



PENSION FUND

TOURISM SECTOR ARUBA

FOUNDATION

RULES & REGULATIONS

RRDC01072018

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Article 1. DEFINITIONS

The underlying pension plan uses the following definitions:

- a) The Fund: The “Pension Fund Tourism Sector Aruba Foundation”.
- b) Pension Plan: The pension plan as contained in these Rules & Regulations of the Fund.
- c) Employer: All employers who are registered at the Chamber of Commerce and have adopted the Pension Plan and are recognized as such by the Fund.
- d) Employee: An individual who is registered in the, “bevolkingsregister”, civil registry of Aruba and works for and receives a salary from an Employer.
- e) Participant: An Employee who, according to the conditions of article 2 of these Rules & Regulations is eligible to participate in the Pension Plan.
- f) Partner: The person married to a Participant or the unmarried person who runs a lasting joint household with the Participant. A lasting joint household is understood to be a household run by the Participant and one partner. Running a lasting joint household is deemed to be sufficiently substantiated if:
 - 1. a notarial’s cohabitation contract with legal validity of at least one year is submitted to the Fund and the Participant has notified the Fund of his/her Partner,
 - 2. and if the Participant and his/her Partner actually live at the same address and this address is registered in the civil registry (Censo). The address should be the same for both.
- g) Special Partner: Any Partner whose marriage/cohabitation with a Participant ends by divorce/termination of the cohabitation contract during participation of the Participant in the Pension Plan but prior to his Normal Pension Date.
- h) Children: Participant’s natural, legally acknowledged or natural legitimised children as well as adopted children, under the age of 21; an age limit of 27 applies for Children who are not capable of acquiring income through work because of full time study or disability.

- i) Premium Salary: The sum of the 12 gross monthly salaries over each annual period from January to December, increased by any vacation allowance applicable in that period, any points applicable in that period and any fixed bonus applicable over that period and a minimum of 50% of any commission applicable over that period of time. The amount of fixed bonus is set and labelled as such by the Employer. Overtime will not be taken into account for determining the Premium Salary.
- j) Normal Pension date: The first day of the month in which the Participant reaches the pension age as stipulated by the law.

The pension age is illustrated in the following table:

| <u>Participants born between</u> | <u>pension year</u> | <u>pension age</u> |
|----------------------------------|---------------------|--------------------|
| January 1st - June 30th, 1955 | 2015 | 60½ year |
| July 1st - December 31st, 1955 | 2016 | 61 year |
| January 1st - June 30th, 1956 | 2017 | 61½ year |
| July 1st - December 31st, 1956 | 2018 | 62 year |
| January 1st - June 30th, 1957 | 2019 | 62½ |
| July 1st - December 31st, 1957 | 2020 | 63 year |
| January 1st - June 30th, 1958 | 2021 | 63½ year |
| July 1st - December 31st, 1958 | 2022 | 64 year |
| January 1st - June 30th, 1959 | 2023 | 64½ year |
| July 1st - December 31st, 1959 | 2024 | 65 year |
| All born in 1960 and after | 2025 and after | 65 year |

- k) Pension Date: The first day of the month in which the Participant starts receiving his pension payments.
- l) Pension: The benefit received by the Participant from the Normal Pension Date forward.
- m) Partner Pension: The benefit received by the Partner upon death of the Participant.
- n) Special Partner Pension: The benefit received by the Special Partner on Normal Pension date or death of the Participant.
- o) Orphan Pension: The benefit received by the Child/Children upon death of the Participant.

- p) Pensioner: The person who receives either, an Old Age Pension, a (Special) Partner Pension or an Orphan Pension.
- q) Deferred Vested Participant: A former Participant, not being a Pensioner, who is entitled to a Personal Pension Capital.
- r) Personal Benefit Statement: An annual individual personal overview of the actual benefits available to be received from the Fund in the month of July.
- s) Personal Pension Capital: The total value of contributions (minus the cost) plus accumulated interest available to the participant, for the purchase of an Old Age -, (Special) Partner- and Orphan Pensions.
- t) LAP: Landsverordening Algemeen Pensioen
- u) LOP: Landsveroderning Ondernemingspensioenfondsen
- v) CBA: Central Bank of Aruba

