



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/

PERSONAL RETIREMENT SCHEME ENROLMENT

**Build a Million-Shilling Retirement Fund - Voluntary Pension
Beyond NSSF**



**For Self-Employed, High Earners, Late Starters, And Those
Employed Without Employer Pensions**

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

Personal Retirement Scheme (PRS) is a voluntary retirement savings plan that allows individuals to voluntarily save for retirement beyond mandatory NSSF, with contributions **tax-deductible up to Ksh 30,000/month (Ksh 360,000/year)**. Whether self-employed, employed without employer pension, or wanting to boost retirement savings, PRS is your pathway to a comfortable retirement.

The Opportunity

- **Tax Benefit:** 30% tax bracket = Ksh 9,000/month saved (Ksh 108,000/year)
- **Higher Returns:** 11-14% average vs bank savings 2-4%
- **Flexibility:** Choose investment fund based on age and risk tolerance
- **Portability:** Stays with you across job changes
- **Control:** You decide contribution amounts and frequency

Real Impact Example:

- Age 35, contribute Ksh 20,000/month for 25 years at 12% return
- **Retirement fund at age 60: Ksh 15M+**
- Enough for Ksh 150,000/month income for 15+ years in retirement

Key Conditions for PRS Tax Relief

The deduction is limited to the lowest of the following amounts:

- The actual amount contributed during the year.
- 30% of the individual's pensionable (taxable) income during the year.
- KES 360,000 per annum (KES 30,000 per month).

THE PROBLEM: NSSF ALONE WON'T SUSTAIN RETIREMENT

Why NSSF is Insufficient:

NSSF Limitations:

- Capped contributions (maximum on Ksh 36,000 earnings)
- Low returns (6-8% average)
- No voluntary top-ups allowed in Tier II
- Typical pay out: Ksh 1.5M - 3M after 30 years (only 1-2 years expenses)

Retirement Reality:

- Life expectancy: 75-85 years (20-25 years in retirement)
- Monthly expenses: Ksh 60,000 - 150,000 for middle-class lifestyle
- Medical costs increase significantly in old age
- **You need Ksh 10M - 30M to retire comfortably**

Without Additional Retirement Savings:

- Forced lifestyle downgrade (from Ksh 100K monthly to Ksh 25K)
- Dependence on children
- Inability to afford healthcare
- Outliving your money (running out at age 75-80)

THE SOLUTION: PERSONAL RETIREMENT SCHEME (PRS)

What is PRS?

Personal Retirement Scheme is a voluntary pension plan regulated by Retirement Benefits Authority (RBA) where you contribute as much as you want (up to tax-deductible limit) and choose how it's invested.

Key Features:

- **Voluntary:** You decide contribution amounts and timing
- **Tax-Deductible:** Up to Ksh 30,000/month reduces taxable income
- **Flexible Investment:** Choose conservative, balanced, or aggressive funds
- **Portable:** Moves with you across jobs
- **Regulated:** RBA-supervised for your protection
- **Accessible at Retirement:** Age 50-60+ (normal retirement age 60)
- **Tax benefits** on contributions - Ksh 30,000/month (Ksh 360,000/year)

How It's Different from NSSF

Feature	NSSF	Personal Retirement Scheme (PRS)
Mandatory?	Yes (for employed Kenyans)	No - Voluntary
Who Can Join?	Employed persons only	Anyone: employed, self-employed, business owners, informal sector
Contribution Flexibility	Fixed by law per year (2026: Ksh 1,080 - Ksh 12,960)	You choose amount (from Ksh 1,000/month)
Average Returns	6-8%	Industry 11-14%
Minimum Guaranteed	None	4% (some providers: 5%)
Tax Relief	Limited	Up to Ksh 360,000 annually

Feature	NSSF	Personal Retirement Scheme (PRS)
Investment Control	None	PRS invests in conservative, balanced, aggressive funds
Provider Choice	Government (NSSF only)	Multiple licensed providers
Access Age	50 years+	50 years+ (early withdrawal options available)

Think of It This Way:

- **NSSF** = Your mandatory pension (like paying taxes)
- **PRS** = Your personal retirement investment account (like building wealth)

WHO NEEDS PRS?

