

VIDA NEWS

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Newsletter of your Vidanova Pension Fund Foundation.



Appointment Alberto
'Chos' Romero

*Consequences of
divorce for retirement*

Deep marks left by
Hurricane Irma

The new secretary of the Board of Directors, Alberto 'Chos' Romero:

“Healthy balance typifies Vidanova”

The official announcement of his appointment as the new secretary of Vidanova's Board of Managing Directors had to wait until CBCS had approved his appointment and he had resigned from FTAC. Alberto 'Chos' Romero was only then able to shed his light on the new position he holds as per June 1st 2019 and which he started with great enthusiasm. He already knew director Charlene Alberto and financial director Ulrich Dalnoot and he holds them in high regard. According to him, the results of Pension Fund Vidanova in recent years speak for themselves.

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Let's introduce Mr. Romero. Until his retirement in 2017, he worked for 28 years at the top of the Central Bank for Curaçao and Sint Maarten (CBCS), which supervises all financial institutions on the two islands, including banks and pension funds. He has been the financial and economic director for nearly 20 years. Therefore, the financial sector therefore has little or no secrets for him. After finishing his high school in Curaçao, he studies economics with a specialization in banking and credits at the Inter-American University of Puerto Rico and the Catholic University of Tilburg. In addition to his job, he has a large number of publications to his name. He has also held a long series of social functions, from lecturer at the University of Curaçao and adviser in relevant areas to member of the Financial Supervision Board (Cft) from 2008 to 2017. That year he retired, both at Cft and at the CBCS, but immediately he became the first chairman of Fair Trade Authority Curaçao (FTAC). Romero: "I had indicated in advance that I would help set up this body for two years, but then I would withdraw to do something else. FTAC is now on track and now others can continue the work. The foundation has been laid".

Financial crisis

His duties at the CBCS included monetary supervision, forecasting, evaluation of the stability of the economy and he also investigated the state of affairs of the investments. An important moment in history was the global financial crisis that started in 2008. It was

important at that time that no panic broke out. But from that moment on the financial sector was turned upside down. Due to the drastic fall in interest rates, the return on investments also fell sharply. "Until that moment I had only heard about it in theory, but now I really saw it happening: there was a negative interest rate. That was unprecedented. And yet we had to spend to give the economy a push in the right direction". He described it as a bizarre situation that the world economy has still not fully recovered from. This low interest rate is the Achilles heel of pension funds worldwide. Funds can partly hedge the interest rate risk, but not entirely.

From DB to DC control

Within those global developments, it was difficult for pension funds to operate. Under pressure from the persistently low interest rates, the financial situation of many funds deteriorated, causing their funding ratio to fall. The funding ratio or coverage ratio indicated the degree in which a pension funds is able to meet its (pension) obligations, taking into consideration the Fund's assets versus its (pension) liabilities. So there must be a balance between the short and long-term obligations and the means to meet these obligations. With a coverage ratio of 100%, the assets of the fund are exactly in balance with the liabilities. From the start 51 years ago, Vidanova has always had a funding ratio above 100%; even in the past year when it was struggling with a lower return on its international investments. After all, returns are difficult to predict. If under these circumstances the premium income

"I had only heard about it in theory, but I really saw it happening: a negative interest. It was unprecedented".

also decreases, then you understand that careful management becomes imperative. This was also the case for Vidanova. Large sponsors switched to a new pension scheme: from a DB (defined benefit) plan to a DC (defined contribution) plan with lower total premium income. With a DB scheme, the risks are borne by the fund, whereby the premium can be adjusted if pension accrual and the pension payments are compromised. With a DC scheme, the risks shift from the funds and / or the employers to the employees. In this way, pensions are becoming more and more individual in nature. In this area, Mr. Romero foresees that Vidanova still has quite a few challenges ahead. "We see this trend from DB to DC regulation internationally. That is why it is not unique and in our pension landscape it is no exception."

