Determinants of Pension Benefits Portability in Tanzania

Author(s)
Henry Chalu, Patrick Reginald Mbwile

Abstract:
This study attempts to identify determinants of pension funds benefits portability in Tanzania. This study used primary data collected from 100 members of pensions schemes through questionnaire. Utilizing regression analysis, this study examines the influence of administrative costs, information availability, pension funds, membership and economic factors on members' preferences for portable pension schemes in Tanzania. The results reveal that factors that significantly influence the portability of pension funds include pension schemes factors, member factors and economic factors. The study recommends that to make effective portability regulators should design portability policies that are beneficial to both pension schemes and members. Likewise, policies should take into consideration economic factors. One limitation of this study is that data collected from a small sample and only five factors were tested. Hence, future studies can use large numbers and test more factors.

Keywords:
Defined Contribution (DC), pension schemes, portability of pension benefits, vesting period, consumer choice, transaction cost theory