

VIDA NEWS

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Newsletter of your Vidanova Pension Fund Foundation.



Increase in AOV:
good news for
pensioners, points
for consideration for
active participants

Coverage ratio :
what is that?

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Pension Fund help?

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Curaçao will be increased
from XCG 862 to XCG
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Your best option for
pensions


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PENSION FUND



Increase in AOV:

good news for pensioners, points for consideration for active participants

On December 18, 2025, the government and a number of pensioner organizations reached an agreement on the increase and further indexation of the AOV benefit. This is good news for many pensioners. After years, the AOV on Curaçao will be increased from XCG 862 to XCG 1,000. This brings relief and joy to many. At the same time, this change also raises questions: what exactly has been agreed and what does this mean in concrete terms for pensioners and active participants of the Vidanova Pension Fund?

The most important agreements at a glance

The following three points have been agreed in broad terms:

• Increase in AOV as of January 1, 2026

The AOV will be increased for all AOV beneficiaries residing in Curaçao and for all AOV beneficiaries who were residents of the former Netherlands Antilles on October 10, 2010, and who are still residents on January 1, 2026.

• Annual indexation from January 1, 2027

From January 1, 2027, the AOV will be indexed annually based on the development of the consumer price index (CPI). This will be based on the CPI for August of the year prior to the indexation compared to August of the previous year.

This is subject to the condition that there has been real economic growth of at least 2% in the reference year.

• Lump sum payment

AOV beneficiaries residing in Curaçao and AOV beneficiaries who:

- ◊ were residents of the former Netherlands Antilles on October 10, 2010,
- ◊ who are still residents on January 1, 2026, and
- ◊ who have been residents without interruption for the five years prior to January 1, 2026,

will be awarded a lump sum of XCG 2,500. This amount will be paid in two equal installments: 50% in January 2026 and 50% no later than January 2027.

What does this mean for our pensioners?

For pensioners who qualified for the increased AOV and who already receive a pension from Vidanova, the amount of the Vidanova pension itself will not change as a result of the AOV increase.

• AOV is going up

- ◊ You will receive a higher AOV benefit.
- ◊ Your Vidanova pension will remain unchanged.

• Total pension income will increase on balance

For tax purposes, we can take the higher AOV amount into account - if you indicate this - so that the wage tax is calculated as accurately as possible and you do not receive an additional tax assessment later on.

What does this mean for our active members (participants who are currently accruing pension)?

For active members, the picture is more nuanced. To explain this, we will first consider the concepts of franchise and pension base.

Franchise

The franchise is the portion of the salary on which no pension is accrued, because accrual on this portion is deemed to be 'covered' by the AOV. At Vidanova, the franchise is calculated as follows:

Franchise = $10/7 \times \text{AOV} \times 12$. This means that when the AOV increases, the franchise automatically increases as well.

Pension base

The pension base is the portion of the salary on which pension is accrued. The pension base is therefore equal to the annual salary minus the franchise. Pension is accrued on this pension base (in DB schemes) or contributions are calculated (in certain DC schemes). When the franchise increases, the pension base generally decreases.

Participants under a DB (defined benefit) plan

Higher AOV \Rightarrow higher franchise \Rightarrow lower pension base.

This means that the annual pension accrual may be lower. However, Vidanova has a protection rule for DB schemes: at Vidanova, the pension base for DB schemes in any given year may not be lower than that of the previous year.

Without an adjustment to the franchise, a salary increase would lead to an increase in the pension base and therefore also to an increase of the pension accrual.

Due to the increase in the AOV and therefore in the franchise, a salary-increase in the year in which the AOV is adjusted does not necessarily lead to a higher pension base. It may even be the case that the pension base is lower than in the previous year, either because there has been no salary increase or because the salary increase is not sufficient to compensate for the increase in the franchise. If the pension base is lower than in the previous year, we at Vidanova will use the pension base from the previous year, and the pension accrual will therefore remain the same as in the previous year.

Participants with a DC (Defined Contribution) plan

There are DC schemes in which the contribution is calculated on the basis of the annual salary, and there are DC schemes in which the contribution is calculated on the basis of the pension base.

