



RF Pension Plan Member Guide



## About RF Pension Plan

In 1998 the Cayman Islands government enacted legislation that requires all employers to provide their workers with pension benefits. Under the National Pensions Law, a pension plan must be registered and meet certain requirements. The RF Pension Plan (the Plan) was established in 2004 to provide residents of the Cayman Islands an excellent option to grow their retirement funds.

## Pension Requirements

In accordance with the Cayman Islands National Pensions Act (2024 Revision) ("The Law") all persons employed in the Cayman Islands aged 18 to 65 are required to maintain a pension account.

The required amount to be paid monthly is 10% of the employee's salary. The employee pays 5% and the employer matches the 5%. The employer can elect to pay more than the 5% but cannot pay less.

The maximum earnings for pension to be paid is currently CI\$87,000. If pension is paid above the maximum earnings, then the contributions are considered voluntary.

Employees on a work permit who have not completed nine (9) months employment in the Cayman Islands are exempt from pension the first nine (9) months. To clarify, under the law, you are no longer considered a resident after six (6) months unless your work permit has not been terminated; then you are still considered employed in the Cayman Islands. A self-employed person is required to pay 10% of his or her earnings each month, up to the year's maximum pensionable earnings.



## Contributions

Cayman Islands Pensions Law dictates you contribute an amount that equals 10% of your earnings; up to maximum earnings of CI\$87,000 a year. Your employer's share must equal at least 5% of your earnings and you contribute the remaining share. These contributions are considered Required Contributions and are deposited in a pension account set up in your name.

In addition to Required Contributions, you can make Additional Voluntary Contributions (AVCs). AVCs are also deposited to your pension account and may be accessed a maximum of four (4) times per year under four (4) categories: medical purposes, temporary unemployment, housing purposes, and educational purposes. Please see the section Accessing Additional Voluntary Contributions for more information.

If you withdraw any Required Contributions from your account to buy or build a home, buy land, or to pay off an existing mortgage, you must contribute an additional 3% of your earnings in addition to your required 5% starting in the month immediately following the date of the withdrawal. These additional contributions will continue until the amount is paid in full; or until retirement - whichever comes first.



## When can you start receiving your pension benefits

Your normal age of pensions entitlement is the first of the month on or after your 65th birthday. You can begin to receive these benefits whether you have retired from work or not. Normal age of retirement is 65 years old, but employees who turn 60 between 1 January 2017 and 31 December 2029 can claim their pension benefits when they turn 60 and do not have to wait until age 65.

Early retirement is available from age 55. At that point, you may begin receiving your pension benefits, provided you have fully stopped working. If you later return to employment after starting benefits at 55, your pension payments will be suspended and will only resume once you retire again.

When you retire, you will have two payment options for your retirement benefits:

- An annuity (a steady stream of income, usually paid for life), or
- A Retirement Savings Arrangement (RSA)

If you choose the annuity option, your entire pension account will be cashed in and used to buy an approved annuity from an insurance company which you have arranged.

If you select the Retirement Savings Arrangement (RSA) option, your pension will be paid out in annual installments during retirement. The amount you can withdraw each year is determined by a schedule issued by the Department of Labour & Pensions, which sets minimum and maximum withdrawal limits based on your age and the balance in your RSA account.

Please note the age of pension benefits must be approved by the Department of Labour and Pensions prior to dispersal of the funds.



## If You Change Jobs

If you leave your current employer and your new employer does not participate in the RF Pension Plan, you have two options:

- **Keep your account in the RF Pension Plan.** Your funds will remain invested and continue to grow, ultimately providing you with retirement income.
- **Transfer your account balance to your new employer's pension plan.** The new plan must be registered and compliant with the National Pensions Law.

Please note that you are not required to transfer your funds from the RF Pension Plan to your new employer's pension plan. If any provider advises otherwise, the Cayman Islands Pensions Law confirms you are under no obligation to transfer your funds.