Article 2. COMMENCEMENT AND TERMINATION OF PARTICIPATION

- a) Once an Employer is a member of the Fund enrolment of new Employees in the Fund is mandatory.
- b) An Employee is eligible and obligated to participate in the Pension Plan when he¹:
 - 1. is at least 18 years of age, and
 - 2. is registered in the Civil registry (Censo)
 - 3. has a working agreement with an Employer, and
 - 4. has passed the probation period
 - 5. meets the conditions as imposed by the Fund.
- c) Participation ends:
 - 1. at the Normal Pension Date, or
 - 2. in mutual agreement with the Employer at the Pension Date, or
 - 3. when the Participant is no longer employed with an Employer, or
 - 4. in case of death of the Participant.
- d) Acceptance for participation in the Pension Plan will be acknowledged by the Fund through a letter of confirmation accompanied by a copy of these Rules & Regulations and a copy of the Articles of Association.

Article 3. ENTITLEMENTS

- a) The Participant is entitled to:
 - 1. The use of his Personal Pension Capital for the purchase of pensions at the Normal Pension Date
 - 2. The use of his Personal Pension Capital for the benefits of his (Special) Partner and Orphans if he dies before the Normal Pension Date.
- b) These entitlements can be claimed provided that the Participant meets the relevant requirements as described in the various Articles of these Rules & Regulations.
- c) On an annual basis the Fund will provide the Participant with a Personal Benefit Statement which includes, but is not limited to, a detailed overview of his:
 - 1. name, date of birth, gender, participation date;
 - 2. contributions paid for the year;
 - 3. contributions paid to date;
 - 4. accrued Personal Pension Capital to date.

¹ Wherever in these Rules and Regulations general reference is made to males the reader should bear in mind that this general reference equally applies to females.

The Old Age, (Special) Partner and Orphan Pension are calculated based on:

1. the personal data of the Participant;
2. his contributions as stated in Article 4 of these Rules & Regulations;
3. his Personal Pension Capital;
4. the actuarial assumptions as adopted by the actuary of the Fund.

Article 4. CONTRIBUTIONS (NON-TAXABLE)

- a) The yearly total premium contribution payable to the Fund on behalf of a Participant equals:
1. a minimum of 3% of his Premium Salary payable by the Participant, plus
 2. a minimum of 3% of his Premium Salary payable by the Employer, plus
 3. an optional supplementary contribution of minimally 1%, maximally 19% of the Premium Salary payable by the Participant and/or employer.

The projected old age pension at Normal Pension Date should not surpass 70% of last earned salary (including AOV). In the event the Participant wishes to purchase his prior years of employment with a past employer, the Fund may allow purchase by means of an extra premium contribution, however, with due observance of the maximum annual growth in pension rights of 2%.

In the event of substantial shortage of Pension Accrual during the last five years, the Participant must submit a formal request to the Board of the Fund for extra contribution.

- b) The defined contribution percentage payable by the Participant as defined by Article 4, sub a.1 will be withheld by the Employer from the Participants' monthly salary. The monthly contributions are increased by the Employer with the Employers' part of contribution as defined by Article 4, sub a.2. The total contribution is paid monthly to the Fund by the Employer.
- c) The monthly contribution as defined by Article 4, sub b is used to:
1. cover the monthly administrative and other costs of the Fund;
 2. the remaining portion of the monthly contribution is used to accrue Pension Capital for the Participant.
- d) Any supplementary contribution for the following year according to Article 4, sub a.3, is valid for the whole year and cannot be changed during the year.
- e) Once the Employer has transferred the required contributions to the Fund, he shall be relieved from all pension obligations in relation to the Participant and his co-insured dependant(s).

Article 5. PENSION DATE

The Pension date is set at the Normal Pension date. In the period between the Normal Pension Date and 10 years after, the Participant has the right to postpone the pension date on a yearly basis. The Accrued Capital will be respected.

