

Social Security Fund doubles savers' interest rate



By [Walter Wafula](#)

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Uganda's National Social Security Fund has doubled the annual interest rate at which it pays its members, to 14% in a bid to reward them with the fund's enormous profit.

The new rate which is a landmark for the fund and its members, who will be paid at a rate above the nation's current annual inflation and above most commercial bank interest rates. Uganda's inflation has surged to 12.4% from 6% in 2006 on the back of increased global fuel prices and rising food prices in the country.

The impressive rate comes hot on the heels on NSSF's announcement of a profit of UGX131bn for the financial year ending June 2008. The earnings were boosted by accumulated capital gains from equity investments, representing a 22% growth in profits from last year's financial results when NSSF registered profit worth UGX107bn.

Unveiling the news in Kampala yesterday, managing director, David Chandi Jamwa said, the new rate is in line with the fund's objective of creating value for its contributing members. "Our excellent performance should trickle down to our members," said Jamwa.

"Our members' savings have, in the past, been eroded by inflation. We are fulfilling the promise we made to create value for NSSF members, our members can rest assured that the 14% we are going to pay is even higher than the projected 12% inflation for this financial year," Jamwa added. He added that the interest rate would sway between 11 and 16%, depending on the level of profitability.

This the fourth time NSSF is increasing interest rates in eight years. In 2001, the fund increased the rate to 4% and to 6% in 2003. In 2004, the rate was increased to 7%.

This has also seen a progressive increment in the amount of money the fund has paid in interest. The NSSF paid out UGX35,5bn in 2006, compared to UGX3,2bn in 2002 and will be paying out UGX110bn for the financial year ending July 2007.

NSSF's tremendous improvement is attributed to a number of factors including, aggressive equities allocation, trading in shares and reallocation of investments from treasury bonds and bills to commercial paper. This was also coupled with prudent foreign exchange risk management, and the recovery of outstanding debts to the tune of UGX32bn from a number of employers that had been defaulting.

NSSF also made a total of UGX51bn in capital gains for this financial year that included UGX1,1bn from the Safaricom

Initial Public Offering in Kenya, UGX18bn from its Stanbic Bank Uganda shares and UGX13bn from Uganda Clays' shares.

ABOUT WALTER WAFULA

Walter Wafula is a seasoned journalist who has reported for the *Daily Monitor* newspaper in Kampala-Uganda. He is also a contributor on Bizcommunity.com website. Email Walter at wafwalt@yahoo.com and connect on LinkedIn.

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