

UGANDA'S PENSION ASSETS HIT SH30.6 TRILLION

By Aloysius Kasoma

Uganda's retirement benefits sector continued to register strong asset growth in the 2024/25 financial year, reaching sh30.68 trillion in assets under management from about sh25 trillion the previous year.

However, the coverage of the working population remains low at just 16.1%, according to the latest *Annual Retirement Benefits Sector Performance Report*.

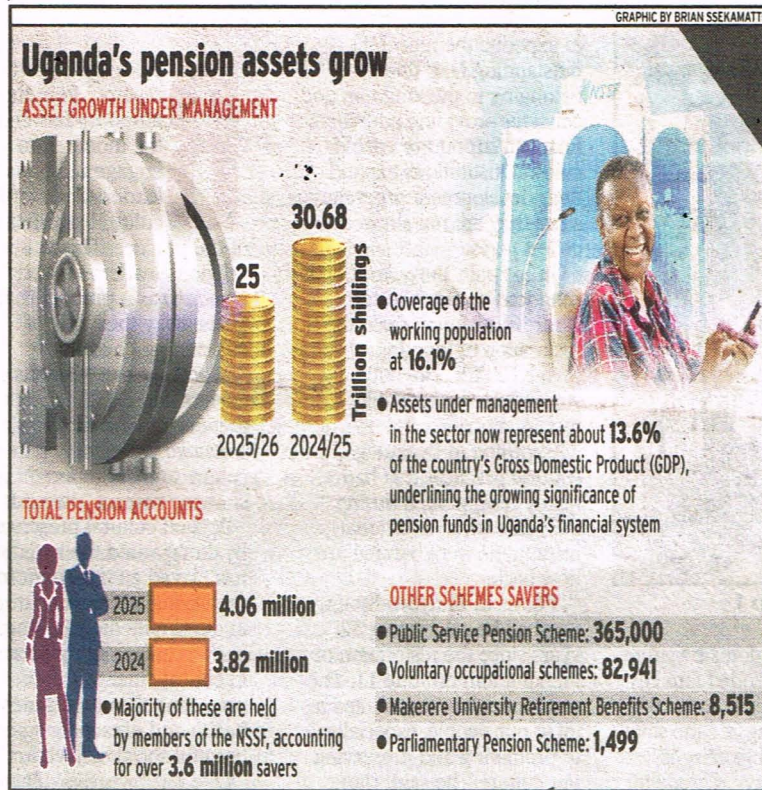
Assets under management in the sector now represent about 13.6% of the country's Gross Domestic Product (GDP), underlining the growing significance of pension funds in Uganda's financial system.

Speaking at the launch of the 12th Annual Retirement Benefits Sector Performance Report organised by the Uganda Retirement Benefits Regulatory Authority (URBRA) at Fair way Hotel on Thursday, the Minister of State for Planning, Amos Lugoloobi, said the growth of the pension industry is central to Uganda's development ambitions.

PENSION AND ECONOMIC GROWTH

Lugoloobi said Government is pursuing an ambitious strategy to expand Uganda's economy from \$50b to \$500b by 2040, a goal that will require strong domestic savings and investment.

"Achieving this transformation requires sustained growth of the Retirement Benefits Sector because retirement schemes account for 67% of gross domestic savings," Lugoloobi said. He added that Government is targeting a major increase in domestic savings over the coming years.



The minister revealed that pension assets registered strong growth during the year under review, increasing by sh5.3 trillion, representing a 21% rise compared to the previous year.

"Total assets grew to sh30.7 trillion, recording an average return on investment of 14.6%," Lugoloobi said. He added that as a result of this growth, the ratio of retirement savings to GDP increased from 12.2% to 13.6%, reflecting the sector's expanding contribution to the economy.

BETWEEN THE LINES

○ **Sustaining the retirement sector's momentum will require improved governance, greater operational efficiency and deeper capital markets.**

Lugoloobi commended URBRA for strengthening regulatory oversight within the industry, saying the reforms have improved stability and

A FUTURE THREAT

The dominance of informal employment in Uganda's labour market poses serious threat as millions of workers have little or no structured retirement savings. This raises concerns about the risk of old-age poverty in the future.

With the country's population estimated at 45.9 million and more than half falling within working age, the current level of retirement coverage (16.1%) is still inadequate.

confidence, among sector players.

"I commend the Authority's strengthened supervisory oversight, which has enhanced stability and confidence in the sector," he said.

However, the minister emphasised that sustaining the sector's momentum will require improved governance, greater operational efficiency and deeper capital markets.

The minister also highlighted ongoing reforms aimed at strengthening the country's public service pension system.

He said government recently enacted the Public Service Pension Fund Act, 2025, which introduces a pre-funded pension scheme designed to ensure sustainability and predictability of benefits for public servants.

"The Act establishes a pre-funded scheme with joint contributions from government and members to ensure timely, predictable and sustainable pension benefits," Lugoloobi said.

However, analysts say the sector still faces structural challenges, including low savings rates, limited participation by informal sector workers and heavy reliance on the National Social Security Fund (NSSF).

GROWING ASSETS, SECTOR MATURITY

The report indicates that Uganda's pension industry continues to accumulate substantial capital as contributions increase and investment portfolios expand.

Most pension assets remain invested within the region, with Uganda taking the largest share at 68.5%, equivalent to about sh21.3 trillion. Kenya accounts for 23.4% of the investment portfolio while Tanzania represents 7.9%.

This investment pattern shows the growing role of pension funds in financing domestic economic activity including government securities, infrastructure development and corporate investments. Financial experts say the steady growth in assets demonstrates increasing confidence in retirement savings institutions and the broader financial sector.

SUPPORT FROM FINANCIAL ECOSYSTEM

Uganda's pension sector is supported by a network of growing financial service providers responsible for managing and safeguarding retirement funds. The industry currently includes 224 individual trustees, four corporate trustees, 14 external auditors, eight administrators, seven fund managers and seven custodians.

The report notes that this institutional structure is gradually strengthening governance, transparency and accountability within retirement schemes.