



NATIONAL PENSIONS (AMENDMENT) LAW, 2020
FREQUENTLY ASKED QUESTIONS

UPDATED: 4 MAY 2020

PENSION SUSPENSION OF CONTRIBUTIONS

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

The suspension of pension contributions/Pensions Holiday will take effect, retroactively, from 1st April to the 30th September 2020, 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 aka “normal or early retirement”.

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?

Persons that left the Islands from 1 February 2020 to the expiry of the National Pensions (Amendment) Law, 2020 will be eligible 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 apply to withdraw from the 1st May to the 31st October, unless extended by Cabinet.

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

Eligible persons can withdraw from each pension account, 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 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 in line with the formula in answer #4 above.

6. Are members required to repay the amounts withdrawn?

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



7. Once the application is submitted, what is the timeframe until the payment will be available?

The Administrator has forty-five (45) days from the date of receipt of the application in order to issue the payment to the member, either by cheque or direct deposit. Due to the pandemic and the need for social distancing, persons will be paid via wire transfer and the only exception will be persons that do not have bank accounts in which to receive the payment. If that is the case, those persons should contact their Administrator to arrange for an alternative disbursement method.

8. Are there any penalties for Administrators and/or persons?

The National Pensions (Amendment) Law, 2020 contains several penalties for Administrators if they fail to provide the Department of Labour & Pensions with monthly reports or fail to comply with the timelines provided for in the legislation. Similarly, there are also penalties that can be imposed on persons who knowingly or willfully make false or present misleading information in their application.

9. Are public servants allowed to withdraw from their pension accounts in the private sector?

If the person is a CURRENT public servant who holds contributions in a pension account that relate to the person's past employment in the private sector, then the person IS able to withdraw as long as the funds were NOT contributed by a public sector entity (i.e.: a statutory authority or a Government owned company.)

If the person was previously employed with the public sector and has now left that employment (i.e.: working in the private sector or unemployed), then any contributions, regardless if the person was paid by a public sector entity, can be accessed.

10. If persons have multiple pension accounts with different pension plan Administrators, can they withdraw from more than one account?

Yes, persons can withdraw from each of their pension accounts in line with the formula explained in answer #4 above.

11. If persons have previously taken a housing withdrawal, are they allowed to withdraw under the Emergency Withdrawal provisions?

Yes, the person is still permitted to withdraw regardless of previous housing withdrawals.

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

Eligible members are able to apply to/through their Pension Plan Administrator.



The application form is available on the Department of Labour & Pensions' website as well as the websites of each pension plan Administrator. Hard copies can also be obtained from the Pension Plan Administrator.

In order to apply, the member will be required to provide a copy of the member's Government issued photo identification with the member's signature that has been Notarized by a Notary Public or Certified by a Justice of the Peace. A list of Notaries is published on the Judicial Administration website (www.judicial.ky) and a link to that information is in the process of being posted on the Department of Labour & Pensions' website.

The member will need to complete the application form and provide it along with the Notarized or Certified copy of the member's identification to the Pension Plan Administrator. Each Administrator will be accepting the completed applications and the supporting documents by various methods including but not limited to via email with attachments, drop box or, in some cases, in person, where possible.

If the applicant is no longer in the Islands and has departed on and after the 1st February, the applicant will also need to include a copy of the applicant's airline ticket with the application submission.

13. Once the Administrator receives the application and supporting documents, what happens next?

Following the submission of the application, the Administrator shall:

- within **7 days** of receiving the application, notify the applicant of its receipt;
 - If all of the requested documentation (i.e.: application, notarized or certified copy of Government photo ID and if applicable, copy of airline ticket) is not submitted, the application will be rejected. The Administrators will not hold any applications, pending the receipt of outstanding documents. Members are able to resubmit their application, once the required information is attached.
- within **14 days** of receiving the application, notify the applicant of the Administrator's decision to approve or refuse the application;
 - If the application is refused, there is a right of appeal to the Director of the Department of Labour & Pensions.
- within **45 days** of receipt of the application, issue the amount in the form of a cheque or by direct deposit payable to the financial institution instructed by the applicant



14. What is the process to file an appeal with the Director?

In order to file an appeal, the member will need to send an email to the dlp@gov.ky indicating in the subject line that it is an Appeal to the Director. Alternatively, if the member wishes to provide the information in hard copy, the member should prepare a letter to the Director, and deliver it to the Department. Due to the pandemic and ongoing curfews, until the Department reopens, please call 345-945-8960 and leave a voicemail (which should also include an email address, if possible). A Department representative will contact the member to arrange delivery of the document.

In the email or the letter, the member will need to clearly explain the reason that the member is filing the appeal, i.e. why the member is of the view that the Administrator's decision is not in line with the National Pensions (Amendment) Law, 2020.

In the appeal submission, the member is also requested to provide a copy of the member's submission to the Administrator which the Director will review as part of the appeal.

The appeal submission to the Director will be receipted within two business days and a decision will be communicated to the applicant and the Administrator.