Scenario 1: Self-Employed Professionals (No Employer)

Examples:

- Doctors with private practices
- Lawyers in solo practice
- Practicing Accountants
- Consultants and freelancers
- Business owners
- Real estate agents
- Creative professionals (designers, photographers)
- And many more

Challenge: No employer to provide pension

PRS Solution:

- Enroll individually in PRS
- Contribute Ksh 10,000 - 30,000 monthly (whatever you can afford)
- Get tax deduction on full amount
- Build retirement fund systematically

Scenario 2: Employees Whose Employers Don't Offer Pensions

Common in:

- Small businesses (under 20 employees)
- Start-ups
- NGOs with limited benefits
- Family businesses

Challenge: Relying only on NSSF (insufficient)

PRS Solution:

- Open personal PRS independently
 - Contribute from your salary
 - Supplement NSSF with voluntary savings
 - Potential: Negotiate employer matching (many employers willing if asked)
-

Scenario 3: High Earners Wanting to Maximize Retirement Savings

Examples:

- Senior executives earning Ksh 300,000+
- Professionals (surgeons, senior lawyers, engineers)
- Successful entrepreneurs

Challenge: Living comfortably now but need to maintain lifestyle in retirement

PRS Solution:

- Maximize Ksh 30,000/month tax-deductible contribution
 - Additional non-deductible contributions if desired
 - Build Ksh 20M - 50M retirement fund
 - Tax savings alone worth Ksh 108,000/year
-

Scenario 4: Late Starters (Age 40-50) Playing Catch-Up

Reality:

- Started saving late
- Children's education absorbed income
- Now panicking about retirement in 10-20 years

Challenge: Limited time to build sufficient retirement fund

PRS Solution:

- Aggressive contributions (Ksh 25,000 - 30,000 monthly)
- Use higher-growth funds (balanced or aggressive)
- Maximize tax benefits to reduce net cost
- 15-20 years still enough to build Ksh 8M - 15M fund

TAX BENEFITS: COMPLETE BREAKDOWN

1. During Contribution Phase (Tax Relief)

You get tax relief on contributions (Pension Contribution Deduction) up to Ksh 30,000/month (Ksh 360,000/year). **How It Works:**

- Your PRS contributions reduce taxable income
- Lower taxable income = lower tax liability
- Effectively, government subsidizes 25-30% of your contribution

Tax Savings by Income Level:

Monthly Gross Income	Tax Bracket	Monthly PRS Contribution	Monthly Tax Savings	Annual Tax Savings	Net Monthly Cost
Ksh 50,000	15%	Ksh 5,000	Ksh 750	Ksh 9,000	Ksh 4,250
Ksh 80,000	25%	Ksh 20,000	Ksh 5,000	Ksh 60,000	Ksh 15,000
Ksh 120,000	30%	Ksh 25,000	Ksh 7,500	Ksh 90,000	Ksh 17,500
Ksh 180,000	30%	Ksh 30,000	Ksh 9,000	Ksh 108,000	Ksh 21,000
Ksh 250,000+	30%	Ksh 30,000	Ksh 9,000	Ksh 108,000	Ksh 21,000

Key Insight: Contributing Ksh 30,000/month only costs you Ksh 21,000 out-of-pocket if you're in the 30% tax bracket (government subsidizes Ksh 9,000 through tax relief).

2. During Accumulation Phase (Growth)

- **Investment returns are TAX-FREE** while in the fund
 - No capital gains tax on growth
 - No dividend tax on distributions
-

3. At Withdrawal/Retirement (Tax on Benefits)

When you access your PRS at age 50+:

Withdrawal Amount	Tax Rate
First Ksh 600,000	0% (Tax-free)
Ksh 600,001 - Ksh 8,000,000	10%
Above Ksh 8,000,000	15%

Example: If you retire with **Ksh 10M** in your PRS:

- First Ksh 600,000: **Ksh 0 tax**
-

- Next Ksh 7.4M: **Ksh 740,000 tax** (10%)
- Remaining Ksh 2M: **Ksh 300,000 tax** (15%)
- **Total tax: Ksh 1.04M**
- **Net to you: Ksh 8.96M**

Still way better than saving in a regular account with no tax relief!