Healthy balance

Although he himself did not accrue his pension with Vidanova but with a commercial insurer that he has been drawing from for some years, he has followed Vidanova from his previous positions. A great expertise in the subject matter is required together with a good mix of investments and mitigation of risks; independence, acting in good faith and effective teamwork. In addition, there must be good understanding about the role of Management, the Board of Managing Directors and the Supervisory Board.

He believes that Vidanova's Management team consistently manages to achieve a healthy balance

in favor of the participants: "Mrs. Alberto and Mr. Dalnoot are a strong team". On the recommendation of Aqualetra, which according to the articles of incorporation is entitled as the largest sponsor to appoint the Secretary, he joins the Board of Directors, together with Messrs. Humberto 'Tico' d'Abreu de Paulo and Freddy Curiel: "I know both men well because of my previous positions and committee work". He does see challenges, especially with the arrival of even more sponsors, with the current structure of the Supervisory Board. The matter of pensions is very complex and the question is whether such an extensive body can still handle the tasks well. Anyway, he's looking forward to it.

Statistical data Vidanova Pension Fund as per June 30, 2019

The following statistical data applied to the Fund on June 30, 2019.

	June 30, 2019	December 31, 2018
Sponsors	85	75
Active participants	2.963	2.894
Participants with deferred rights	2.938	2.894
Pensioners	1.244	1.204
Pension capital	967.217	910.078
Pension obligations	862.642	846.984
Reserves	104.575	63.094
Employees	11	11
Coverage ratio	110%	107%

(Amounts in thousands Antillean guilders)

The number of employers affiliated with the Fund increased further in the first half of the year to 85. The number of participants and pensioners also increased slightly during that period.

The pension obligations have increased. We also see an increase in pension capital, reserves and the funding ratio. These increases are the result of the positive returns achieved during the first quarter of the year.

Consequences of divorce for retirement



What does it mean for my pension if I get divorced? Divorce is annoying. It entails a lot, including estate separation. One often does not realize that the accrued pension is also part of the estate that must be divided.

We will discuss the consequences for your pension if you get divorced, while you have not reached retirement age yet. We make a distinction between the consequences under a Defined Contribution pension scheme and those under a Defined Benefit pension scheme.

In this article we will use the term divorce. However, the same conditions also apply to the termination of a cohabitation agreement that has been executed before a civil-law notary. Finally, we always speak of an ex-partner by whom we mean both the ex-spouse under a marriage and the ex-partner under a cohabitation agreement.

The consequences of separation under a Defined Contribution scheme

With a Defined Contribution scheme, the contribution or the premium that someone pays is key. As a pension fund, we receive that premium on a monthly basis. From this premium the necessary costs are deducted and the remaining amount is invested. This yields returns and we allocate that return to the participant. By doing so, someone slowly builds up a savings capital. At retirement age, the pension fund will then calculate exactly how much pension the participant can receive each month from the accrued savings

capital. We then say that the participant purchases pension at retirement age.

If someone divorces, the ex-partner is entitled to half of the savings capital that has been accrued until the moment of divorce. This half will be administrated separately and the participant will continue to save on the other half.

The half that the ex-partner is entitled to, is not paid to the ex-partner immediately on the date of divorce. Only on retirement date, does the pension fund pay out the part of the savings capital that was allocated to the ex-partner. This is done in the form of a monthly payment. The ex-partner receives this amount until he or she dies.

As mentioned, the pension is part of the joint estate. The parties can therefore make other arrangements with regard to the distribution of the pension. Alternative agreements that we often see is that, for example, the former partner retains the car and the participant of the fund insured retains his pension. The participant can also compensate the ex-partner in another way for the part of the savings capital that he or she is entitled to - for example, by paying him or her cash money from his own other resources.

In these cases, we will not separate part of the savings capital for the former partner. The participant retains his entire savings capital and continues saving on the whole amount. At retirement age, the full amount is then converted into a monthly pension. This monthly pension in this case is higher than in case the savings capital would have been separated for the benefit of the ex-partner.

