





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

Per the Cayman Islands Pensions 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/her earnings each month.



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 1% of your earnings starting in the month immediately following the date of the withdrawal. These additional contributions will continue for 10 years from the date of the withdrawal; until the amount is paid in full; or until you reach normal age of pension entitlement - whichever comes first.

When you can 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. You can start receiving your benefits at the age of 55 but you have quit working entirely. If you receive benefits at the age of 55 and you return to work you will no longer receive the benefits until such time you have quit working.

If you were born before December 31, 1969, your normal age of pension entitlement is age 60. You can begin to receive benefits at age 60 whether you have retired from work or not. If you have stopped working and are over the age of 50 you can apply to receive early age of pension benefits. Please note, if you return to work, you and your employer must resume making RBCs until you reach age 65 and your benefit stops until you quit working.

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 choose the RSA option, you will be paid in regular annual installments during your retirement based on a schedule published by the Department of Labour & Pensions that sets out the annual minimum and maximum amount of money that can be withdrawn from your RSA based on your age and account balance.

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 stop working for your current employer and your new employer does not participate in the RF Pension Plan, you have two (2) options:

- You can keep your pension account in the RF Pension Plan and it will remain in investments and be used to provide a retirement income, or
- You can transfer your account balance to the pension plan of your new employer (the plan must comply with the National Pensions Law).

Please note – you are not required to transfer your funds with RF to the pension plan of your new employer. If you are told by any other provider you have to transfer the funds the Cayman Islands Pensions Law states you do not.

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 of 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.

Pension Loan Property

You may withdraw up to CI\$35,000 from your pension account to build or buy a house, buy land, or to pay off an existing mortgage if you meet the following criteria:

- You must be Caymanian as per the Immigration Law
- If you are using the funds to buy or build a home, you cannot already own a dwelling unit in the Cayman Islands
- If buying land, you cannot own any other land in the Cayman Islands
- If you are using the funds to pay off an existing mortgage on a home, the amount must pay off the loan in full; it cannot pay down a mortgage



As this is a loan, if you withdraw funds from your account to buy or build a home, buy land, or to pay off an existing mortgage, you must contribute an additional 1% of your earnings starting in the month immediately following the date of the withdrawal. These additional contributions will continue for 10 years from the date of the withdrawal; until the amount is paid in full; or until you reach normal age of pension entitlement - whichever comes first.

If you sell the property your pension funds were invested in and the loan has not been fully repaid, 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; whichever is greater, back to your Pension account.

Please contact us for full details of this program.



Death before age of pension entitlement

If you die before you start receiving age of pension entitlement benefits, and you have a surviving spouse, your RF Pension Plan investments will be re-registered in the name of your spouse or your spouse may transfer the funds to his/her pension account.

If you do not have a spouse and depending on who is listed as beneficiary or beneficiaries, the funds may be paid out or there may be other considerations based on the circumstances. Each case is individual.

We are willing to meet with you and discuss your situation with you so you fully understand what would happen 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.

You may make AVCs one of the following ways:

- Have AVCs directly deducted from your pay cheque each month
- Lump sum AVCs contribution
- Set up a bank Standing Order to have AVCs contributed each month
- Make an AVCs contribution when your funds allow

If your employer continues to make contributions above the C\$8,700 cap in any calendar year, the excess will automatically be deposited as AVCs.

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 National Pension Law effective March 31, 2017, 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 need to make an appointment with a RF Pension Plan administrator to complete a Retirement Election Form which will be submitted to the Department of Labour and Pensions for approval as per the Pensions Law if the balance is greater than C1\$5,000. The process may take up to 90 days for approval.

Keep in mind that if you return to work after early age of pension entitlement but before age 65, you will stop receiving your retirement benefits, and you and your employer must resume contributions to the Pension Plan.

The options available at retirement are transferring the funds to an approved annuity or the Retirement Savings Arrangement (RSA). These will be discussed with you when you come for your appointment or you may request information prior to make an informed decision.

If You Become Ill Or Disabled

If you become ill and need pension funds for medical treatment or if you become disabled and no longer able to work, you may be able to apply to receive pension benefits; depending on the circumstances. To apply for benefits or get further information, please contact us to assist you with the process.

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(ies).

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

All of us have changes in our life that require updating your pension account information. Please contact us if any life changes such as marriage, birth, death, or contact information changes. You will be required to complete a form and possibly provide additional documentation. The process is painless but is necessary in order to keep your pension account current and up to date.

Online Member Services

When you enroll in the RF Pension Plan, you will be provided with a temporary username and password that provides access your personal and confidential pension information through our website at rfgroup.com.

Statements

You will receive an annual statement for the plan year ending June 30. You will also receive a semi-annual statement of your account for 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. 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.





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