ABSTRACT

The aim of this research was to examine challenges facing pension fund and its members due to premature withdrawal of pension savings by using the case study of PPF Pension Fund of Tanzania. The study also involved determining the main causes of premature withdrawal of pension savings.

The research design for the study was Quantitative and it involved a sample size of 31 respondents. The sampling technique used was purposive sampling because of the nature of data that needed to be collected. Data was collected through document review and the use of questionnaires, which included both open and close ended questions.

The results of the study showed that the main causes of premature withdrawal of pension savings include resignation and shifting to another job, end of work contract without extension, economic shocks and lack of knowledge about pension matters. It was also found that a member withdrawing his pension savings is faced with risks like failing to qualify for pension during retirement time, receiving inflated withdrawals and also having inadequate income to meet variousneeds arising after retirement. And finally, the study found that withdrawals reduce the funds opportunity to further invest so as in return to give out better incomes to its members at retirement period.

Recommendations for the study are intended to shed light to the Government specifically the Social Security Regulatory Authority, to consider developing a system that integrates all pension funds and create a provision for members to be able to transfer their pension savings from one fund to another in order to reduce premature withdrawals as a result of changing jobs.

Pension funds to considerthe impact of the time value of money when paying withdrawalsto members who had to withdraw their pension saving. To also consider running educational programmes from time to time about pension matters to its members rather than depending on the one annualmember's conferences.
Members of the pension funds, to avoid premature withdrawal of pension savings because they have great repercussions in an individual's life such as failing to qualify for retirement income, receiving highly inflated pension savings as withdrawals and also having limited income to sustain life after retirement.