Article 6. PERSONAL PENSION CAPITAL

- a) The Personal Pension Capital is accrued with the remaining part of the contributions as defined in Article 4, sub b and the result of the investments made by the Fund.
- b) At the Pension Date the participant is entitled to purchase Retirement Pension with his accrued Personal Pension Capital.
- c) If at the Pension Date the participant has a Partner he is entitled to purchase (Special) Partner Pension to the height of 70% of the Old Age Pension with his accrued Personal Pension Capital. The Participant may opt to purchase no Partner's Pension if he can provide the Fund with a written permission to do so, signed by the (Special) Partner.
- d) In case the participant dies before the Pension Date the accrued Personal Pension Capital to such date will be used to purchase (Special) partner - and Orphans Pension, if applicable.
- e) The height of the pensions depends on the height of the accrued Personal Pension Capital to date and the valid rates at the moment of purchase of the pensions.
- f) The purchase of any pension must be in compliance with the applicable laws. In the exceptional case that the Personal Pension Capital would enable the Participant to purchase pensions higher than what is deemed acceptable by the applicable laws, then the surplus of the Personal Pension Capital will be paid out in a lump sum payment.
- g) In case more than one Employer has employed the Participant the Personal Pension Capital equals the sum of the accrued Personal Pension Capitals vested during the various employment periods.

Article 7. RETIREMENT PENSION (OLD AGE PENSION)

- a) The participant will use his Personal Pension Capital to purchase Old Age Pension at the Pension Date.
- b) The Old Age Pension is payable monthly in arrears starting from the Pension Date.
- c) The Old Age Pension will cease at the end of the month in which the Pensioner passes away.

Article 8. PARTNER PENSION

- a) The partner pension will be purchased at Pension Date or in case of death, before Pension Date at that earlier date with the accrued Personal Pension Capital to such date.
- b) The Partner Pension is payable monthly in arrears starting from the month following the month in which the Participant passes away.
- c) The Partner Pension will be paid until the end of the month in which the Partner passes away.
- d) If a Participant gets a new Partner before the Pension Date then the Personal Pension Capital available for the purchase of partner pension for any new Partner according to Article 7 will be reduced by the Personal Pension Capital reserved for the purchase of all Special Partner Pensions according to Article 8 resulting from this Pension Plan on Participants' behalf.

Article 9. SPECIAL PARTNER PENSION

- a) At the moment that a Partner becomes a Special Partner, 50% of the Personal Pension Capital, that has been accrued over the continuous period in which the employee was a Participant and the respective Special Partner was a partner, will be reserved for the purchase of Special Partner Pension.
- b) When the Participant passes away, the Special Partner Pension will be purchased with the part of the accrued Personal Pension Capital as mentioned in Article 8, sub a.
- c) A Special Partner Pension is payable monthly in arrears starting with the month following the month in which the Participant passes away.
- d) Each Special Partner Pension will be paid until the end of the month in which the respective Special Partner passes away.
- e) A Participant and his Special Partner are allowed to agree differently on what has been stipulated in this article by means of a notaries act, or the Court of Justice if the verdict of divorce decides differently, based on a mutual request of the parties involved.

Article 10. ORPHAN PENSION

- a) The Orphan Pension equals 20% of the total (Special) Partner Pension.
- b) The Orphan Pension is payable monthly in arrears starting with the month following the month in which the Participant passes away.
- c) The Orphan Pension will be paid until the earliest of one of the following conditions:
 - 1. the end of the month in which the Orphan passes away, or
 - 2. the end of the month in which the Orphan reaches the age of 21, or 27 if the Orphan is studying or disabled according to Article 1 sub i.

- d) The orphan must prove, on a yearly basis, to the fund that he is studying or disabled. If the orphan cannot sufficiently prove, in the opinion of the Board of the Fund, that he is (still) studying or disabled then, loss of entitlement to an Orphan Pension shall be imposed.
- e) In case there is no (Special) Partner to claim (Special) Partner Pension the accrued Personal Pension Capital will be used to purchase Orphan Pension.

