

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



## Chairman's blog

# New pension agreement as of 2021 and good news about indexation in 2022

For our pension fund the year 2021 was marked by the introduction of a new pension agreement for all our participants. On May 20, during the Sectoroverleg Caribisch Nederland, new agreements were made about the pensions for employees in education, health care and government. It is for the first time since Pensioenfonds Caribisch Nederland (PCN) was founded in 2010 that the pension agreement has changed.

The new pension agreement has become effective retroactively as of January 1, 2021. In this newsletter you can read what will change as a result of the new pension agreement. In the first quarter of 2022 we will send you a conversion message containing how the changes in the pension plan as of January 2021 affect you personally. We also invite you to an information session that will take place next year.

There is good news about the indexation. We are going to increase (index) all pensions and entitlements by 4% as of January 1, 2022. By doing so we follow the average price increase (inflation) in Bonaire, Sint Eustatius and Saba. Our pension fund can increase the pensions because our financial situation is in order.

For now I wish you and your loved ones a good and hopefully healthy 2022. I hope we will be able to meet each other in person in the new year.

**Harald Linkels**, *Chairman*

## This will change for you in the new pension plan

Employers and unions have adjusted the pension agreement. For you this means the following (provided you are still accruing pension):

- You accrue pension over the pensionable salary up to a maximum of \$47,500 (on a full-time basis). This amount is annually indexed. No pension is accrued over any salary exceeding this amount.
- The annual accrual percentage is decreased by 0.04% from 1.75% to 1.71% (this is different in 2021\*).
- Nothing changes in your already accrued pension or pension entitlements.

- From 2030 on, the retirement age will increase by one year to 66. However, in the new pension plan you will still be able to advance or postpone the pension.

These adjustments will offer you the possibility to continue accruing a pension of 70% of the average pensionable salary.

### \* Please note: different pension accrual in 2021

Different agreements have been made for 2021. This was necessary because the new pension agreement already took effect on January 1, 2021, but the employers and unions did not want to increase the pension contribution retroactively.

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That is why the accrual percentage in this year has been decreased to 1.35% once only (and not to 1.32% as we thought before).

### Do you earn more than \$47,500 per year?

Then your pension accrual will become lower than before because there is no accrual over your salary exceeding that amount. Not only your old age pension is affected by this: also your partner pension, orphan's pension and disability pension will be lower as of January 1, 2021. It may be wise to conclude a separate insurance for this.

## ABOUT THE FINANCIAL HEALTH OF OUR PENSION FUND

As a pension fund we can only decide to index if the financial situation allows for it. That is the case now. The funding ratio is in good shape: in October it was 118.7%. This time last year the funding ratio was only 96.8%. The funding ratio indicates the relation between the capital our pension fund possesses and the capital the pension fund needs for paying out all pensions now and in the future. The stock markets have recovered well after last year's dip due to COVID-19. The actuarial interest rate has also increased as a result of the development of the market interest rate. This has had a positive effect on the funding ratio.

## The need for a new pension agreement

The actuarial interest rate has become increasingly lower over the past years. While an interest rate of 4% applied in 2010, at the beginning of this year it was approximately 1%. That means that now more pension contribution is required to accrue the same amount of pension. However, in 2010 the employers and unions agreed that the pension contribution should never exceed 22% of the total salaries. That is why the employers and unions deemed it necessary to adjust the pension agreement. But the ambition remained that the pension together with the AOV must amount to approximately 70% of the average earned salary (if you accrue pension from the age of 25).

### Who does what?

The pension agreement contains the agreements made by the employers and unions. PCN carries out that pension plan. That means that PCN handles the administration, collects the contributions, pays out the pensions, and invests the pension capital.

## Conversion message and information meetings

In the first quarter of 2022 we will send you a conversion message. It will state how the changes in the pension plan as per January 1, 2021 affect you personally. If you have any questions, please contact us or visit one of the information sessions we will organize next year. We will send you an invitation in due time.

## Payment dates pensions in 2022

Usually you receive your pension around the 16th, but at the latest on the 21st of each month. If you have not received your pension payment on the 21st, we request you to contact us.



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## NEW: PENSION BUFFER FOR ACTIVE PARTICIPANTS

The employers and participants contribute the maximum pension contribution to PCN. However, in practice the contribution that is required for the pension accrual changes each year. This is mainly because the actuarial interest rate moves with the interest on the financial markets. That is why the total contribution that is required for the pension accrual can be lower in one year and higher in the next year. The newly to be formed pension buffer can offer a solution, according to the employers and unions.

It works as follows. If the contribution that is required for the pension accrual is lower than this maximum in a particular year, a buffer is built with the rest (the contribution that is left over). This pension buffer will then be used when in another year more contribution is required than the agreed maximum contribution. This way the contribution level will remain stable and predictable in the coming years and we will save in good times for the bad times. PCN keeps track of this, you do not have to do anything.