

VIDANNEWS

Newsletter Vidanova, 2017-09

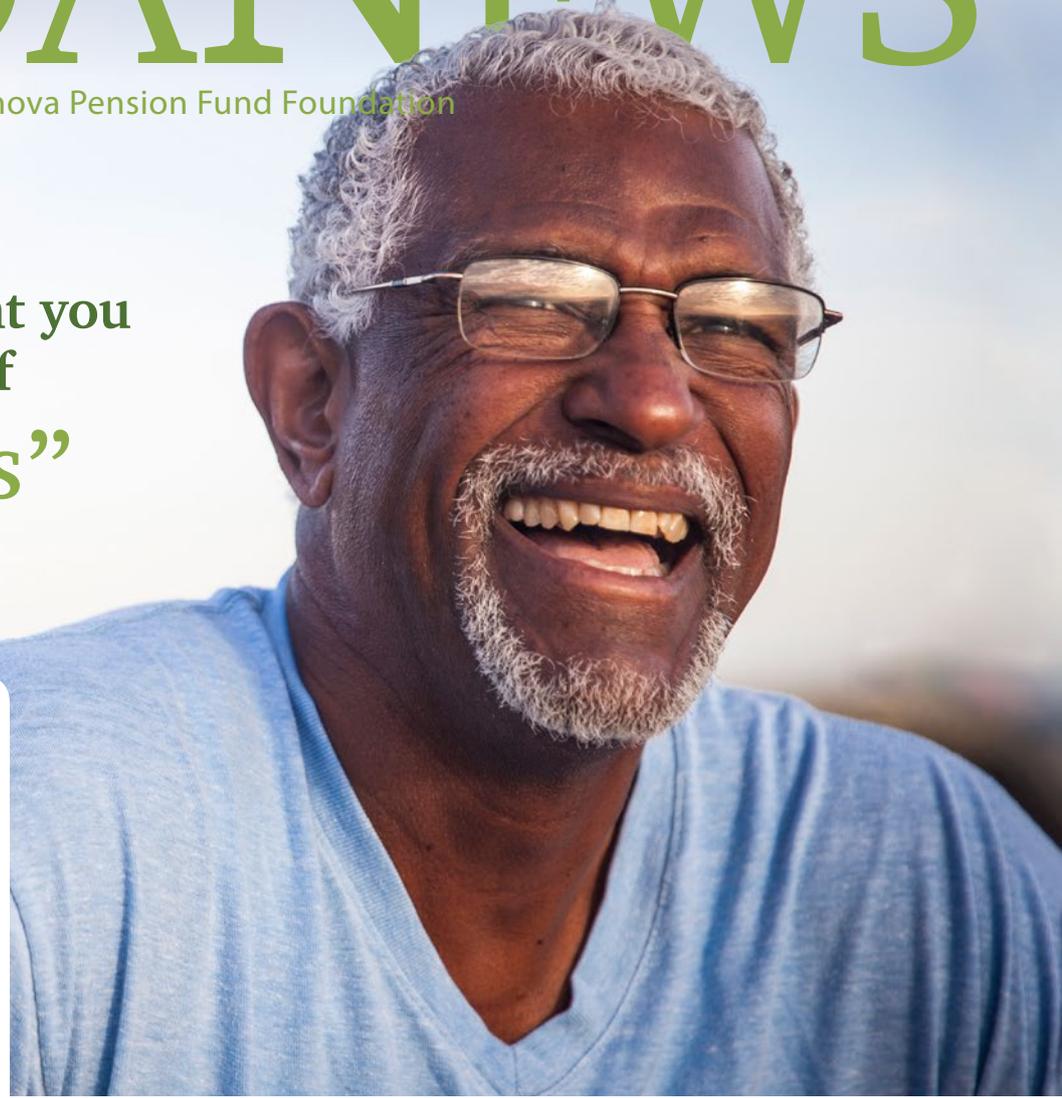
Newsletter of your Vidanova Pension Fund Foundation

We hereby present you
the new edition of
“VIDANNEWS”

*Synchronization
of retirement age*

What's new?

Financial results
of 2016



Dear reader,

Some time may have gone by since the publication of the previous edition, yet we are gradually building a tradition to keep you regularly informed on developments of your Fund, on relevant aspects of pensions and other related issues. We will gratefully accept feedback from you and other stakeholders as much as possible. Therefore, please do not hesitate to share your comments or remarks with us via our email address or our phone number. (info@vidanova.net / (+599 9) 734 4204)

We again wish you a lot of worthwhile reading pleasure.

It's all about freedom


VIDANOVA
The best option for pensions





Further explanation of pension subjects

Synchronization of the Fund's retirement age with the AOV retirement age

Why has my retirement age been raised and what exactly does this mean?

