



Silver Thatch Pensions

BUILDING WEALTH ON YOUR TERMS

National Pensions Law

Effective January 1st, 2017

What You Need to Know

about the New National Pensions Law

The National Pensions (Amendment) Law 2016 takes effect on January 1, 2017 with changes implemented over a two-year period to December 31, 2019.

From January 1, 2017, the term, "normal retirement age" will be replaced by "normal age of pension entitlement". This means that a person is not required to retire at this age, but is entitled to collect pension benefits.

The normal age of pension entitlement will increase from 60 to 65 and the age at which a person can be eligible for early pension entitlement will shift from 50 to 55 years of age.

Employees who are 47 years or younger in 2017 will automatically fall within the provisions of the National Pensions (Amendment) Law, 2016, and their normal age of pension entitlement will be 65 years. Their early pension entitlement age will be 55 years.

Employees who will turn 60 between January 1, 2017 and December 31, 2019, can choose to retain the age of 60 as their normal age of pension entitlement.

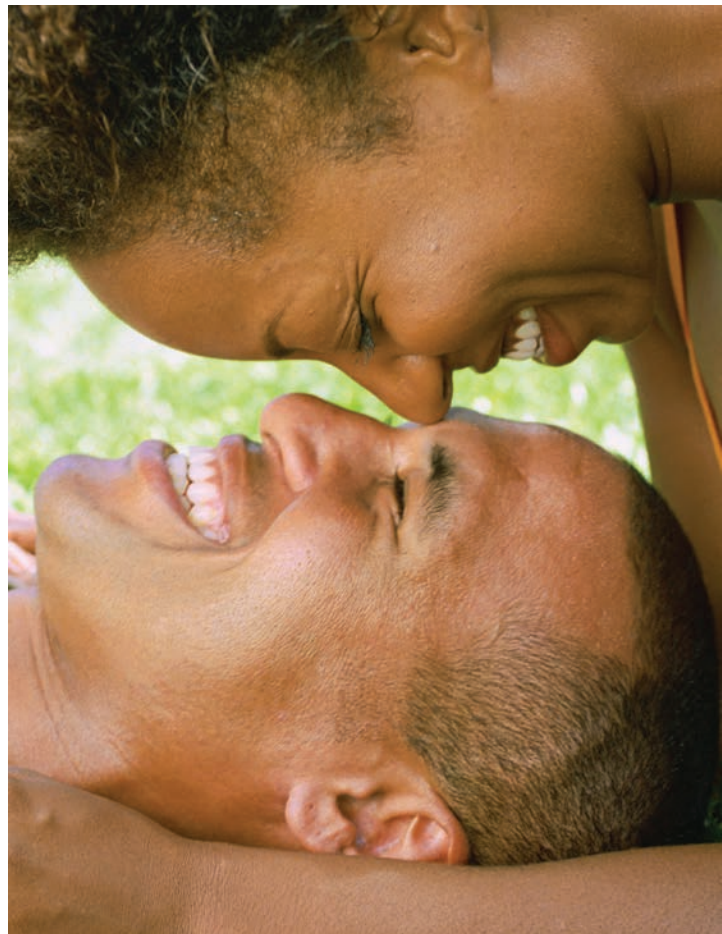
If you are currently between 60 and 65 and are still working you will be required to resume your pension payments until you turn 65 – regardless of whether you are receiving pension benefits or not.

1. The annual maximum pensionable earning will increase from CI\$60,000 to CI\$87,000, as of January 1, 2017 also. **Employees who wish to contribute more of their income are free to do so and these should be classed as additional voluntary contributions.**

2. Effective January 9, 2017, changes will be made to the pensions withdrawal schedule and allowances for the Retirement Savings Arrangements (RSA). There are new minimum and maximum balances that pensioners can **withdraw**, based on age and pension account balances, and is aimed at ensuring that persons have a basic pension amount that lasts throughout their retirement.

Under the new law, the minimum annual withdrawal amount will be CI\$12,480 for all pensioners. This is an increase of \$480 on the current maximum withdrawal amount. The new maximum amount will be based on your age and level of savings and will be adjusted for inflation. (Please refer to RSA withdrawal schedule below).

3. Changes that will take effect in February 2017 relate to fines, which will be significantly increased from current levels. Penalties will be determined by the courts.



What You Need to Know continued

4. As of March 1 2017, amendments that redefine "employee" to exclude Caymanians who are under 23 years of age and pursuing full time education and their employers from paying pensions will take effect. A second change is a redefinition of persons "employed to do housework in private residences," to household domestics. This category of workers will not be required to make pension contributions.