It is very important that in the event of a divorce parties confirm their agreements in a divorce agreement. The moment the former partner approaches our pension fund to claim his share of the pension, he must be able to prove that he has not already received this part in another way, for example in the form of the car or in cash. Without a divorce agreement in which the agreements are laid down, the fund will not make payments to an ex-partner. Unless the participant gives us permission to do so.

Consequences of separation under a Defined Benefit scheme

The most common form of a Defined Benefit scheme is the average pay scheme. Hereafter we will always refer to the average pay scheme instead of the Defined Benefit scheme.

In contrast to a Defined Contribution plan, where you accrue a monthly saving capital and only at retirement age you will know with certainty what your pension will be, under an average payment plan you accrue pension on a monthly basis. And you not only accrue old-age pension, but you also accrue widow's pension or also called partner's pension.

At the time of divorce an ex-partner receives:

- a. Entitlement to a part of the old-age pension that the participant has accrued up to the moment of divorce.
- b. Entitlement to a special partner's pension which is converted into a benefit at the time that the participant of the fund dies.

Re a. According to the Boon Van Loon¹ judgment, the division of pension in the event of divorce takes place as follows: We determine the total old-age pension that the participant has accrued up to the time of divorce. We determine 50% of this. The value of the partner's pension is deducted from this 50%. The amount that remains is the old-age pension to which the former partner is entitled.

¹ Judgment dated November 27, 1981 of the Supreme Court in the court case concerning division in the event of separation of the pension accrued during the marriage of the Boon and Van Loon couple. This ruling was decisive for the way in which pension rights are dealt with in the event of a divorce.

This amount has become an obligation of the participant towards his (or her) ex-partner. Basically, the participant can fulfill this obligation in two ways.

- (1) On the day of divorce, the participants can he himself (or she herself) pay the part of the old-age pension that the ex-partner is entitled to, to the ex-partner or he (or she) can settle this the other assets that are divided during the division of estate.
- (2) The moment his (or her) old-age benefit starts, the participant can request the pension fund to retain from his (or her) old-age pension an amount that must be paid to the ex-partner in order to fulfill the obligation of the participant towards his (or her) ex-partner. The payment will take place monthly as long as both parties are alive. If the ex-partner dies before the participant, the monthly benefit will stop. If the participant dies before the ex-partner, the monthly benefit is replaced by the special survivor's pension as described below.

Re b. The right to a special survivor's pension arises from the fact that, if there had been no divorce, the ex-partner would have been entitled to a partner's pension in the event that the participant had died. The ex-partner retains this right (for the partner's pension accrued until the date of divorce), except that from the moment of divorce it is no longer called a partner's pension but a special partner's pension. As the partner's pension would have come into effect upon the death of the participant, the special partner's pension will only come into effect when the participant dies.

With an average pay scheme, it is also very important that parties in the event of divorce lay down their agreements in a divorce agreement. In the event of divorce, these written agreements form the guideline for the pension fund to pay or not to pay to the ex-partner. Here too it applies that the moment the ex-partner approaches our pension fund to claim his / her part of the pension, he / she must be able to prove that he / she has not already received this part in another way. Without a divorce agreement in which the agreements are laid down, the fund will not proceed to payment to an ex-partner. Unless the participant gives us permission to pay out after all.



GEBE employee Giovanni Williams relives dark days

Hurricane Irma has left deep marks

It has now been two years since hurricane Irma crossed the Windward Islands, of which Sint Maarten was hit by far the hardest. It is therefore good to see that the island has largely recovered from the damage in the last two years. But we are now again in the middle of the hurricane season. Undoubtedly this brings back images of the terrible period of Irma. Together with GEBE employee Giovanni Williams we have looked back at these dark days.

The passing by of a hurricane of a super category, like Irma in September 2017, is bad enough, but even worse is afterwards having to do for days without water – just a little bit of water on ration to drink and not being able to shower for days. And you are employed at GEBE, the supplier of power and water on St. Maarten!

Giovanni Williams, head of the GEBE workshop and as representative of the employees on the board of Supervisory Directors of Vidanova pension fund, does not want his biggest enemies to experience what he and the rest of the island have gone through. “In comparison, hurricane Luis was child’s play at the time,” says Williams.

