IOPS Member country or territory pension system profile:

RWANDA

Report¹ issued on September 2011, validated by the National Bank of Rwanda

¹ This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.
RWANDA

DEMOGRAPHICS AND MACROECONOMICS

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
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<tbody>
<tr>
<td>GDP per capita (USD)</td>
<td>540</td>
</tr>
<tr>
<td>Total Population (000s)</td>
<td>10,700</td>
</tr>
<tr>
<td>Life Expectancy at Birth (years) for Men</td>
<td>50.8</td>
</tr>
<tr>
<td>Life Expectancy at Birth (years) for Women</td>
<td>54.8</td>
</tr>
<tr>
<td>Labour Force (000s)</td>
<td>5,900</td>
</tr>
<tr>
<td>Percentage 65 or older</td>
<td>2.34</td>
</tr>
<tr>
<td>Dependency Ratio¹</td>
<td>0.81</td>
</tr>
<tr>
<td>Statutory Pensionable Age - Men</td>
<td>65</td>
</tr>
<tr>
<td>Statutory Pensionable Age - Women</td>
<td>65</td>
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</tbody>
</table>

Data from 2010 or latest available year.
1. Population aged 14 or younger plus population aged over 65 or older, divided by population aged 15-64.

COUNTRY PENSION DESIGN

STRUCTURE OF THE PENSION SYSTEM

Public pensions
- National Social Security Fund, (fully funded and DB based), providing coverage to all public and private sector employees

Private pensions: occupational (voluntary)
- Voluntary occupational private pension schemes

Private pensions: personal (voluntary)
- Typically individual DC pension plans offered by insurance companies

Source: OECD/IOPS Global Pension Statistic
RWANDA: PENSION SYSTEM’S KEY CHARACTERISTICS

PUBLIC PENSION

Rwanda has only one mandatory public pension scheme called “Caisse Sociale du Rwanda” (CSR) or the National Social Security Fund (NSSF) which is administered by a public agency. It is mandatory for all employers and employees within the public and private sectors to join the NSSF. It is currently a fully funded defined benefit (DB) plan and the government assumes the investment risk. The contribution rates are 3% and 5% of the gross salary by employees and employers respectively. Contributions are made on monthly basis. Currently the scheme covers almost 5.6% of the active population (2009 data). The scheme covers all employees in public service; i.e. civil servants, employees in public agencies, the military forces, police, teachers, employees in NGOs and all other private enterprises.

PRIVATE OCCUPATIONAL VOLUNTARY

Occupational voluntary pension schemes do exist in Rwanda. Such schemes are sponsored by employers to, among other motivations; supplement the workers’ retirement benefits and retain skilled employees. Occupational voluntary pension schemes are contributory in nature and contribution rates differ from one pension plan to another. Majority of the occupational voluntary pension schemes invests in insurance companies where capital and some limited level of return is guaranteed. These schemes have been operating without an adequate regulatory and supervisory framework. The government has drafted a pension law which is pending enactment whose effect is to set standards for the pension sector in Rwanda and providing for a supervisory framework by the National Bank of Rwanda. It is expected that the pension law will be in force before the end of 2011 and supervision of pension funds in Rwanda will effectively commence in 2012. The law will regulate service providers such as custodians, investment managers, pension administrators and trustees who have been lacking in Rwanda.

1. Coverage

Voluntary occupational pension schemes can be established by private sector employers for their employees. No accurate data on coverage is currently available.

2. Contributions

- members’ contributions: Contributions vary from one plan to another. No specific rates exit.
- employers’ contributions: Contributions vary from one plan to another. No specific rates exit.
- state participation, if any: There is no state participation

3. Benefits

Under the occupational voluntary schemes, benefits are paid as lump sums.

Withdrawals are accepted under certain conditions; if the member has left employment, disabled or beneficiaries if the bread-winner is dead.

In the absence of the pension law, there are not legal requirements covering the portability of retirement benefits.

Benefits adjustments are subject to each plan specific rules.

Minimum benefits are subject to plan rules.
4. Fees

Insurance companies charge management fees on each pension fund they manage. The fees often depend on the size of the fund, although generally the level of fees is agreed between the plan sponsors and the insurance companies.

5. Taxation

- Taxation of members’ contributions:

Members’ contributions are taxed at a rate of 30%

- Taxation of employers’ contributions:

Employers’ contributions are also taxed at a rate of 30%

- Taxation of investment income:

Investments are also taxed at the same rate as indicated above.

- Taxation of benefits:

Benefits are tax free.

PRIVATE PERSONAL VOLUNTARY

PERSONAL PENSION SCHEMES

Personal pension schemes operate on a defined contribution (DC) basis.

