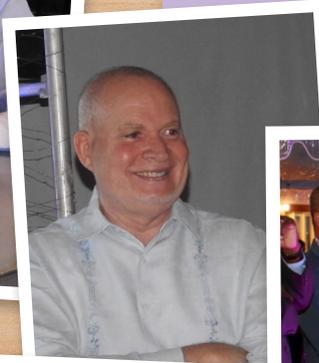


VIDANA NEWS

Newsletter of your Vidanova Pension Fund Foundation.



Rafaël Pichardo is really saying
farewell
to Vidanova



Interview with
Rafaël Pichardo

Digitalization
of Vidanova

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With such a long track record with the 50 plus year-old Vidanova, Mr. Rafaël Pichardo, as a pre-eminent knowledgeable person, not only looks back well on the stormy development of the pension fund, but also looks ahead at how the future can be like. He just stepped down after 5 years as a member of the Board of Managing Directors after having been the Executive Director of the pension fund for 16 years.

“Cooperation between pension funds is in the interest of participants”

Adding more quality to every phase of your life





It could be said that Rafaël Pichardo, as a fully-fledged pension expert, advocates more synergy between the pension institutions - not only in Curaçao, but also with those on the other islands and possibly even in a special relationship with others in the Netherlands. In Holland the pension funds have been working together for years in various fields resulting in numerous financial and personnel benefits, which ultimately is to the betterment of the affiliated members.

He wants to look back much more relaxed than until recently, when he himself was still closely involved in the ups and downs of Vidanova, but he still emphasizes his gaze 'forward', with an eye on pension institutions in general and Vidanova more in particular.

HR department

Just a step back in history. The seed for Vidanova was sown in April 1968 when the assets and liabilities of the OGEM pension fund were transferred to the Pension Fund for Antillean Energy Companies Foundation. After a few name changes, due to changes en route, the name Stichting Pensioenfonds Vidanova was introduced on November 2, 2002.

In 1986, Mr. Pichardo was asked to take a seat on the board of the foundation as a representative of the Curaçao power company Kodela to replace Leo Rolfast, then interim director. He remained a board member, of which the last 3 years as vice-president, until 1997. That year he was given the task of reorganizing the fund after an enormous growth. Initially he divided his time in broad lines so that he worked half a day in the HR department of Kodela and half a day for Vidanova. Upon completion of the reorganization, he was asked to become the Executive Director of the pension fund. This gave him the opportunity to implement the plans he had been working on himself, to modernize the fund and to prepare it for the future and to open it up to other

branches than just utilities and telecommunications. At the end of 2013, he himself reached retirement age and so he resigned. But an appeal was immediately made to him to join the Board of Managing Directors. "I worked for 43 years in total, 33 of which were closely involved with this fund. Don't forget that as a former employee of Kodela I am also a participant. I have been active in that area for more than 30 years at Vidanova". In his 16 years as director, he has also prepared policies, yet that is still a more executive function. Concrete policy is formalized by the Board of Managing Directors and then prepared for implementation by the management team, closely monitored by the Fund's Supervisory Board.

Solvency

Vidanova underwent various challenging developments. For example, to align the financial statements as much as possible with the standards of Dutch Gaap. He has also worked for many years on the implementation of the IFS (Integrated Financial Services) strategy. A thorough study preceded this by studying risks and opportunities, among other things, before it was turned into policy.

Furthermore, new guidelines had to be developed for a responsible policy in all areas such as investments, premiums, indexation, pension, reservation, but also Curtailment policy. Another important aspect that pension institutions are struggling with worldwide is maintaining the solvency or funding ratio. "I can proudly state that in those more than half a century of existence, Vidanova has never fallen below the 100% solvency limit. But do not think that it has always been easy," says Pichardo.

Vidanova has broadened the focus. To this end, we looked at, among other things, participations in the context of the IFS strategy and certain insurance products. The gradual acquisition of SFT Bank a few years ago, which was subsequently renamed Vidanova Bank, is also part of this strategy. That all fits in with the vision to be able to provide the participants with the best possible service during their whole lifetime, sometimes referred to as "from the cradle to the grave".