Article 11. TERMINATION OF PARTICIPATION

- a) Participation in more than one pension plan of the Fund continuously will be equal to a continuous participation in one pension plan during that time frame. Participants who are members of the old pension scheme are as of January 1, 2004, members of the current pension scheme. Therefore, total years of participation will be calculated based on the entrance date to the Fund (continuous participation).
- b) If a Participant ends his membership after becoming Participant due to immigration then the former Participant will be reimbursed for the accrued pension capital to date. An administration fee of maximum Afl. 250.00 will be deducted from the accrued pension capital which the remaining balance will be reimbursed.
The former participant will be reimbursed only when he applies reimbursement after 3 years of immigration. The Fund has 6 weeks the time after this application to process the participant's request.
- c) If the participation ends after becoming a Participant as a result of ending Employment of the Participant then the Participant becomes a Deferred Vested Participant.
- d) A Deferred Vested Participant according to Article 11, sub b. is entitled to:
 - 1. The use of his accrued Personal Pension Capital for the purchase of pensions at the Normal Pension Date;
 - 2. The use of his accrued and reserved Personal Pension Capital for the purchase of pensions for the benefit of his (Special) Partner and Orphans if he dies before the Normal Pension Date.
- e) After becoming a Deferred Vested Participant the Fund will inform the Deferred Vested Participant through a Personal Benefit Statement about the accrued Personal Pension Capital according to Article 11, sub b.
- f) A Deferred Vested Participant is entitled to transfer the actuarial net reserve of his accrued Personal Pension Capital, as long as accrued Personal Pension Capital does not surpass 10 years in the Fund, to another pension fund or insurance company provided that those funding vehicles are recognized as such by Aruban law. The transfer of the actuarial net reserve should be direct to the other funding vehicle, without any intermediary parties involved. In connection herewith an administration fee of Afl. 250.00 will be charged.
- g) In case the Participant passes away, before reaching retirement age without leaving any children and/or (Special) Partner as beneficiaries, 70% of the accrued capital during the period of participation may be paid out to the employer. The employer will then pay out the received sum to the beneficiary (ies) assigned by the former Participant.

- h) In case Employer revokes its membership to the Fund, the extra administration expenses related to such resignation and consequently, administration of the transfer of the rights and obligations or the payment of accrued pension benefits of each participant of the Fund, is set forth in the “LAP” at
- i) Afl. 250.00 per participant.

Article 12. PAYMENT OF BENEFITS

- a) All benefits are to be paid in Aruban Florins.
- b) Any pension in payment being less than Afl. 50.00 per month, as set forth in the “LAP”, will be redeemed by the Fund through a lump sum payment to the Pensioner equal to the actuarial net reserve of the respective pension. Or the pensioner may opt to collect this amount on a semi annual or annual basis. The amount is to be paid post numerando. (after the elapsed period).
- c) Any pensioner has to provide the Fund annually a so called “attestata de vita” (evidence of being alive) prior to January 15th of each year so that his benefits can be processed promptly.
- d) The relevant taxes and other social retentions apply to all payable benefits.
- e) The beneficiary, who cannot be found and/or did not claim his benefit, has one year after becoming eligible to the benefits, to claim such benefit. After such period has elapsed, the right to claim subject benefit will be considered expired.

Article 13. INCOMING TRANSFER VALUE

- a) Any Participant can be granted extra benefits related to past service years through an incoming transfer value. The transfer value originates from either another pension fund or insurance company, provided that those funding vehicles are recognized as such by Aruban law, or from the Participant. In this case past service years have to be with an Employer and must be prior to the date of participation, but not before age 18 according to article 2, sub b.
- b) The extra benefit consists of an extra Personal Pension Capital.

Article 14. ACCRUED REDUCTION OF ACCRUED RIGHTS AND BENEFITS

Pursuant to section 4 of the State Ordinance on Company Pension Fund (AB 1998 no GT17 and changed in AB 2001 no 91) of the Articles of Association of the Fund, the Board reserves the right, in the event the Fund bears the pension risk, to reduce the accumulated pension rights of the participants by bringing the Fund's Pension Provision -and consequently each participants' Pension Capital- in proportion to the available assets that have been earmarked by the Board to cover the Fund's existing and future pension obligations, in the event the financial condition of the Fund shows that:

1. a meaningful portion of the invested assets that -qualify according to the guidelines established by the Centrale Bank van Aruba and- serve to safeguard the pension capital of the participants and pensioner's have reduced to such an extent in value that their recovery are perceived as unlikely in the foreseeable future and therefore, have to be written off and replaced by other qualified investment instruments at significant costs;
2. Or the contributions plus investment income cannot adequately cover the existing pension administration costs, the accrual of pension benefits and payout of these benefits.

