

Welcome! In this first newsletter of 2021 we inform you about the latest pension news.



Chairman's blog

PCN wishes you a happy and healthy 2021!

First of all I would like to wish you and your loved ones a happy and healthy new year on behalf of all employees and the board of PCN. We look forward to a new year in which hopefully we will be relieved from the corona virus.

At PCN we work hard for your pension every day; the pension you are entitled to now or in the future, whether you work for the government, in education or in health care. We take good care of your money and also find it important to invest the pension money – your pension contribution – locally.

Unfortunately we were not able to complete our new office building in 2020, but at the beginning of 2021 our administrative staff will move in the new office building.

There is also less good news. Due to the continuing low interest rate your pension accrual will decrease in 2021; from 1.75% to 1.32%. We will explain this to you and with a numerical example we will show you what this means in everyday practice.

If you have questions about the information in this newsletter or if you would like to know more about your pension, please contact us. As you know, you can also contact us easily by Facebook. We will be glad to hear from you!

Harald Linkels, *Chairman*

Your pension accrual will decrease in 2021. How is that?

Each year you accrue a piece of pension. For this, you and your employer pay a pension contribution. The total contribution of all PCN participants together cannot exceed 22% of the salaries. That was agreed by the unions and the employers in the Sectoroverleg Caribisch Nederland and established in the pension agreement in 2010. The contribution can never exceed the abovementioned 22%. Up till now you accrued 1.75% of the pensionable earnings for your pension each year. That is going to change.

Pension accrual in 2021

The level of the required contribution to maintain your pension accrual, is largely determined by the market interest rate. That

has been very low for some time now. The required contribution to maintain the pension accrual of 1.75% per year, would therefore have to be increased and amount to more than 22%. But the Sectoroverleg agreed back then that that is not allowed. That is why you will accrue less pension than you used to in 2021. Instead of 1.75% you will accrue 1,32%.

If you will retire in the near future, you will not notice anything. For all participants goes: up to and including 2020 you have accrued 1.75% in pension. Nothing will change about this. The lower pension accrual applies from 2021 onwards; without retro-active effect.

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Numerical example

Suppose you earn \$40,000. In **2020** you accrued an amount of **\$431,20** for your pension. If this year you work the entire year for the same salary again, you will accrue an amount of **\$325,25** for your pension in **2021**.

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Explanation:

The pensionable annual salary is \$40,000. In 2020 your pensionable salary was: \$40,000 - \$15,360* = \$24,640. Over this part of the salary you accrued pension. Your pension accrual therefore amounted to: **1.75%** x \$24,640 = \$431.20.

In 2021 your pensionable salary is: \$40,000 - \$15,360* = \$24,640. Your pension accrual will therefore amount to: **1.32%** x \$24,640 = \$325.25.

*** Over this part of your salary, you will receive AOV later on – this part is called the offset.**

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Both the dependant's pension, orphan's pension and disability pension are based on the old age pension to be achieved (if you had worked until your retirement). For the years after 2021, 1.75% will still be applied to these pensions because that will remain the starting point for now. This will be revised yearly. In this numerical example the disability pension will therefore be **\$105.95** (= \$431.20 - \$325.25) lower. The dependant's pension will be **\$74.17** (=70% of \$105.95) lower and the orphan's pension will be **\$14.83** (=14% of \$105.95) lower.

And now?

The unions and the employers of the Sectoroverleg Caribisch Nederland are considering whether the pension agreement from 2010 still fits the current developments. They will possibly make new agreements. That may affect the pension accrual in the future. If new agreements are made, we will inform you about it.

KEY FIGURES 2021

The pension contribution for 2021 is 35.6% of the gross salary. The employer pays two thirds (23.7%) and the employee pays one third (11.9%).

The offset for 2021 remains equal to the offset 2020 (\$15,360). This is because the AOV in the islands has not been increased as from 1-1-2021.



New board member

Since November 2020 our board has a new board member **Gilbert Cijntje**. Mr. Cijntje succeeded Mr. Valdemar Marcha who had completed two terms as a board member. Mr. Marcha was part of our board since October 2010 and has fulfilled his board membership in an excellent way. His successor has been appointed by the joint unions. That was preceded by a thorough evaluation of the part that PCN board member must fulfill. We wish our new board member a warm welcome.

New office building for PCN

As mentioned, our new office building is almost ready. Our administrative staff will move as soon as possible to the new building. The reception for visitors will remain in the old building. Due to the applicable corona measures, you can only visit by appointment. We can also be reached by telephone, email and our Facebook page during office hours.



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DO YOU WISH TO RETIRE EARLIER OR LATER?

We would like to point out again that PCN offers the possibility to advance or postpone your retirement date. Advancing means that you can retire as from age 60. Please take into account that for each year that you advance, you accrue one year less. You will also get a lower pension benefit (approximate 5% per year) and the pension that you have accrued will be approximately 5% lower. Postponing means that you will retire later. This is five years after your pensionable age at most. Each year that you postpone, you accrue one year more pension and the accrued pension is increased by 5%.

The exact results depend from your personal situation. You cannot derive any rights from the mentioned percentages. If you consider advancing or postponing your pension in the coming years, we can make a personal calculation for you. Please make an appointment with us if you are interested.

Would you like your pension to start earlier? Then please inform us six months before the desired commence date. Our administration needs this time to make the preparations.