"I worked for 43 years in total, 33 of which were closely involved with this fund"

Computing Center

In an increasingly difficult global and local market, Mr. Pichardo argues for more cooperation between the various funds. In doing so, everyone will be able to work together while maintaining their own responsibility / independence in order to reduce the costs per participant. But there must also be an awareness that, as a collective, whether they like it or not, they are faced with a turbulent market (volatility), with increasing risks, with longer-living participants, ever-increasing compliance and stricter supervisory requirements. This does not make the functioning of the institutions easy. They need to look for more volume and cooperation to keep their head above water. Experience in the Netherlands has shown that cooperation pays off. The number of pension institutions has been drastically reduced through mergers, but the remaining funds are therefore better able to represent the interests of the participants. This is also possible, for example, if agreements are made for a central data center where the administration and management of the funds including the actuarial calculations can be done, where the purchase of

services and collective insurance is also arranged for, and from which the annual financial statements and actuarial reports can also be prepared. This relieves the organization of time-consuming matters and jointly the costs can be reduced better. Perhaps there is an important role here for CaPAs, the organization of pension funds in the Dutch Caribbean. He agrees that cartel formation must be prevented, but at the same time one must get rid of the idea that as a small fund in that big ocean one can survive in isolation in the long term.

New phase

Now that he is really retired, the question arises whether he will rest on his laurels. Occasionally he can still carry out a short-term assignment but leaves the big work to others. He and his Colombian wife will be more often in her native country where he wants to focus on growing crops for his own consumption. Moreover, he now has more time to spend on music, a hobby of years that he has been devoted to since childhood. It should be clear: Rafaël Pichardo has started a new phase in his life, a **vida nova!**

Newcomers at Vidanova

In the first quarter of 2019, our pension fund once again welcomed a series of companies and institutions as new members, namely:

**Dutch Caribbean Securities Exchange
Curaçao Sea Aquarium Park
BDO B.V. and BDO St. Maarten B.V.
S.A.L. (Mongui) Maduro**

We should also add Vidanova Bank, even though this banking institution has been part of the Vidanova Group since 2016. But due to the then still existing pension contracts, the formal transfer of pensions only came into effect as per January 1 this year.



Further digitization of Vidanova

The world around us is becoming more and more digital and developments are moving at lightning speed. From new smartphones to artificial intelligence and robotics. Digital innovations are conceived to communicate, to solve a problem or to automate certain actions. We notice this at work and in our private lives. The world is digitizing more and more and those who do not follow are left behind. We at Vidanova are also working on this. In this newsletter we want to inform you about the (future) changes of Vidanova in the digital field.



Website: www.vidanova.net

Last year Vidanova completely renovated its website. Our website has a fresh modern look and clearly shows the different parts of Vidanova Group, namely Vidanova Pension Fund, Vidanova Life and Vidanova Pension Management and there is a link to the website of Vidanova Bank. You can find specific information about all these companies on our website. For example, at Vidanova Pension Fund all choices you can make just before retirement are explained, at Vidanova Life you will find more information about life insurance, and at Vidanova Pension Management you can find more information about pension administration services that Vidanova can provide for other pension funds. Finally, you can download all sorts of useful documents under *Over Vidanova/Downloads*.

Participant portal

Soon the new Vidanova participant portal will be available. Then you can view all your data as registered with us through our website. Everyone with an accrued pension with Vidanova will receive a letter on this. First the active participants will be approached and then our pensioners and other participants. The letter that you will receive will explain how you can reach

the portal and how you must register. After you have logged in, in addition to your personal details, your accrued pension entitlements (possibly from several employers affiliated with Vidanova) will be visible. You will also see your projected pension on the retirement date. If, for example, there are errors in your personal data, you can immediately notify us via the portal itself. The portal will be expanded later this year, so that you can also make calculations yourself if, for example, you want to know what your pension will be if you decide to retire earlier.

Employer's portal

Vidanova is currently introducing its employer's portal to the affiliated employers in steps. Employers then no longer need to notify Vidanova of all changes made by participants (such as salary changes, starting employment, leaving employment, etc.) via email or post. The most common changes can then be passed on via the employer's portal. In addition, the employer can also see once the change has been implemented in our pension administration system. The employer can also view all important data of its employees in the portal, so that the employer can determine whether all information is correct.

Getting used to it

With the introduction of digital innovations, we will also communicate with you in a different way. We will make less and less use of letters that are sent by post. We will distribute this more through our portal in the future and at the same time we will place more and more information on our website.

At the beginning of this year, in this context, we have sent, as an experiment, the annual payment schedule that pensioners normally receive at home, not by mail but only posted it on our website. We therefore indicated on the December 2018 pension slips that the payment schedule will be placed on our website at the beginning of the year. We have received many valuable responses to this. The following groups stood out:

- **Group A:** there was a group that did not know what to do with the message that the payment schedule can be found on our website. These pensioners came by to get a copy of the payment schedule.
- **Group B:** a group did not know exactly where on the website they could consult / download the schedule. With the necessary explanation, they solved it later.

