

IGP Country Profile

Kenya





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Customary employee benefits

Death benefits

A factor of the annual salary from 3 – 5 years' earnings or a fixed sum benefit of KES 1 million to 10 million

Disability benefits

- Permanent Total Disability benefits are available as riders to the Group Life cover. Normally, equivalent to the death benefit under Group Life with benefits from 3 – 5 years' annual earnings or a fixed sum benefit of KES 1 million to 10 million.
- Partial Disablement is calculated based on the continental scale. The continental scale benefits are a globally agreed upon standard for compensating various personal accident injuries that result in temporary or permanent disability.
- Medical Reimbursement benefit applies to medical expenses incurred due to injury.
- Accidental Disability Income benefit pays out weekly income due to temporary disability up to a limit of 104 weeks.

Retirement benefits

Voluntary set up by employers for their staff or voluntary set up by individuals.

Social security contributions

- Employer: 6%.
This rate will be implemented in a transitional manner in accordance with Schedule Three in which a set table defines the progression of contributions according to the National Social Security Act 2013 (Act No 45 of 2013).
- Employee: 6%
This rate will be implemented in a transitional manner in accordance with Schedule Three in which a set table defines the progression of contributions according to the National Social Security Act 2013 (Act No 45 of 2013)

Note: The NSSF Act, 2013, Third Schedule incorporates a table outlining the progression of contribution rates. Information is available [here](#).

Legal provisions

- Retirement Benefits Act.1997 and subsidiary regulations.
- Income Tax Act

Conditions of participation:

Voluntary for both the employer and employee or as specified in an employee's employment contract.

Guaranteed return:

Not regulated. Feature offered under the Insurance Regulation Circulars for statutory funds under retirement benefits to provide a guarantee on contribution and maximum guarantee on return of not more than 4%. Some retirements funds provide 100% guarantee on capital (contributions) and a minimal investment return guarantee. Other funds are segregated and as such do not have minimum guarantees.

Employer and employee contributions

Contributions are regulated by NSSF Act. 2013. The NSSF Act. 2013 has mandatory contribution rates for formal employees of 6% on gross salary from both employer and employee.

Voluntary/Private retirement benefits schemes are guided by Industry benchmarks for employers in their market to ensure they retain quality staff by offering pension as a benefit.

Vesting

All contributions vest immediately (Employer and Employee).

Trends

Introduction

Employee benefits play a vital role in modern workplaces, and contributes to employee satisfaction, retention, and overall productivity. In Kenya, a growing economy in East Africa, the landscape of employee benefits has evolved over the years to meet the changing needs of the workforce.

Employee benefits encompass a wide range of offerings designed to enhance the well-being of employees, both personally and professionally. In Kenya, these benefits have become integral to attracting and retaining top talent, improving job satisfaction, and fostering a competitive edge for organizations. They contribute to employee motivation, reduce turnover rates, and increase productivity. Employee benefits in Kenya can be broadly categorized into two main groups: statutory benefits and voluntary benefits.

Statutory benefits

National Social Security Fund (NSSF): The NSSF in Kenya is a mandatory social security scheme that provides retirement benefits, disability benefits, and survivor's benefits to employees. Both employers and employees contribute to this fund.

National Hospital Insurance Fund (NHIF): NHIF is a government agency that provides healthcare benefits to Kenyan employees. Employers are required to remit contributions to NHIF on behalf of their employees, ensuring access to affordable healthcare services.

Work Injury Benefits Act (WIBA): This act mandates employers to provide compensation to employees who sustain injuries or suffer from work-related illnesses. Employers are required to purchase WIBA insurance policies to cover such incidents.

Voluntary benefits

Pension schemes

Many Kenyan organizations offer voluntary pension schemes to employees, allowing them to save for their retirement. These schemes can be contributory, non-contributory, or hybrid, depending on the employer's policy.

Healthcare benefits

In addition to NHIF, some employers offer private health insurance coverage, which provides access to better medical facilities and services. This is often extended to family members as well.

Group life benefits

Many organizations, especially multinationals, provide life assurance to help protect the social and financial security of employees and their families. Group Life Assurance can strengthen the bond between employers and their workforce by providing a safety net in times of need, which can in turn increase job satisfaction. In the employment relationship, Group Life Assurance remains an important part of the total compensation package.

Conclusion

Employee benefits in Kenya have evolved to become an important component of the employment package, reflecting the changing dynamics of the labor market. In an era where talent acquisition and retention are critical, employers in Kenya are increasingly recognizing the importance of offering competitive benefits packages. While statutory benefits provide essential safety nets, voluntary benefits enable organizations to differentiate themselves and attract top talent.

Typical employee benefits plans and benchmarking

Life and disability benchmark

Benefit Type	Manufacturing	Pharmaceutical	Automotive	Finance
ACCIDENTAL ILLNESS & NATURAL RISKS				
Death	5 Years Basic Salary	3 Years Gross Salary	5 Years Gross Salary	4 Years Gross Salary
Permanent Total Disability (Normally equivalent to death benefit)	5 Years Basic Salary	3 Years Gross Salary	5 Years Gross Salary	4 Years Gross Salary
Staff Funeral Expense	Kes. 200,000 per member	Kes. 250,000 per member	Kes. 400,000 per member	Kes. 200,000 per member
Dependents Funeral Expense	Kes. 100,000 per family. Any one claim per family.	Kes. 100,000 per family. Any one spouse claim per member.	Kes. 100,000 per family. Any one spouse claim per member.	Nil
Critical Illness Benefit	30% of the Death benefit up to a limit of Kes 7 million	30% of the Death benefit up to a limit of Kes 8 million	30% of the Death benefit up to a limit of Kes 10 million	30% of the Death benefit up to a limit of Kes 7 million
ACCIDENTAL & OCCUPATIONAL RISK				
Death	Nil	5 Years Gross Salary	5 Years Gross Salary	4 Years Gross Salary
Permanent Total Disability	Nil	5 Years Gross Salary	5 Years Gross Salary	4 Years Gross Salary
Disability Income	Nil	2 Years Gross Salary	2 Years Gross Salary	2 Years Gross Salary
Medical Reimbursement	Nil	Kes 500,000	Kes 1,000,000	Kes 200,000
Accidental Funeral Expense	Nil	Nil	Kes 100,000	Nil

Retirement benchmark

Benefit Type	Employer Rate of contribution	Employee Rate of Contribution
Government and Quasi Government agencies	20% of basic salary	10% of basic Salary
Private Companies	Range mostly between 5-10% of basic salary	Range mostly between 5-10% of basic salary and match the employer rate

- Additional voluntary contributions are allowed for employees. However, the employers do not match the increase.
- Contribution rate is pegged on financial capacity of the employer as well as the rates provided by similar employers.
- There is no standard rate applied across an industry to allow for categorization per industries.

Useful links

Demographic information and macro-economic indicators

[CIA World Factbook](#) (please select the country to review)

[World Bank Group](#) (please select the country to review)

More information on Old Mutual Kenya

Your Local Link to IGP in Kenya

[Go to partner page on **www.igpinfo.com**](#)

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06/30/2025 - WCAG AA