5. As of March 1, 2017, employers will be required to maintain employee records for a minimum of five years from the date on which they are prepared. The kept records must show the following:

- a) the name of and current contact information for the employee;
- b) the date the employment commenced and the duration;
- c) whether the employment is part time or full time;
- d) the rate of pay and salaried arrangements;
- e) gross and net amounts of pay;
- f) bonuses;
- g) resignations and terminations relating to the employee;
- h) the name of the pension plan;
- i) all deductions from earnings of the employee for pension contributions;
- j) all contributions made by the employer and on behalf of the employee and evidence of payment to the pension plan;
- k) the period over which contributions were made;
- l) the dates on which the contributions were made; and
- m) any interest payments made in the name of the pension plan.



6. Effective March 31, 2017, a member may access their additional voluntary contributions (AVCs) prior to retirement age for the following reasons:

- a) Housing—including the construction of the member's dwelling house, purchase of residential land for the member or for payment of the outstanding balance of member's mortgage in full but excluding the payment of rent or similar purposes;
- b) Medical expenses—where the member's health insurance does not cover the cost of the medical attention sought and the medical attention sought is not elective;
- c) Temporary unemployment—where that unemployment is within the first six month period following the three month period after the date upon which the member was terminated;
- d) Educational needs—for the educational purposes of a member or the dependent child of a member who is under 23 years of age and pursuing full time education.

The government believes that the ability to unlock AVCs will encourage members to boost their pension contributions. When a member's financial priorities change, their AVCs can be used to help meet their immediate needs.



7. Changes relating to transfer of pension contributions will take effect as of December 31, 2017. The criteria for transferring pensions overseas have been established as: (a) termination of a member's employment (b) the member no longer residing in the Cayman Islands, and (c) no pensions contributions for two years or more.

8. Further changes – relating to refund of contributions over \$5,000 KYD – will take effect from December 31, 2019. Members should note that effective December 31, 2019, refunds of pension contributions greater than CI\$5,000 will no longer be allowed unless the member – who has attained the normal age of pension entitlement (65) – can provide evidence to the Director of Labour and Pensions that he/she cannot transfer his/her pension benefits to another pension plan, pension entitlement savings arrangement or life annuity.

Members who wish to access their refunds now have adequate time to do so ahead of December 31, 2019 deadline.

For a member to cash in their Silver Thatch investments and receive the proceeds as a lump-sum payment he/ she has to meet the following criteria:

- a) two years has passed since basic contributions have been made to Silver Thatch on the employee's behalf .i.e. final contribution must be received by December 31, 2017**
- b) the employee has left the Island for a period of at least 6 months,**
- c) The employee has terminated their employment in the Cayman Islands**

Other Amendments not yet coming into effect:



Section 16 (4) (h): Annual General Meetings– Silver Thatch Pensions (STP) currently hosts an AGM every year in November;



Section 16 (4) (i): Publication of Returns and Expense Ratios–STP returns and expense ratio is made available;



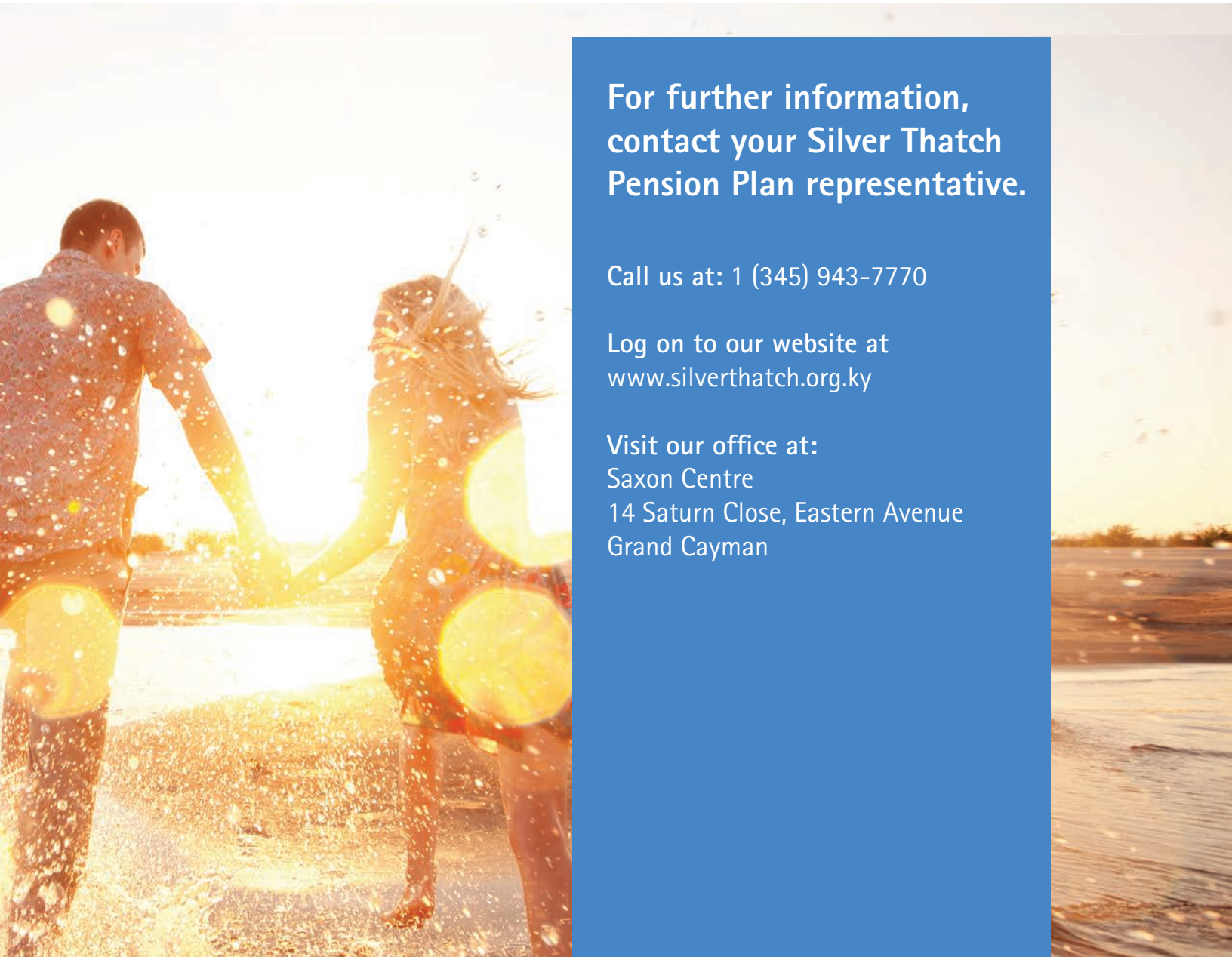
Section 22: Increase Statement Frequency from annually to Semi Annually– STP prints quarterly statements and produces monthly statements online;