Despite all the preparations, at his home and at GEBE, there was hardly anything that could stop Irma. Williams was terrified when the first part of Irma crossed with northern winds. He was afraid that doors and windows would jump out of their rebates. He could not assist the people in neighboring apartments when a part of their roof flew away in the early morning of September 6, 2017.

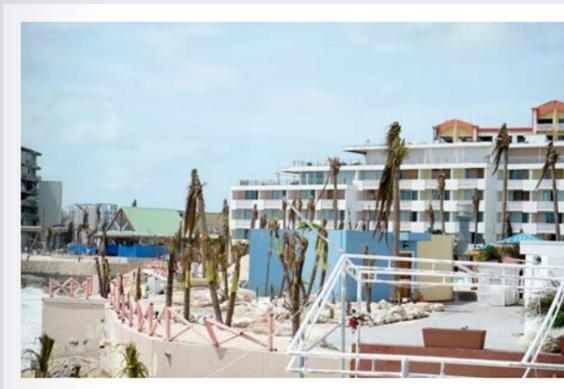
When the eye passed and the sun came out, some neighbors still sought salvation elsewhere. He himself barricaded himself in the bathroom of the nearby former parental home at Simpson Bay. The part of Irma after the eye was even more intense. There was also heavy rain with sand that was brought from the sea by the southern winds. At that moment all communication failed. When he talks about it, he feels

emotions again. He has prayed for the storm to pass as quickly as possible.

With his more than a quarter of a century of experience in building and utility sectors, he was amazed at how concrete walls were moving through the force of the storm. “That frightened me enormously. Irma was category 5, but perhaps it should have been a higher category, if there was one. Officially it is known that a wind strength of 185 miles per hour was measured, but on the island winds strengths as high as 221 miles per hour were measured”, according to Giovanni Williams. Later that day he took a peak at GEBE where roofs were taken off and the damage was huge. Water tanks were destroyed for 90%. GEBE could not deliver immediately. What was left of water, he shared with others. He himself suffocated from his own small drinking water supply. The shortage of water to drink and to shower was possibly the worst thing of all. He was as happy as a child when Dutch marines shortly after brought water in.

When, not long after that, hurricane Maria announced itself, he spent a week or two in the workshop of GEBE. There he dismissed the anger about the enormous damage of the hurricanes by making long working hours for GEBE, first with cleaning and then to get the machines working again. After only two weeks, GEBE was able to produce water and electricity again, but the distribution was still an obstacle due to broken pipes. Since St. Maarten had learned its lessons from previous hurricanes, 90% of the power lines are already underground. People of GEBE in the days thereafter went from home to home to see whether it was safe to connect power again. Within three weeks half of the island had been reconnected to the electricity grid and the water supply followed soon after.

We sincerely hope that all our sponsors, participants and pensioners on Sint Maarten and the island in general will never have to experience a phenomenon like Irma again and that all these islands will get safely through this new hurricane season.



now to the Vidanova participant portal!

The first phase of the Vidanova participant portal has now been fully completed. All active participants have received letters on how to log in. These letters will later also be sent to the non-contributory participants and pensioners.

The letter that the active participants have received contains a unique registration code and customer number. On the basis of this data, one must first register online on the Mijn Vidanova environment of www.vidanova.net. When registering, you can then choose your own username and password, which you can use to log in in the future. This registration process is therefore described in detail in the letter.

Once you are logged in, you can view all the important data related to your pension in real time. In addition, it is even possible to add or change your email address and address data via the portal. If other information is incorrect then you will have to pass it on to your HRM department. They will then pass this on to Vidanova, so that the data are then also adjusted in the participant portal. This may be the case, for example, if you have children, but they are not listed in the participant portal.

Now that phase 1 of the participants’ portal has been completed, Vidanova has started the second phase. This means that participants can do different types of calculations in the participants’ portal. Consider, for example, what your pension will be if you choose to retire earlier or if, for example, you want to know what your pension is if you decide to voluntarily make an additional contribution.



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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

