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UNDERSTANDING THE UPDATED NSSF CONTRIBUTIONS IN KENYA EFFECTIVE FEBRUARY 2026

Introduction

From February 2026, many Kenyan workers will see changes in how much is deducted from their salary for the National Social Security Fund (NSSF). These changes are part of a long-term reform of the NSSF framework that has been rolling out since February 2023 pursuant to the NSSF Act, 2013.

NSSF is a mandatory pension scheme requiring contributions from both employees and employers. Contributions are calculated as a percentage of an employee's earnings applied through a tiered system with minimum and maximum limits.

What is changing in February 2026?

Effective February 2026, the earnings bands used to calculate NSSF contributions will be revised, while the contribution rate remains unchanged. Both employees and employers will continue to contribute 6% each of an employee's pensionable earnings to the NSSF.
Specifically, effective from the February 2026 payroll period:

1. Tier 1 lower earnings limit increases from Kshs.8,000 to Kshs.9,000; and
2. Tier 2 upper earnings limit increases from Kshs.72,000 to Kshs.108,000.

How the NSSF calculation works

Tier I Contribution

Tier I applies to the first Kshs. 9,000 of an employee's earnings.

- 6% of Kshs. 9,000 = Kshs. 540
- Employee contribution: Kshs. 540
- Employer contribution: Kshs. 540
- Total Tier I contribution: Kshs. 1,080 per month

Tier II Contribution

Tier II applies to earnings above Kshs. 9,000 and up to a maximum of Kshs. 108,000.

- Pensionable Tier II earnings: Kshs. 108,000 – Kshs 9,000 = Kshs. 99,000
- 6% of Kshs. 99,000 = Kshs. 5,940
- Employee contribution: Kshs. 5,940
- Employer contribution: Kshs. 5,940
- Total Tier II contribution: Kshs. 11,880 per month

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Conclusion

By increasing the Tier I and Tier II earnings limits, the reforms expand pensionable earnings. For employees, the key takeaway is that any increase in deductions is incremental and partly offset by the tax-deductible nature of NSSF contributions.

For employers, the changes underscore the importance of timely payroll adjustments and compliance with statutory remittance obligations. Compliance goes beyond adjusting payroll figures. It includes ensuring that employment contracts, HR policies and internal payroll practices accurately reflect statutory obligations.

The commercial team at CM Advocates LLP possesses extensive expertise in Kenya's employment law and regulatory framework and regularly advises on statutory compliance matters, employment contract and policy drafting and review and workplace dispute resolution.

If you would like to consult on this article or any other legal issue, you may contact the commercial team through corporate.commercial@cmadvocates.com

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