



## FEBRUARY 2024 – KENYA NEW NSSF RATES EFFECTIVE FEBRUARY 2024 *It is important that employers note the following:*

### National Social Security Fund (NSSF) notice to employers

The NSSF recently issued a notice to employers detailing adjustments being made in the second year of implementation of the revised Tier 1 and Tier 2 NSSF contributions.

Under the revised NSSF contributions, a total of 12% of the pensionable income will be remitted to NSSF, with the employer and employee making equal contributions.

The rates to be implemented, as per the second year of the Third Schedule of the NSSF Act, are:

Description	Amount (KES)
<b>Lower Limit (Tier 1)</b>	<b>7,000.00</b>
Total contribution by employee	420.00
Total contribution by employer	420.00
<b>Total Tier 1 NSSF contributions</b>	<b>840.00</b>
<b>Upper Limit (Tier 2)</b>	<b>36,000.00</b>
Contribution on Upper Limit (6% of Upper Limit less Lower Limit)	29,000.00
Total contribution by employee	1,740.00
Total contribution by employer	1,740.00
<b>Total Tier 2 NSSF contributions</b>	<b>3,480.00</b>
<b>Total NSSF contributions</b>	<b>4,320.00</b>

The Third Schedule of the NSSF Act stipulates the following:

1. “The lower earnings limit and the upper earnings limit shall, for the first four years after the commencement date, be in accordance with the Table contained in this Schedule.
2. After the fourth year and thereafter -
  - (a) the Lower Earnings Limit shall be, for each financial year, the amount gazetted by the Cabinet Secretary from time to time as the average statutory minimum monthly basic wage for the top urban centres, second tier urban centres and rural areas for the year; and
  - (b) the Upper Earnings Limit shall, for each financial year, be the level of earnings equal to four times National Average Earnings”.

Table defining progression of rates of contributions

Year	Lower earnings limit	Upper earnings limit
1	6,000	50% of National Average Earnings
2	7,000	1 times National Average Earnings
3	8,000	2 times National Average Earnings

4	9,000	3 times National Average Earnings
Year 5 onwards	Lower earnings limit as provided in regulation 2(a) of the schedule	4 times National Average Earnings

If you are interested in more information regarding the history of the NSSF Act, feel free to view our [News Flash](#) of 15 February 2023.

To view the NSSF notice to employers, follow the [link](#).

**PLEASE NOTE**

The implementation of this change requires an update of the payroll system parameters.

If not done, you may incur penalties and interest.

If you are unsure of how to make the change, please contact your consultant for assistance.

**Contact our legislation team on [info@crs.co.za](mailto:info@crs.co.za) if you require any additional information.**

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