Most people do not like it when they hear that they have to keep on working longer. For years they have entertained the idea of enjoying a well-deserved pension once they blow out the 60 candles, only to suddenly hear that the retirement age has been moved up to for example 62 years in St. Maarten and, 65 years in Curaçao and the BES islands. It is understandable that people are not entirely pleased with this. However, raising the retirement age does not mean that now everyone will have to work until the age of 65. You'll get to read more about this further on.

Because people live longer, pensions must also be paid out for a longer period of time. Since this costs a great deal of money, various governments have deferred retirement age or are contemplating to do so. For the BES Islands, the retirement age has been moved up to the age of 65 as of January 1, 2011. On Curaçao, the government decided on March 1, 2013, to have the AOV benefit take effect only when someone reaches the age of 65. In 2015, the government of St. Maarten decided to raise the age of AOV to 62 years.

Workers pay

The 'AOV' stands for: Algemene Ouderdomsverzekering, (translated: General Old Age Provision). This is a compulsory, state-run insurance scheme for the purpose of guaranteeing a basic pension for anyone who has reached retirement age. The AOV is a pension insurance that applies to everyone. The AOV is funded based on the so-called 'apportionment system', which means that all 'young insured persons' who have an income, collectively pay the premium needed in order to be able to pay the retirees' pensions. So, workers provide the money needed to pay retirees every year. How much AOV pension you will receive depends on how long you have been a resident of the island in question before reaching the retirement age.

Supplementary pension

In addition to the above mentioned AOV, an employer can offer a pension to his/her employees as a fringe benefit. Until recently, most of these pension plans departed from a retirement age of 60 years. However, the fact that the AOV retirement age has been increased has a number of important consequences.

A pension that has been built up through your employer, also takes into account the AOV benefit.

If your employer's pension scheme still has a retirement age of 60 years, there will be a disparity in retirement income. After all, a pension that has been built up through your employer, also takes into account the AOV benefit that you would receive at retirement age. This means that, when you retire, you will receive a pension from your employer on the one side, and an AOV benefit from government on the other. These two together comprise your total pension income. Due to the raising of the retirement age, the retirement age of your employer's pension scheme does not coincide with the AOV retirement age, so between your 60th birthday and the AOV retirement age, you will receive a lower total pension income. This total pension income is lower because you will only receive your employer's pension at the age of 60. You will have to wait a few more years before you qualify for the AOV pension as well. For many people this may mean a significant cutback in their income.

There is another important point of attention. Contrary to the situation in which you would still be working and the employer (by law) would still be required to pay part of the AOV premium, in some islands the retired persons themselves must pay the entire AOV premium starting at age 60 until reaching the AOV pension age. So, in that case, income is lower than when you would still be working, and it becomes even less because the full AOV premium must be borne by the retiree between the ages 60 and for example 65. This can mean a substantial drop in income for the retired person who opts to retire at the age of 60.

Keep on working with salary

To prevent, amongst others, the above-mentioned problems, we see many employers synchronizing the retirement age of their pension plan with the retirement age for AOV. An advantage of a later retirement age is that you still have a few years of earning a salary that in principle is higher than a pension. Furthermore, if your retirement age has been raised to 65 years, your final retirement payment will also be higher than what you would have received at 60. In many cases there is no obligation anyway to continue working. Many pension schemes allow employees to retire earlier.

It is good to point out that ultimately, the pension scheme is part of a company's Human Resources policy. Employers and employees together will have to arrive at the desired retirement age for the company, taking into account, inter alia, the above-mentioned consequences.

In many cases it is no obligation to continue working.

What's new?

Pre-retirement programs

In Curaçao Vidanova has started a program of activities to prepare those who are to retire within a not too distant future. These pre-retirement programs cover various aspects that play a role as soon as these employees do not have a fixed daily routine at their jobs anymore.

The coordinators of this event were HR specialist Miriela Lourens-de Lannoy and psychologist Marelva Jansen-Liberia, supported by our assistants Marvella Stewart and Ludmilla Sampson. Their task was not only to provide information, but also to instill awareness to those present, as well as strengthening them for the new stage of life on which they are to embark shortly. Information was provided on issues such as: self-esteem, taking care of yourself, being happy under God's wings, the power of your attitude, and also

Self-esteem, taking care of yourself, being happy, the power of your attitude!

Not everybody is able to close the door of the workplace behind him/her from one day to the next and never look back. That transition can be huge for many if they are not well-prepared. Vidanova therefore, has had a pre-retirement program drawn up called 'Na kaminda pa penshun' (On the way to retirement) for these upcoming golden agers, and their partners or any confidential advisor. At the end of June, a one and a half day program was completed in the ballroom of the Renaissance hotel in Otrobanda in Curaçao.

how to adjust life to retirement, both in social contacts, and in the recreational area. Speakers were also invited to spell out other topics, such as tax affairs, notarial aspects, AOV, Basic Health Insurance (BZV), medical care and health, family budget and cost reduction, and the Vidanova pension? The participants were very appreciative of the efforts of Vidanova to introduce them gradually to a situation that is awaiting them. It is the Fund's firm intention to introduce these programs also on the other islands, and to carry them out on a regular basis.