- **Group C:** The (largest) group that did not ask any questions and did not visit for a copy. From this we have deduced that they could find their way.

This experiment has given us good feedback that we will certainly use to further roll out our digitization process. We realize that probably some of our pensioners cannot (immediately) participate in this process. Group A, you can be sure that we will take this into account!

The interesting thing about Group B is that not "digital" was an issue, but the communication itself. After all, if we had indicated more clearly where the payment schedule can be found on our website, then Group B would have been smaller and Group C larger. We will therefore also take this into account.

We trust that with clear communication, we can successfully implement our digitization strategy step by step. If you have more feedback for us, we would be happy to receive it.

Statistical data Vidanova Pension Fund as per December 31, 2018

The following statistical data applied to the Fund on December 31, 2018.

	2018	2017
Sponsors	75	65
Active participants	2.894	2.762
Participants with deferred rights	2.894	2.075
Pensioners	1.204	1.109
Premium income	30.773	31.889
Pension benefits	28.896	25.996
Pension capital	910.078	905.981
Pension obligations	846.984	805.785
Reserves	63.094	100.196
Employees	11	9
Coverage rate	107%	112%

(Amounts in thousands Antillean guilders)

The Fund has grown in terms of the number of affiliated employers (sponsors), the number of active participants, participants with deferred rights and pensioners. The pension benefits, the pension capital and the pension obligations have also increased during 2018.

However, where we see a decrease is in premium income, reserves and the coverage ratio. The fact that the premium income has decreased, despite the fact that the number of sponsors and the number of active participants have increased, is due to the fact that a major sponsor of the Fund has adopted a new pension scheme. This new pension scheme also includes a lower premium percentage, which has translated into lower total premium income for Vidanova.

The decrease in the coverage ratio and the reserves is the result of negative investment results in 2018. For all stock markets worldwide, 2018 was a very difficult year. Almost all markets closed the year with negative

results. Since Vidanova also invests internationally in equities, the Fund has not been spared. Vidanova realized an investment result of -0.17% for 2018, with the consequence that both the reserves and the funding ratio have fallen.

Fortunately, despite the fall in the funding ratio, the fund's financial position is solid. The coverage ratio of 107% is higher than both the minimum prescribed by the Central Bank (100%) and the minimum that the fund has defined for itself (105%). The fund is therefore in a position to guarantee the pension payments now and in the future. Moreover, we note that the stock markets picked up again at the beginning of 2019 and that the coverage ratio has risen again.

Unfortunately, however, the funding ratio at the end of the year determines whether or not to allocate indexation, and a funding ratio of 107% is not sufficient to index pensions. The policy of the fund is that only if the coverage ratio is above 115%, indexation can take place. We will inform all pensioners in a separate letter that the pensions will not be indexed as of January 1, 2019.

Pension statements of Vidanova

Every year, participants who are still working and accrue pension with Vidanova receive a pension statement in May or June. In addition, all participants who no longer build up a pension at Vidanova, but who have done so in the past, receive a pension statement every 5 years.

In these statements you will find all sorts of important information, such as your personal information, your paid contributions, the accrued pension and what you are expected to receive on the retirement date. It is important that you always check your personal information carefully. For example, if you have a partner and that is not stated on your pension statement, this can have adverse consequences. For example, if you die and your partner is not known to Vidanova, there is no entitlement to a partner's pension. So, take a good look at your statement and if data is incorrect, you must inform us as soon as possible.

On the back of your statement you can find an explanation of the parts that are stated on the statement. If certain aspects of the statement are still unclear, you can of course always contact us, so that we can explain things to you.

Your pension statement provides the information at the end of the year which is stated on the statement. In May / June this year you will receive your statement with the information at the end of 2018.

Soon you can also consult your information via our participant portal (see elsewhere in this newsletter). This portal is directly connected to our administration system and therefore even displays real-time information. The information on the statement therefore differs from what you will see in the portal.

For example, if you log in to our portal in June 2019, all changes that occurred up to and including June will already be processed in our administration and can therefore be seen through the portal, while the statement will show the information at the end of December 2018.

As we continue to roll out our digitization process, we will use paper less when communicating. So, there will come a time when we will no longer issue paper statements, but the information will only be available when you log in to the participant portal. But at least for the year 2018 you will still receive a paper statement through your employer.



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every phase of your life

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PENSION FUND

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