1. Coverage

Individuals can on voluntary basis establish personal pension plans which are usually set as a contract with an insurance company.

2. Contributions

 Contribution rate depends on the rules governing the pension scheme.

3. Benefits

Benefits are paid as lump sum.

Withdrawals are accepted as surrender values or death lump sum to beneficiaries if the policy holder is dead.

4. Fees

Management fees are charged by fund managers (i.e. insurance companies), but no data available on rates charged.

5. Taxation

- Taxation of members’ contributions:

Contributions are tax free

- Taxation of investment income:
Investment income is taxed

- Taxation of benefits:

Benefits are not taxed.

**REFERENCE INFORMATION**

- Key Legislation

2007: Law No. 55/2007, governing the Central Bank of Rwanda;

2005: Law No. 16/2005 on Direct Taxes on income;

2003: Law No. 06/2003, revising and completing the decree law of 22 August 1974 on the organisation of Social Security system.

2010: Law establishing Rwanda Social Security Board (RSSB) and determining its mission, organization and functioning (No. 45/2010 of 14/12/210)

- Key regulatory and supervisory authorities:

National Bank of Rwanda (BNR), [www.bnr.rw](http://www.bnr.rw);


- Key statistical reference and sources on private pensions:


**TABLES:**

**Data to be provided for the past five years**

1. Private Pension plans (data not available)

2. Pension funds data overview:

   - **Total assets (billions of national currency): Note: assets only for NSSF**

Trend of past five years (Amounts in billions of Frw)

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<tr>
<td>Total assets</td>
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* means data for the first semester 2009.
• Total assets as % of GDP

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<td>GDP in billions of Frw</td>
<td>3,282</td>
<td>2,990</td>
<td>2,577</td>
<td>2,046</td>
<td>1,716</td>
</tr>
<tr>
<td>Assets/GDP (%)</td>
<td>5.1</td>
<td>4.7</td>
<td>5.0</td>
<td>5.5</td>
<td>4.6</td>
</tr>
</tbody>
</table>

* means data for the first semester 2009.

By financing vehicle as of Total assets: (Data not Available)

• Pension funds: not available
• Book reserves: not available
• Pension insurance contracts: not available
• Other financial vehicles: not available

Occupational assets

% of DB assets: (Data not yet captured)
% of DC assets: (Data not yet captured)

Personal assets (Data not yet captured)

Structure of assets: (proposal by SP)

• Cash and deposits
• Bills and bonds issued by public and private sectors
• Shares
• Loans
• Buildings
• Private Investment funds
• Other investments

Total contributions as % of GDP: (contributions for NSSF only)

Trend of past five years (Amounts in billions of Frw)

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</tr>
<tr>
<td>Contributions/GDP (%)</td>
<td>0.86</td>
<td>0.31</td>
<td>0.90</td>
<td>0.92</td>
<td>0.66</td>
</tr>
</tbody>
</table>

* means data for the first semester 2009.

**Total benefits as % of GDP:** *(Benefits for NSSF only)*

Trend of past five years (amounts in billions of Frw)

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<tbody>
<tr>
<td>Benefits</td>
<td>6.470</td>
<td>3.084</td>
<td>4.221</td>
<td>3.678</td>
<td>3.166</td>
</tr>
<tr>
<td>GDP in billions of Frw</td>
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<td>2,046</td>
<td>1,716</td>
</tr>
<tr>
<td>Benefits/GDP (%)</td>
<td>0.19</td>
<td>0.10</td>
<td>0.16</td>
<td>0.17</td>
<td>0.18</td>
</tr>
</tbody>
</table>

* means data for the first semester 2009.

**Benefits paid as lump sums:** *(Data for NSSF only)*

Trend of past five years (Amounts in billions of Frw)

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</thead>
<tbody>
<tr>
<td>Benefits as lump sum</td>
<td>1.18</td>
<td>0.79</td>
<td>0.49</td>
<td>0.49</td>
<td>0.26</td>
</tr>
</tbody>
</table>

* means data for the first semester 2009.

**Benefits as pensions:** *(Data for NSSF only)*

Trend of past five years (Amounts in billions of Frw)

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</thead>
<tbody>
<tr>
<td>Benefits inform of pension</td>
<td>5.29</td>
<td>2.30</td>
<td>3.73</td>
<td>3.19</td>
<td>2.90</td>
</tr>
</tbody>
</table>

* means data for the first semester 2009.

**Total number of pension funds:**

*Occupational voluntary pension funds are estimated at 40 plus one big mandatory National Social security Fund and this makes it approximately 41.*