



PCN implements interim indexation of pensions

Caribbean Netherlands Pension Fund (PCN) will implement an interim indexation of pensions per September 1st, 2023. The indexation will be at a rate of 3%.

Normally, the fund evaluates at the end of each year whether pensions can be indexed from the beginning of the following calendar year. However, at the end of 2022, the coverage ratio was just below the required level to increase pensions from January 1st, 2023.

The coverage ratio of PCN has further improved over the past months, reaching over 124% at the end of June, mainly due to a relatively strong increase in market interest rates. Additionally, the fund's investments contributed to the growth of the coverage ratio with an almost 7% return in recent months.

"The fact is that inflation, even on our islands, has been unusually high in recent times. Therefore, it would be unfortunate if we cannot adjust pensions this entire year to help pensioners cope with the increased cost of living," says chairman Harald Linkels.

While the board could have chosen to index pensions again only from January 1st, 2024, they have decided, as an exception, to adjust the pension payments in the interim, taking into account the persistently high inflation. Whether pensions can be increased again starting from January 2024 will depend on the coverage ratio at the end of the year. "The board will, in any case, reevaluate the possibility of further indexing from January 1st, 2024, towards the end of this year," adds Linkels.

Also for active participants

The indexing applies not only to retirees but also benefits active participants and the so-called sleepers. In the case of indexing at PCN, the pension entitlements of still active participants and will be increased by the same percentage as applied to the retirees. The term sleepers refers to past participants who no longer contribute, but who are still entitled to a partial pension when they reach the age of 65.