

NSSF New Rates 2026

What you need to know!

Introduction

Effective February 2026, Kenya's National Social Security Fund (NSSF) Act will enter its fourth phase, marking a significant change in pension contribution thresholds. The Lower Earnings Limit (LEL) and Upper Earnings Limit (UEL) will increase, resulting in higher pension contributions. The statutory contribution rate remains 6% from both employers and employees. These changes represent a crucial milestone for compliance, as future adjustments will be made through Gazette Notices.

- Tier I (Lower Earnings Limit) increases from KES 8,000 to KES 9,000 — KES 540 per month
- Tier II (Upper Earnings Limit) increases from KES 72,000 to KES 108,000 — KES 5,940 per month
- Total maximum contribution — KES 6,480 per month

NSSF Rates Progression:

YEAR	LOWER EARNINGS LIMIT (LEL) – TIER 1 (KES)	UPPER EARNINGS LIMIT (UEL) – TIER 2 (KES)	EMPLOYEE CONTRIBUTION (6%) (KES)	EMPLOYER CONTRIBUTION (6%) (KES)	TOTAL CONTRIBUTION (12%) (KES)
2023	6,000	18,000	1,080	1,080	2,160
2024	7,000	36,000	2,160	2,160	4,320
2025	8,000	72,000	4,320	4,320	8,640
2026	9,000	108,000	6,480	6,480	12,960

Impact on Employees and Employers

The table below illustrates how contributions rise with higher earnings, while employers match the contribution.

Employee monthly salary (KES)	Current employee contribution (KES)	New employee contribution (KES)	Increase (KES)	Employer contribution (KES)	Total contribution (KES)	Impact
50,000	3,000	3,000	0	3,000	6,000	No Impact
80,000	4,320	4,800	↑ 480	4,800	9,600	Slightly
100,000	4,320	6,000	↑ 1,680	6,000	12,000	Moderate
> 108,000	4,320	6,480	↑ 2,160	6,480	12,960	Maximum

Risk and Compliance Considerations:

- **Regulatory Risks:** Incorrect implementation of the new LEL and UEL could lead to penalties.
- **Financial Risks:** Miscalculated contributions or under-remittance could result in financial penalties and compliance issues.
- **Operational Risks:** Failing to update payroll systems or failing to maintain proper records could trigger compliance issues, including penalties for non-compliance and incorrect classification.
- **Late Remittances:** Remittances made after the ninth of the following month could result in penalties and interest.

Conclusion:

The February 2026 NSSF reforms are a crucial step towards enhancing Kenya's pension system, improving retirement savings for employees. While higher contributions may reduce take home pay and increase employer payroll costs, the changes are designed to strengthen long-term financial security for workers. Employers should ensure compliance by updating payroll systems, maintaining accurate records, and meeting remittance deadlines to mitigate risks. Despite the challenges, these changes align Kenya's pension system with global best practices, ensuring a sustainable future for employees' retirement savings.

Plan, Adjust, and Comply: Employers and employees are encouraged to review payroll arrangements, plan for the impact, and seek professional advice to ensure a smooth and compliant transition to the new NSSF system.