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NEWSFLASH KENYA

2025 & 2026 NSSF RATES

Issue:
20 February
2025

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Background

The National Social Security Fund (NSSF) issued a notice to employers last year (on 22 February 2024) that offered guidance on the annual increment of contributions to the Fund. According to the notice, February 2024 was declared as the commencement date for Year 2 in accordance with the Third Schedule to the National Social Security Fund Act, 2013 (“the Act”). The Third Schedule to the Act defines the Progression of Contribution rates for the first four years after the Act’s commencement date. It achieves this by specifying the “Lower earning limit” and “Upper earnings limit” for each year of contribution.

In this issue we have discussed the Third Schedule to the Act and specified the Earning limits and corresponding contributions for Year 3 (2025) Year 4 (2026)

Guidance on Earning Limits

The Lower Earnings limit (LEL) and Upper Earnings limit (UEL) for the first four years after commencement date of the Act are specified as follows under the Third Schedule to the Act:

Year	LEL (Kes.)	UEL (Kes.)
1	6,000	50% of National Average Earnings
2	7,000	1 times of National Average Earnings
3	8,000	2 times of National Average Earnings
4	9,000	3 times of National Average Earnings
5	The amount gazetted by the Cabinet Secretary as the average statutory minimum monthly basic wage for the top urban centres, second tier urban centres and rural areas for the year	4 times of National Average Earnings

This means that the limits (LEL and UEL) and their corresponding contribution amounts taking effect from February 2025 and the next year will certainly be as follows (in Kes.):

Year	LEL (Tier 1)	UEL (Tier 2)	Total NSSF contribution
2025 (Year 3)	8,000	72,000 (Contribution on excess Kes. 64,000)	8,640
Employer contribution @ 6%	480	3,840	
Employee contribution @ 6%	480	3,840	
2026 (Year 4)	9,000	108,000 (Contribution on excess Kes. 99,000)	12,960
Employer contribution @ 6%	540	5,940	
Employee contribution @ 6%	540	5,940	

Our comment

The online portal for declaring NSSF contributions has already been updated to reflect the above increment. It will be important for employers to ensure their payrolls and automated software are updated accordingly, and employees sensitized on the same.

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