When the premium is calculated on the basis of the pensionable income, the following applies:

Higher franchise \Rightarrow lower pension base \Rightarrow lower premium

Lower premium \Rightarrow less accrued capital \Rightarrow lower future pension.

Since DC schemes do not have a protection rule stipulating that the pension base in any given year may not be lower than in the previous year, the higher AOV and the associated higher franchise will lead to a lower pension base.

Those participating in DC schemes where the contribution is a percentage of the pension base will therefore accrue less pension as a result of the increase in the AOV.

Summary

The government has reached an agreement with a number of representatives of pensioners to increase the AOV to XCG 1,000 per month as of January 1, 2026. For pensioners, this means a higher total income, because their Vidanova pension will remain unchanged while the AOV increases. For active participants, the increase may have consequences for pension accrual: the higher franchise may result in a lower pension base, unless this effect is offset by a salary increase. The effect differs depending on whether it is a DB scheme or a DC scheme.

Since the AOV is enshrined in law, the agreed change will also have to be laid down by law. The SVB has already paid out the higher AOV. As soon as the legislative changes have been implemented, Vidanova will also proceed to implement the related changes, as indicated above. In the meantime, we are making careful internal preparations to ensure that the transition proceeds in an orderly, correct, and transparent manner. We will, of course, keep you informed of developments.

Coverage ratio : what is that?

Often when we provide information about the financial situation of our pension fund, we talk about the fund's coverage ratio. The coverage ratio is the criterion used to measure how healthy a pension fund is financially. But what exactly is this coverage ratio and what kind of information does it give us?

As a pension fund we receive pension premiums from all our participants. That premium gives the participant the right to a pension. With every premium the participant pays, he builds up an additional pension entitlement. As soon as we receive the premium and the participant accrues a bit of pension, this places an obligation on us towards the participant. Our total pension obligation is that which all the participants together have accrued in pension and which we must pay now and in the future, as the participants retire. We use a minimal part of the contribution we receive to cover the costs we incur in administering everyone's pension. We invest the vast majority of it, because we need the return on the investments in order to continue to meet our pension obligations. All our investments together with the money we have in the bank, we call the fund's assets. The Central Bank requires all pension funds to have assets at least equal to all their pension liabilities to their participants.

The ratio between a fund's assets and its pension liabilities is called the coverage ratio. This is expressed in a formula:

$$\text{Coverage ratio} = \frac{\text{a fund's assets}}{\text{pension liabilities}} \times 100\%$$

If the assets equal the liabilities, the coverage ratio is 100%. If the assets are less than the pension liabilities, the coverage ratio is below 100%. If the assets are more than the pension liabilities, then the coverage ratio is more than 100%. So the Central Bank's requirement is that all pension funds have a coverage ratio of at least 100%. In summary, the coverage ratio indicates whether a pension fund has sufficient capital to meet all its liabilities. In other words, whether the fund can pay out all pensions. Not only of current retirees, but also of future retirees.

Now that you know what a coverage ratio is, it might be tempting to compare the ratios of different pension funds and conclude which fund performs "better." However, you cannot simply draw that conclusion. Calculating the coverage ratio depends on assumptions that can vary from fund to fund.

A key example is the discount rate. The discount rate is the interest rate that pension funds use to calculate how much money they need to have in cash today to pay future pension benefits. Because the money we have now can still grow through investments, we don't need to have the full amount of future pensions in assets yet. How much money we need today depends on how much growth (return) we expect our money to yield in the coming years. And this is where the discount rate plays a role:

- A higher discount rate means: we expect a higher return, so we need less money now. The obligation we now show is therefore lower and our coverage ratio is therefore higher.
- A lower discount rate means: we expect a lower return, so we need more money now to be safe. The obligation we now show is therefore higher and our coverage ratio is therefore lower.

The interest rate used by a fund therefore largely determines the fund's coverage ratio.

In addition, funds also use for example different mortality tables. Mortality tables give an indication of the average life expectancy of participants and, therefore, the duration of pension payments. Hence, it also affects the size of the fund's pension obligation. If a fund assumes that its participants will live shorter, it must pay out pensions over a shorter period, resulting in a lower obligation and therefore a higher coverage ratio.