## If you leave the Cayman Islands

If you stop working and leave the Cayman Islands and your pension account balance is over CI\$5,000, you may transfer your account balance to another pension plan or annuity anywhere in the world after meeting the following criteria:

- Employment has been terminated
- Two years of no contributions
- Two years of non-residency in the Cayman Islands

If you stop working and leave the Cayman Islands and your pension account balance is under CI\$5,000, you may receive a cash refund of your account after meeting the following criteria:



- Employment has been terminated
- Three (3) months of non-residency in the Cayman Islands

Please contact us prior to leaving to schedule an appointment to discuss your options prior to leaving.

## Homeowner Property Withdrawal

In accordance with the Law, if you are Caymanian and not a current homeowner, you may withdraw up to CI\$50,000 from your pension account for the following reasons (with supporting documents) to:

- Buy a residential property in the Islands,
- Purchase up to two existing dwelling units to serve as your primary residence
- Construct up to two new dwelling units to serve as your primary residence

Current homeowners, can withdraw up to CI\$50,000 to reduce their mortgage.

In accordance with the Law, if you are Caymanian and have legal title to a dwelling unit, you may withdraw, up to CI\$100,000 from your pension account to pay off an existing mortgage for the following reasons:

- (a) pay off an existing mortgage on a dwelling unit in the Islands so that the dwelling unit is free from any encumbrance; or
- (b) where there is an existing mortgage on a dwelling unit in the Islands, pay off the existing mortgage and any arrears in strata fees related to the mortgaged property.

Any amount withdrawn and not used for the purposes as outlined above shall

be returned to the Pension Plan Administrator within six months of the withdrawal and in the instance of construction within 12 months of the withdrawal.

If you sell the property, dwelling units purchased or constructed before repaying the withdrawal amount in full, upon completion of the sale, you are required to return the original amount of the deposit or 10% of the fair market value of the property or dwelling unit; whichever is greater, back to your pension account.

In cases of withdrawal whether for residential property, purchase or construction of dwelling unit, you are required to contribute an additional 3% of your earnings in addition to your required 5% to the pension plan, one month from the issuance of funds until:

- (a) total additional contributions equal the actual amount withdrawn;  
or
- (b) you attain the normal age of pension entitlement, whichever is earlier

If you have previously withdrawn funds from your pension for property purposes and were contributing an additional 1%, any subsequent property-related withdrawal will require you to contribute an additional 3% of your earnings to the pension plan.

Please contact us for full details of this program.



## Death before age of pension entitlement

- If the member has a surviving spouse, the pension account is typically transferred to the spouse. The spouse may either keep the funds in the plan or transfer them to their own pension account.
- If there is no spouse, the funds are distributed to the named beneficiary or beneficiaries.
- If no beneficiary is listed, the distribution may depend on estate law or other considerations, and each case is handled individually.

Death benefits are managed in accordance with the Cayman National Pensions Act. We are available to meet with you to review your individual circumstances and ensure you have a clear understanding of how your pension benefits would be handled in the event of your death.

## Death after age of pension entitlement

The death benefits payable will depend on the benefit payment option you select at age of pension entitlement.

# Additional Voluntary Contributions (AVCs)

Besides your Required Contributions, you can make Additional Voluntary Contributions (AVCs) to your pension account.

AVCs allow you to boost your age of pension entitlement savings to help ensure that you have enough for your age of pension entitlement. They also allow you to save for one of the options in Withdrawing AVCs.

Ways to contribute AVCs:

- **Payroll deduction:** Have AVCs taken directly from your monthly pay cheque.
- **Lump sum contribution:** Make a one-time payment into your pension account.
- **Standing order:** Set up a recurring monthly transfer from your bank.
- **Flexible contribution:** Add AVCs whenever your funds allow.

If you request to make AVCs through payroll, you will need to consult with your employer to ensure contributions from your pay cheque are submitted as AVCs.

Keep in mind that you generally cannot withdraw AVCs until normal age of pension entitlement unless you meet one of the requirements for Withdrawing AVCs.

Please contact us for full details of this program.

## Accessing Additional Voluntary Contributions (AVCs)

Based on amendments to the Cayman Islands National Pension Act (2024 Revision) ("The Law") you can withdraw AVCs before age of normal pension entitlement for the following:

- Housing needs – includes renovating, building or buying a house for yourself, buying residential land for yourself, or repaying the outstanding balance of your mortgage in full (excludes paying rent)
- Medical expenses – for non-elective medical treatment that is not covered by your health insurance
- Temporary unemployment – for up to six months (starting three months after your termination)
- Education – for your full-time education expenses or for a dependent child under the age of 23

You are not required to repay the money withdrawn from your AVCs.

