NSSF among best social security funds globally

By Vision Reporter

The National Social Security Fund (NSSF) has been ranked as one of the best performing social security agencies among its similar sized peers globally.

The ranking, according to the 27th edition of the annual CEM Investment Benchmarking survey, commissioned by the International Social Security Association (ISSA), was based on areas of return on investment, net value added, (the actual return as a result of an aggressive investment policy) and the investment cost.

CEM Benchmarking is a global and independent pension research firm serving over 350 blue-chip and government entities worldwide. It also provides objective and actionable information for large pools of capital including pension funds, endowments/ foundations and sovereign wealth funds.

One of NSSF commercial properties. Such investments earn savers higher returns

The survey aimed at determining the competitiveness of pension and social security funds on a global scale based on international standards on a peer-to-peer basis.

The Ugandan social security giant was benchmarked in a category that included 310 pension funds, with asset sizes ranging from the equivalent of sh2 trillion to sh7 trillion based on the financial results for the financial year 2015/2016.

Of the 310 pension and social security funds that were considered by CEM Benchmarking for the study, 144 are corporate, 120 are public funds, while 46 are categorised as other.

According to the survey report issued last month, NSSF scored 11.8% in net total return, above the global median return of 7.6%.

It also scored 9.8% in the net value added parameter, while its basis point (BPS) in investment cost 0.07%, which is below the global median of 0.494%.

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The investment cost is comprised of asset management fees and costs plus oversight, custodial and other costs but excludes transaction costs, private asset performance fees and non-investment pension costs such as actuarial costs and benefit administration.

"This means that we are creating more value for our members at a much lower cost," Patrick Ayota, the NSSF deputy managing director said in a statement, responding to the report.

He attributed the success to the performance of their in-house investments team.

Ayota also hailed the report as one that offers an internationally recognised benchmark on which the Fund can compare its performance on an international scale against other pension funds with similar size globally.

"This is a vindication of our aggressive, but prudent investment strategy we have implemented over the last seven years," he said.

"This study went further to show that our costs are actually low compared to global funds of our size. This is because even when adjusting for differences in fund size, asset mix and country of origin of all the funds that were involved in the study, our total investment cost of 7.0 bps was below the benchmark cost of 79.5 bps."

Last financial year, NSSF paid 11.23% interest rate on members' savings following good financial performance that saw the earnings grow by 35% from sh674b in 2016 to sh912b in 2017.

The fund's performance also improved with total contributions growing by 17% from sh785.5b in 2016 to sh917b in 2017 as compliance improved from 77% to 80% and the number of employers and members registered, grew by 14% and 9% respectively over the same period.

The fund recorded a 20% growth of assets under management from sh6.5 trillion in 2016 to sh7.9 trillion as at June 30, 2017.

policy, beekeepers tell government