

Title: Retirement Income Adequacy: A Comparison of the Defined Benefit and Defined Contribution Pension Schemes in Kenya

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ABSTRACT

The pension industry has initiated various policy actions and plans geared towards development and growth of the retirement benefit industry with a key policy action being the conversion of defined benefit schemes to defined contribution schemes. However, with this shift is the resultant risk of inadequacy of retirement income at retirement given the transfer of investment and longevity risk to the employees under defined contribution schemes. Using 40 randomly selected employees from both the Jomo Kenyatta Foundation's scheme and the Teachers Service Commission's scheme, it is concluded that the defined benefit scheme is more adequate in providing for retirement income as postulated by a higher average replacement rate and average accumulated pension at retirement.