Article 15. DUTIES OF PARTICIPANTS AND EMPLOYERS

- a) The Employer is responsible for the enrolment of new Employees in the Fund according to article 2, sub b.
- b) The Employer is responsible for the correctness of the data that he delivers to the Fund.
- c) The Participant is obligated to inform the Employer as soon as possible of any changes (e.g. marriage, commencing or terminating a lasting joint household as referred to in Article 1, divorce, birth, death, change of domicile, change in disability) that influence any entitlement or claim to the Fund;
- d) The Participant is obligated to check his Personal Benefit Statement (as described in Article 3, sub c.) and inform the Fund immediately of any discrepancies if any;
- e) The Fund does not take any responsibility for the possible incorrect information of the personal data of the Participant.

Article 16. TAX CLAUSE

As long as the Tax Authorities have not approved this Pension Plan, the Pensions from this Plan shall be deemed to have been replaced by Pensions acceptable for tax purposes.

Article 17. CHANGING THE RULES & REGULATIONS

The Board of the Fund may change this Pension Plan, if new Social and Pension Laws are introduced or the existing Social and Pension laws are changed, or if circumstances originate for which it is in the Employers and/or Participants best interest to make changes to the plan. In this case, the Rules & Regulations will be adapted after the amendments have been submitted to and approved by the employers and the representatives of the participants. The Participants and all relevant parties will be informed the approved changes. Changes to the Rules & Regulations may only have effect on future accrual and projections by changing the Rules and Regulations.

In as far as these regulations would deviate from what Aruba law, more in particular the State Ordinance, Landsverordening Ondernemingpensioenfondsen, "LOP", and the Landsverordening Algemeen Pensioen, "LAP", guidelines of CBA and the PFTSA Articles of Association, prescribes, those laws, guidelines and Articles of Association prevail over these regulations.

Article 18. APPOINTMENT OF THE MEMBERS OF THE SUPERVISORY BOARD

The Fund and its capital is managed by the Board, whose constituency consists of an odd number of members determined by the Board, including the Chairman, with a minimal of three and maximum seven individuals, whereby an equal number of Board members are appointed by the employers and participants. The Chairman is independent compared to the other the Board members.

Article 19. DISPUTES

In cases these Rules & Regulations do not provide a definite answer, the Board of the Fund will decide, to the best of its knowledge, along the lines of these Rules & Regulations.

Article 20. TRANSFER OF PARTICIPATION

After the implementation of Rules and Regulations RRDC112002, all the participants in the former Rules and Regulations PFTSARR9402 (old scheme) will be enrolled as participants in the Rules and Regulations RRDC112002.

Rules and Regulations RRDC112002, RRDC112006, RRCD062009, RRDC012012, and RRDC012014 will be replaced by RRDC01072018

Article 21. TRANSITIONAL PROVISION

For the accrued rights up to December 31, 2013, the following conditions apply:

- a. The accrued rights in the Defined Contribution Scheme will be respected
- b. The accrued rights in the Defined Benefit Scheme will be recalculated on an actuarial basis to a right on the Normal Pension date.

Article 22. LIQUIDATION OF THE FUND

In case the Board has decided to liquidate the Fund, after having consulted with the employers and having informed the participants and the Centrale Bank van Aruba of its decision, the surplus after liquidation of the Fund will be proportionally allocated to increase the pension capital of the participants and pensioners of the Fund. In the event of a deficit, such deficit will be applied proportionally to reduce the pension capital of the participant and pensioners. The Board will decide how the final remaining balance will be disposed of.

Article 23. FINAL PROVISION

If and as soon as these Rules & Regulations have to be amended, the Participants will be informed in writing by the Board of the Foundation. However changes of Rules and Regulations cannot be effected if these are not in accordance with the Articles of the Association of the Foundation.