Fund (15.2% target, long horizon)
- 28 years to retirement (maximum compound benefit)

Projected Impact at Age 60:

Consolidated Ksh 420K at 15.2% for 28 years:

- Becomes Ksh 32,500,000 (just from consolidation)
 - Versus scattered at 7% average: Ksh 2,800,000
-

- **Extra Ksh 29.7M from early consolidation decision!**

Key Lesson: Consolidate EARLY. Compound growth over 20-30 years = extraordinary difference.

TAX IMPLICATIONS OF TRANSFERS

Good News: Pension-to-Pension Transfers are TAX-FREE

- **No Income Tax:** Transferring from old scheme to PRS is not a taxable event
- **No Withholding Tax:** Administrators don't deduct tax on transfers
- **No Penalties:** Unlike early withdrawal, transfers incur zero penalties

Legal Basis: Income Tax Act exempts pension-to-pension transfers from taxation (Section 31)

Tax Benefits AFTER Consolidation:

Voluntary Contributions Tax-Deductible:

- After consolidating, maximize voluntary PRS contributions
- Up to Ksh 30,000/month (Ksh 360,000/year) tax-deductible
- 30% tax bracket = Ksh 9,000/month tax savings (Ksh 108,000/year)

Example:

- Consolidate old pensions: Ksh 2M (no tax)
 - Start voluntary contributions: Ksh 25,000/month
 - Tax savings: Ksh 7,500/month (30% bracket)
 - **Net cost: Ksh 17,500/month to save Ksh 25,000**
-

FREQUENTLY ASKED QUESTIONS

Q1: Will I lose money during the transfer process?

A: No. Your funds remain invested until transfer completes. Any investment growth during transfer period is yours. Transfers are done at current market value.

Q2: Can I transfer if I'm still employed at my current company?

A: Yes for OLD employer pensions (you've left those companies). Your CURRENT employer pension stays active until you leave that job.

Q3: What if I can't remember all my previous employers?

A: We help reconstruct your employment history through KRA records, NSSF history, and phone interviews. Most people remember with prompting.

Q4: Do all pension schemes allow transfers out?

A: RBA regulations require schemes to allow transfers. If scheme refuses, we escalate to RBA (regulatory intervention). Refusals are rare.

Q5: Can I consolidate NSSF balances too?

A: NSSF Tier II can transfer to PRS. NSSF Tier I remains with NSSF (mandatory, cannot transfer).

Q6: What if my old employer went out of business?

A: Pension funds are held separately by administrator (not employer assets). Even if company closed, pension administrator still holds your money. We track down administrators.

Q7: How long does consolidation take?

A: 8-12 weeks average for 3-4 schemes. Private sector schemes faster (4-6 weeks), public sector slower (8-12 weeks).

Q8: Can I consolidate into my current employer's scheme?

A: Sometimes, if employer allows external transfers. However, we typically recommend PRS for maximum portability (stays with you when you change jobs again).

Q9: Will consolidating affect my current employer contributions?

A: No. Current employer contributions continue as normal to their scheme. Consolidation only moves OLD/orphaned pensions.

Q10: What if I plan to change jobs soon?

A: Perfect timing! Consolidate old pensions now, then when you leave current job, transfer that pension too. Keep everything in one portable PRS.

TAKE ACTION TODAY

Every Year Your Pensions Remain Scattered Costs You:

Example: Ksh 1.5M scattered at 7% vs consolidated at 13%

- **Year 1 lost:** Ksh 90,000
- **Year 5 lost (cumulative):** Ksh 600,000
- **Year 10 lost (cumulative):** Ksh 1,800,000
- **Year 20 lost (cumulative):** Ksh 9,500,000

The cost of inaction compounds every year

Transfer & Consolidate Your Retirement Funds Now

Contact Me Today:

Simon Muchiri – IRA Licensed Insurance & Financial Advisor

Comely Global Insurance Agency Ltd

☎ Phone: +254 117 575 648 | +254 750 611 664

✉ **Email:** simon@comelyglobalconsulting.com

🌐 **Website:** <https://comelyglobalconsulting.com>

Office Hours: Monday - Friday, 8:00 AM - 6:00 PM

This document is for informational purposes only. PRS returns shown are historical averages and not guaranteed. Actual transfer timelines vary by pension administrator. Consolidation decisions should be made after thorough consultation with qualified financial advisors and review of individual pension scheme rules.