Please contact us for details on how to apply.

## Start Receiving Your Pension Benefits Before The Normal Age of Pension Entitlement

In order to receive your pension benefits under early age of pension entitlement, you must be at least age 55 (or 50, if you qualify) and no longer working.

You must schedule an appointment with an RF Pension Plan administrator to complete a Retirement Election Form. If your account balance exceeds CI\$5,000, the form will be submitted to the Department of Labour & Pensions for approval in accordance with the Cayman National Pensions Law. Please note that the approval process may take up to 90 days.

If you return to work after taking early pension entitlement but before reaching age 65, your retirement benefits will be suspended, and both you and your employer will be required to resume contributions to the Pension Plan.

At retirement, you may choose to transfer your funds into an approved annuity or a Retirement Savings Arrangement (RSA). These options will be reviewed with you during your appointment, and you may also request details in advance to help you make an informed decision.

## If You Become Ill Or Disabled

**Medical Grounds:** Members may apply to access pension funds early if they face serious medical needs. Supporting documentation (such as medical certificates) is required, and approval is subject to the Department of Labour & Pensions.

**Disability Grounds:** If a member becomes permanently disabled and unable to work, they may qualify to begin receiving pension benefits before the normal age of entitlement. Again, medical evidence and formal approval from the Department of Labour & Pensions are required.

**Process:** Applications must be submitted through the pension plan administrator, who will forward them to the Department of Labour & Pensions for review. Each case is assessed individually.

## Breakdown Of Marriage

If your marital status changes due to divorce, please contact us to update your record. You will need to provide a copy of the divorce decree. You will also need to update your beneficiary listing.

In certain cases, a court order may require part of your pension to be transferred to a separate account in the name of your former spouse.

## Changes To Update Your Pension Account

Life events often require updates to your pension account information. Please notify us of any changes such as marriage, birth, death, or updated contact details. You will need to complete a form and may be asked to provide supporting documentation. While the process is straightforward, it is essential to ensure your pension account remains accurate and up to date.

## Online Member Services

When you enroll in the RF Pension Plan, you will receive a temporary username and password. These credentials will allow you to securely access your personal pension information through our website at [rfgroup.com](http://rfgroup.com).

## Statements

You will receive a semi-annual statement of your account each six months. An investment report from the Investment Manager will be included with each statement.

You can also access your statements at any time on our website [www.rfgroup.com](http://www.rfgroup.com). The website is updated monthly.

## Annual General Meeting

An Annual General Meeting of RF Pension Plan is held each year. Notice of the time, location and agenda will be provided at least 21 days before the meeting and will be sent to employers as well as advertised in the media.

## Questions & Concerns

As with any guide it is impossible to provide information on all circumstances or situations.

Please contact us with any questions or concerns you may have as we are here to assist you. If we do not have the answer, we will find out for you. As with anything, being informed and knowing your options helps assist you in making the best decisions for you and your family.

RF Bank & Trust (Cayman) Limited is authorised to conduct securities investment business (license number: 1609101) and operate as a trust business (license number:1854215) by the Cayman Islands Monetary Authority. RF Bank & Trust (Cayman) Limited is also registered as a Broker Member of the Cayman Islands Stock Exchange. This guide does not constitute an offer or recommendation to buy or sell any investment/pensions. The information contained in this guide is for information purposes only and does not constitute advice. We recommend you obtain professional advice before joining a pension plan.

### **Cayman Islands**

3rd Floor  
Fidelity Financial Centre  
Gecko Link, PO Box 914, Grand  
Cayman KY1-1103  
Phone: 345-746-6010

### **The Bahamas**

RF House  
East Hill Street  
Nassau, Bahamas  
Phone: 242-603-6000  
Fax: 242-326-3000

### **Barbados**

27 Pine Road  
P.O. Box 1338  
St. Michael, Barbados 11113  
Phone: 246-435-1955  
Fax: 246-435-1964