Section 25 (1)(a): Reduction of the initial employment period from 9 months to 6 months.

What Should Employers Do?

- As a first step, employers should familiarize themselves with the law and take the appropriate action.
- Employers should be mindful of the Year's Maximum Pension Earnings, which will be \$87,000 KYD as of January 1, 2017, and deduct pension contributions accordingly.
- Employers should discuss the changes of the National Pensions Law with their employees as soon as possible.

A photograph of a man and a woman walking away from the camera on a beach at sunset. They are both splashing water, and the scene is filled with golden light and water droplets. The background shows the ocean and a bright sky.

**For further information,
contact your Silver Thatch
Pension Plan representative.**

Call us at: 1 (345) 943-7770

Log on to our website at
www.silverthatch.org.ky

Visit our office at:
Saxon Centre
14 Saturn Close, Eastern Avenue
Grand Cayman

Retirement Savings Arrangements

Age
Last Birthday

Minimum Annual Withdrawal

Maximum Annual Withdrawal

Greater of \$12,480* or x% of
account balance where x =

Greater of \$12,480* or y% of account
balance where y =

50	1.87%	4.24%
51	1.88%	4.28%
52	1.89%	4.32%
53	1.89%	4.36%
54	1.90%	4.40%
55	1.91%	4.45%
56	1.92%	4.50%
57	1.93%	4.55%
58	1.94%	4.61%
59	1.95%	4.67%
60	1.97%	4.73%
61	1.98%	4.80%
62	2.00%	4.87%
63	2.01%	4.94%
64	2.03%	5.02%
65	2.05%	5.11%
66	2.07%	5.21%
67	2.10%	5.31%
68	2.12%	5.42%
69	2.15%	5.55%
70	2.18%	5.68%
71	2.22%	5.83%
72	2.26%	6.00%
73	2.30%	6.15%
74	2.34%	6.32%
75	2.39%	6.51%
76	2.44%	6.71%
77	2.50%	6.95%
78	2.56%	7.16%

Continued

Age
Last Birthday

Minimum Annual Withdrawal

Maximum Annual Withdrawal

Greater of \$12,480* or x% of
account balance where x =

Greater of \$12,480* or y% of account
balance where y =

79	2.62%	7.40%
80	2.69%	7.66%
81	2.77%	7.95%
82	2.86%	8.29%
83	2.95%	8.61%
84	3.05%	8.97%
85	3.16%	9.38%
86	3.29%	9.85%
87	3.43%	10.39%
88	3.56%	10.84%
89	3.70%	11.36%
90	3.86%	11.94%
91	4.05%	12.60%
92	4.26%	13.37%
93	4.42%	13.93%
94	4.59%	14.55%
95	4.79%	15.24%
96	5.01%	16.02%
97	5.25%	16.90%
98	5.54%	17.91%
99	5.87%	19.07%
100	6.25%	20.43%
101	6.70%	22.02%
102	7.24%	23.93%





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