However, if a pension fund assumes that its participants will live longer, it must pay out pensions over a longer period. The pension fund's obligation is therefore higher, and therefore its coverage ratio is lower.

These are a few assumptions that affect the coverage ratio. Variations in these assumptions mean that a coverage ratio of 110% for one fund is not the same as a coverage ratio of 110% for another. Comparing based solely on the coverage ratio can therefore be misleading.

As of the end of September 2025, Vidanova had a coverage ratio of 107%.

A symbolic gift from Mr. Robert Gerónimo Davelaar

We recently received a unique and meaningful gift from Mr. Robert Gerónimo Davelaar, a former employee of Aquallectra and a pensioner of Vidanova Pension Fund. He and his wife, Mrs. Rosemarie Davelaar-Simmons, visited us to personally present this beautiful work of art.



Mr. Davelaar designed a monogram especially for Vidanova Pension Fund and handcrafted it entirely by hand. A monogram is a unique symbol or logo created by combining multiple letters into a single graphic. The artwork incorporates all the letters of the word "Vidanova" and uses the colors of our corporate identity.

The two hands at the bottom of the image symbolize the flow of energy and the unifying force of management in integrating the organization's internal structure. The two pillars surrounding the monogram represent the external structure. Mr. Davelaar finished the entire piece with a beautiful frame. Mr. Davelaar stated that he created this artwork in honor of Vidanova Pension Fund and as a token of appreciation for the excellent service provided daily.

On behalf of the management and all employees of Vidanova Pension Fund, we sincerely thank Mr. Davelaar for this special and valuable gift.



Financial concerns: To what extent can Vidanova Pension Fund help?

The transition from a monthly salary to a pension typically results in less disposable income. Unfortunately, this realization often doesn't set in until shortly before retirement, when there is little to no time left to make additional financial plans.

As a result, many recent retirees experience a sense of financial shortfall. Because the pension fund is responsible for paying out the monthly pension after retirement, retirees turn to the pension fund when facing financial shortfalls. This leads to questions such as: "Can Vidanova introduce a 'panic button' for retirees that partly covers subscription costs?", "Is it possible to borrow a small amount from the Fund?", and "Can retirees receive discounts from other companies when purchasing certain items through Vidanova Pension Fund?"

Although we understand these requests, in this article we explain why such requests are not within the scope of Vidanova Pension Fund.

Role and Responsibilities of the Vidanova Pension Fund

As a pension fund, we are responsible for managing the pensions of all our members and for paying out these pensions accurately and timely. Every day, we strive to perform this core task to the best of our ability while providing excellent service to all our employers, their employees, and our retirees.

In order to continue to guarantee high-quality service, it is important that we focus on our core responsibility. Tasks that do not fall within our core responsibility will require additional time, which will come at the expense of carrying out our core responsibility. Carrying out tasks that do not fall within our core responsibility – such as entering into partnerships with companies so that retirees can receive discounts on certain products – must never prevent us from doing what is our core responsibility.

Furthermore, we must always keep in mind what our income is intended for. A pension fund's income consists primarily of pension contributions paid by employers and employees and the returns we generate by investing these contributions. These revenues are intended for paying out pensions, covering the costs we incur in managing the pensions, and building up reserves so that we have buffers to absorb potential setbacks.

Paying for subscriptions, for example, falls outside the scope for which our revenues are intended, and we therefore cannot do so.

Definition of Responsibilities

Given this responsibility, Vidanova Pension Fund is unable to offer services such as reimbursing subscription fees, entering into partnerships to provide discounts with other companies, or granting loans – no matter how small – to retirees. These activities fall outside the pension fund's core responsibility, and the fund's income is not intended for such purposes.

It is precisely this clear demarcation that enables the fund to continue guaranteeing that our members can always rely on Vidanova Pension Fund when it comes to their pension and high quality service.

Congratulations *Milangela!*



A special and proud moment.

The first Vidanova employee that has signed her purchase agreement for a home in Hôfi Vidanova.

We congratulate Milangela on this wonderful step and wish her lots of happiness and enjoyment in her new home.

The picture above shows Ms. Milangela Basilia together with Mr. Freddy Curiel, Director of Hôfi Vidanova.





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