New customers in 2017

Vidanova's team really does not sit still. In the first half of this year, several new companies were brought in, joining the Fund with their employees as new participants in the Fund. We therefore, warmly welcome the following new companies and institutions and their employees:

- The White and Yellow Cross Foundation in Sint Maarten
- Dutch Caribbean Trust
- The Meanderschool
- EJI Service B.V.
- SONA Foundation
- Construction and Supply Delph N.V.
- Extra Productions N.V.

Course tax returns

To help current and future retirees on their way, Vidanova assists this target group in completing their income tax returns. For this purpose, a specific course was set up initiating in Curaçao. During five mornings in May, five different groups of pensioners received valuable information about the Income Tax declaration in the Renaissance hotel in Otrobanda. Given the number of retirees, and the need to keep the groups small in order to properly pass on the information, this year not all retirees could have participated in this course. The objective is to repeat the course each year so that each time a different group can participate. Furthermore, the intention is to set up comparable courses for this target group on the other islands as well. It is a well-known

Vidanova Bank benefits

After having taken a 67% stake in SFT Bank as of January 1, 2016, the Fund added another 14% on January 2, this year. As a result, Vidanova's interest in this bank increased to 81%. It is therefore, no wonder that on January 25, 2017 the bank's name has been changed to Vidanova Bank.

By banking at this bank increase its profitability!

By repeating the course each year, each time a different group can participate.

fact that once the retired people are on their own, they often struggle with the terms used. At the same time, it is important that their declarations be filled in correctly, and submitted to the Inspectorate of Taxes on time.

Participants in the Fund have double advantage from this acquisition. The acquisition opened the way to attractive benefits and tariffs for the Fund's participants on mortgage and banking services at Vidanova Bank. In addition, by banking at this particular bank, the participants give the bank added value and increase its profitability, which immediately represents a favorable investment in their own future pension.





Vidanova financial results of 2016

Figures 2016 show that Vidanova maintains its strong coverage ratio

Despite the necessary adjustments in 2016, based on more prudent and updated mortality tables, the Fund has maintained its position as one of the strongest pension funds in the Dutch Caribbean with a solid coverage ratio of 111%. The 2016 figures thus show an improved performance of which all stakeholders may be proud of.

One of the biggest challenges and risks for pension funds is the fact that life expectancy is rising. This risk has prompted the Fund to switch to more recent mortality tables to safeguard the financial stability of the Fund on the basis of careful assumptions and principles. This led to an incidental increase of the

provision for pension obligations for an amount of ANG 14.6 million, on top of the regular increase of approximately ANG 27 million. The regular increase is fully borne by the operating income in 2016 (ANG 31.4 million). In order to absorb the increase due to the new mortality tables, taking into account tax liabilities,

Vidanova called upon its reserves for an amount of ANG. 11.1 million. Vidanova continues to analyze this risk on a continuous basis to adjust its policy in such a way that this risk remains manageable.

International investment portfolio

Vidanova's investment policy focuses on the long term and, above all, on protecting the invested resources as much as possible in view of the rather volatile markets in recent years. Despite the slight instability of returns throughout the year, Vidanova's international investments had a positive return of 4.2% in 2016.

Local investment portfolio

Due to the persistent poor performance of the local economies, as reported by the Central Bank of Curaçao and St. Maarten, Vidanova sincerely hopes that 2017 will be a turning point, and that the economies of the islands will show recovery. Vidanova continues to analyze all projects with a favorable balance between risk and return, which can contribute to the further development of all the islands of the Dutch Caribbean. For the year 2016, the local return was 3.5%, higher than in 2015 (2.7%).

Vidanova will soon start with the Cape St. Marie Apartments, a project that Vidanova is developing with two other partners.

Moreover, as soon as the necessary permits are in place, Vidanova will initiate the implementation of the infrastructure for the Hòfi Vidanova project, a development plan on the north of Schelpwijk in Curaçao.

As part of the Hofi Vidanova Project, Vidanova is now undertaking a market survey to assess the interest for the different kinds of houses that will be offered in this plan. If you are willing to give us your opinion about this project, you can visit the website www.hofividanova.com and participate in our survey.



The 2016 figures thus show an improved performance of which all may be proud of.



It's all about freedom


The best option for pensions

Vidanova Pension Fund Foundation, Aquariusweg 2-4, Groot Davelaar, Curaçao, P.O. Box 527
Phone (+599 9) 734 4200, Fax (+599 9) 736 54 99, E-mail: info@vidanova.net

www.vidanova.net