How to Claim Tax Deduction:

Option 1: Through Employer (If Employed)

- Provide PRS contribution receipts to HR/payroll
- Employer adjusts PAYE withholding monthly
- You see reduced tax deductions on payslip immediately

Option 2: Annual Tax Return (If Self-Employed)

- File annual tax return via iTax
- Declare PRS contributions with receipts
- Claim pension relief
- Receive refund or offset against tax liability

COMPARISON: PRS VS. OTHER RETIREMENT OPTIONS

Option	Returns	Tax Relief?	Flexibility	Risk	Accessibility
PRS	11-14%	Yes (Ksh 360K/year)	High	Moderate	Age 50+
NSSF	6-8%	Limited	None	Low	Age 50+
SACCO Savings	10-12%	No	Moderate	Low-Moderate	Varies
Fixed Deposit	8-10%	No	Low (locked)	Very Low	Maturity only
Real Estate	8-15%	No	Very Low	High	Hard to liquidate
Stocks (NSE)	-10% to +30%	No	High	Very High	Anytime
Business	Variable	No	Low	Very High	Hard to exit

Verdict: PRS offers the **best balance** of returns, tax efficiency, and **retirement-specific** structure.

CLIENT SUCCESS STORIES

Case Study 1: Self-Employed Professional - Dr. Kamau (Dentist)

Profile:

- Age 38, private dental practice
- Income: Ksh 250,000/month (variable)
- Problem: No employer, no pension, worried about retirement

Our PRS Solution:

- Enrolled in ABC PRS (Aggressive Fund - younger age allows risk)
- Committed: Ksh 30,000/month (maximum tax-deductible)
- Set up automatic bank transfer (discipline critical for self-employed)

Tax Benefits:

- Taxable income reduced: Ksh 250,000 → Ksh 220,000
- Monthly tax savings: Ksh 9,000 (30% bracket)
- Annual tax savings: Ksh 108,000
- **Net cost: Ksh 21,000/month (Ksh 30K contribution - Ksh 9K tax savings)**

Results After 3 Years:

- PRS balance: Ksh 1,350,000
 - Contributions: Ksh 1,080,000
 - Growth: Ksh 270,000 (15.2% average return)
- Total tax saved: Ksh 324,000
- On track to financial security

Projected at Age 60 (22 Years Remaining):

- Continuing Ksh 30,000/month contributions
- Assumed 14% average return (aggressive fund long-term)
- **Projected retirement fund: Ksh 28M+**
- Retirement income potential: Ksh 280,000/month (annuity)

Dr. Kamau's Testimonial:

"I thought self-employed meant no pension. Simon showed me PRS with tax benefits. Now I'm on track for better retirement than my employed friends. The automatic transfer was key—treats retirement as a non-negotiable bill."

Case Study 2: Mid-Career Employee - Joyce (HR Manager)

Profile:

- Age 44, HR Manager

- Salary: Ksh 180,000/month
- Problem: Only Ksh 400,000 in NSSF, panicked about retirement in 16 years

Our PRS Solution:

- Enrolled in XYZ PRS (Balanced Fund - age 44 appropriate)
- Employee contribution: Ksh 30,000/month (maximum tax-deductible)
- Negotiated employer match: Ksh 15,000/month (additional benefit)
- Transferred existing NSSF Tier II balance: Ksh 280,000 to PRS

Financial Impact:

- **Gross contribution:** Ksh 45,000/month (Ksh 30K employee + Ksh 15K employer)
- **Tax savings:** Ksh 9,000/month (30% on Ksh 30K employee contribution)
- **Net cost to Joyce:** Ksh 21,000/month (after tax relief)

Results at Age 60 (16 Years Projection):

- Starting balance: Ksh 280,000 (NSSF transfer)
- Total contributions: Ksh 8,640,000 (Ksh 45K/month x 192 months)
- Investment growth at 12.5%: Ksh 2,580,000
- **Total retirement fund: Ksh 11.5M**

Retirement Income Options:

- **Annuity:** Ksh 115,000/month for life (guaranteed)
- **Drawdown:** Ksh 145,000/month for 12 years (higher but depletes fund)
- **Hybrid (Recommended):** Ksh 60K annuity + Ksh 60K drawdown = Ksh 120K monthly

Joyce's Testimonial:

"At 44, I was panicking. Only Ksh 400,000 saved with 16 years to retirement. Simon's PRS plan gave me hope. The employer match was bonus—my boss agreed when I presented the business case Simon helped me prepare. Now I'll retire comfortably."

