



## **NATIONAL PENSIONS (AMENDMENT) LAW, 2020 FREQUENTLY ASKED QUESTIONS**

### **PENSION SUSPENSION OF CONTRIBUTIONS**

1. What is the timeframe for the suspension of pension contributions (aka “pension holiday”)?

The suspension of pension contributions will take effect, retroactively, from 1<sup>st</sup> April to the 30<sup>th</sup> September, unless extended by Cabinet.

2. What do you need to do in order to participate in the suspension of pension contributions?

The pension holiday is automatic for all employers and employees, including self-employed persons. As a result, there is not an application process. Employers and employees may, however, agree to continue making contributions and those amounts would be considered voluntary.

3. What is the last contribution period that needs to be paid, given the pensions holiday?

Contributions for the month of March, which were required to be paid by the 15 April, would be the last timeframe that is required to be paid until the expiry of the pension holiday.

4. How will the pension holiday impact any delinquent contributions?

Employers with delinquent pension contributions at the start of the pension holiday will remain liable for the delinquent amount and the accruing interest. Although the payments will be deferred for the period of the pension holiday, the employer remains responsible and payments are due to resume, once the pension holiday has expired.

5. During the pension holiday, are members required to pay the additional 1% in relation to their prior housing withdrawal?

Members are not required to pay the additional 1% contribution during the pensions holiday period. As this is the case, the timeframe to repay the housing withdrawal amount will be extended by the length of the pension holiday.

### **WITHDRAWAL OF PENSION CONTRIBUTIONS**

1. Who is eligible to withdraw their pension contributions?

Both Caymanian and non-Caymanian employees and self-employed persons will be allowed to withdraw funds from their pension accounts with the exception of persons that have claimed normal or early pension entitlement.



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The other exception relates to public servants with pension contributions under the National Pensions Law that were paid by a statutory authority or a government company.

2. Are persons that have left the Islands eligible to apply to withdraw from their pension?

Eligible persons that have left the Islands from 1 February 2020 to the expiry of the Amendment will be able to apply.

3. What is the timeframe that persons will be able to apply to withdraw from their pension account?

Eligible persons are able to withdraw from the 1<sup>st</sup> May to the 31<sup>st</sup> October, unless extended by Cabinet.

4. How much can each member withdraw from their pension plan?

Eligible persons can withdraw a single lump sum of:

- 100% of the balance up to CI\$10,000.00; and
- In cases where the balance exceeds \$10,000, then persons can withdraw up to CI\$10,000 and up to 25% of the remaining balance.

5. Is there a cap on the amount that can be withdrawn?

There is no cap on the amount that can be withdrawn. The withdrawal amount is determined by the value of the member's account.

6. Are members required to repay the amounts withdrawn from their pension accounts?

There is no requirement to repay the withdrawal amount however it is encouraged in order for persons to rebuild their retirement savings.

7. How can members apply to withdraw their pension contributions?

The Department of Labour & Pensions is working with the pension plan administrators on the application form for the withdrawal provisions of the Amendment. Once completed, it will be made available to the public.