Case Study 3: Late Starter - Peter (Age 52, Sales Manager)

Profile:

- Age 52, sales manager
- Income: Ksh 200,000/month
- Problem: Started saving very late, only 8 years to retirement

Challenge:

- Limited time to build retirement fund
- Higher expenses (children in university)
- Can only afford Ksh 15,000/month

Our PRS Solution:

- Enrolled in AXZ PRS (Balanced Fund - moderate risk, limited time)
- Contribution: Ksh 15,000/month (what he could afford)
- Strategy: Maximize every shilling with tax benefits

Tax Benefits:

- Tax savings: Ksh 4,500/month (30% bracket on Ksh 15K)
- **Net cost: Ksh 10,500/month**
- Annual tax savings: Ksh 54,000

Results at Age 60 (8 Years):

- Total contributions: Ksh 1,440,000 (Ksh 15K x 96 months)
- Investment growth at 12.2%: Ksh 450,000
- **Total retirement fund: Ksh 1.89M**

Is This Enough?

- Combined with NSSF payout (Ksh 2.5M) = Total Ksh 4.39M
- Not ideal, but better than NSSF alone
- Annuity provides Ksh 40,000/month supplement to other income

Peter's Reflection:

"I wish I'd started at 35, not 52. But even 8 years of PRS contributions made a difference. The tax savings meant it only cost me Ksh 10,500 monthly to save Ksh 15,000. If you're reading this—START NOW."

FREQUENTLY ASKED QUESTIONS

Q1: Can I have both employer pension and personal PRS?

A: Yes! Maximize employer contributions, then add personal PRS on top. Total tax-deductible limit: Ksh 30,000/month across all schemes.

Q2: What if I can't afford Ksh 30,000/month?

A: Start with what you can afford (even Ksh 5,000). Any amount is better than nothing. Increase as income grows.

Q3: Can I stop contributions if I face financial hardship?

A: Yes, PRS is voluntary. You can pause or reduce contributions anytime. Resume when able. No penalties.

Q4: What happens if I die before retirement?

A: Your designated beneficiaries receive the full fund balance. No probate delays (direct payment). Include PRS in estate planning.

Q5: Can I withdraw before age 60?

A: Generally no, except for: permanent emigration, terminal illness, total permanent disability. Early withdrawal for other reasons subject to penalties and taxes.

Q6: How is PRS different from NSSF?

A: PRS is voluntary with higher returns (11-14% vs 6-8%), you choose fund type, and contributions flexible. NSSF is mandatory with fixed contributions and limited flexibility.

Q7: Which PRS provider is best?

A: Depends on your age and needs. We help you select providers that are RBA-regulated and safe. We compare and recommend based on your profile.

Q8: Can I change PRS providers?

A: Yes, you can transfer your balance to another RBA-approved PRS. No penalties if done correctly.

TAKE ACTION TODAY

Every Month You Delay is a Month of Lost Compound Growth

Starting Age Comparison (Ksh 20,000/month at 12%):

- **Start at 30:** Ksh 20M at age 60 (30 years)
- **Start at 40:** Ksh 8.3M at age 60 (20 years)
- **Start at 50:** Ksh 2.8M at age 60 (10 years)

10-year delay from 30 to 40 costs Ksh 11.7M in retirement wealth

As your independent financial advisor, I will help you (the employer) fill the necessary enrolment forms and we handle the process of contracting out NSSF Tier 2 for your organisation.

Enrol on Personal Retirement Scheme (PRS) 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 - 5:00 PM

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