MEMBER HANDBOOK

VERDANT ISLE

ABOUT THIS BOOKLET

This booklet provides a simplified explanation of the Verdant Isle Pension Plan (the Plan). A more detailed explanation can be found in the official Plan documents and the National Pensions Act and Regulations. Where the information in this booklet differs from the official Plan documents, the official documents will rule. If you wish to view copies of the official documents, please contact Saxon Administration Ltd. (see page 12 for contact information). Under the law, you can request access to a document once in a calendar year. A small administrative fee may be charged if you want copies of a document.

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If you have questions, please contact Saxon Administration Ltd., the Plan's Administrative Agent. +1 (345) 640 - 8477 | support@verdantisle.org.ky



Introduction

Welcome to the Verdant Isle Pension Plan

Established on June 1, 1997, the Verdant Isle Pension Plan (formerly the Cayman National Pension Fund) is a defined contribution pension plan, succeeding the Cayman National Corporation Pension Fund's defined benefit plan. Its inception aligned with new regulatory requirements under the National Pensions Act of the Cayman Islands, with revised laws and regulations officially issued on July 21, 1998.

Registered under the National Pensions Act (Registration number OSP4/03/B/002) with effect from June 1, 1998 the Plan operates from its registered office at Saxon Centre, 14 Saturn Close, P.O Box 10355, Grand Cayman KY1-1003. It was established by Declaration of Trust (the "Trust Deed") on June 9, 1998, by four directors of Cayman National Trust Co. Ltd. ("CNT"), solely aimed at providing pension benefits to beneficiaries in accordance with the Plan's guidelines.

In this handbook, we aim to provide comprehensive guidance and information to ensure a clear understanding of your membership with the Verdant Isle Pension Plan.

The Verdant Isle Pension Plan is governed by a Board of Trustees that is elected by the membership at an Annual General Meeting. The role of the Trustees is to ensure the Plan is administered in accordance with applicable legislation and in the best interests of members. In carrying out its duties, the Board appoints agents and advisors to handle various administrative, management and investment functions.



Eligibility and Membership

You must join the Verdant Isle Pension Plan if you are between ages 18 and 65 and work for an employer that participates in the Plan. Enrolment requires completing an enrolment form with your employer and providing a copy of your photo ID. The following employees are not required to pay pensions:

- non-Caymanians that have been working less than 9 months
- Caymanian full-time students under 23 and
- non-Caymanians employed as household domestics or gardeners



Contributions

Contribution Requirements

Both you and your employer are required to contribute to the pension plan. Here's how it works:

- Total Contribution: Together, the contributions from you and your employer must equal 10% of your earnings, with an annual cap on earnings of CI\$87,000.
- Employer's Contribution: Your employer is obligated to contribute at least 5% of your earnings.
- Your Contribution: You are responsible for contributing the remaining percentage needed to reach the total 10%. If your employer contributes more than 5%, your required contribution can be reduced accordingly.
- Contribution Schedule: These contributions must be made monthly and are due by the 15th of the following month.
- Deposit: All contributions are deposited into a pension account set up in your name.

By adhering to these guidelines, both you and your employer ensure that your pension account is consistently funded, helping secure your financial future and compliant with the National Pensions Act.

Earnings

Earnings for pension contributions include wages, salary, leave pay, fees, commissions, bonuses (over 20% of basic wage or salary), and gratuities. Severance payments are not considered earnings.

Self-employed

You must contribute 10% of your earnings each month to the Plan by sending your contributions to Verdant Isle Pensions no later than 15 days after the month end.

Contributions can be made in either Cayman Islands dollars or U.S. dollars. Contributions received in Cayman Islands dollars will be converted to U.S. dollars at the rate of \$0.83. There are no foreign exchange fees or commissions charged for this service. If more than CI\$8,700 is contributed to your account within one calendar year, the excess will be treated as Additional Voluntary Contributions (AVCs).

Additional Voluntary Contributions (AVCS)

In addition to mandatory contributions, you can make Additional Voluntary Contributions (AVCs) to boost your retirement savings. AVCs offer flexibility in the amount and frequency of contributions and can be set up through payroll deductions or payment can be made directly to the Plan. Withdrawals of AVCs are generally not allowed until retirement unless specified under the National Pensions Act.

If you wish to make AVCs, you should complete an Additional Voluntary Contribution Form. This form is used to:

- Tell us how much you wish to contribute in AVCs
- Inform us and your employer whether you wish to have these AVCs deducted directly from your pay cheque or by lump sum contribution directly to the plan.

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

You can collect an Additional Voluntary Contribution Form from your employer or print a copy from the Verdant Isle Pensions website at www.verdantisle.org.ky.



If you are self-employed

You can obtain a copy of the Additional Voluntary Contribution Form from the website www.verdantisle.org. ky. You may submit your completed form via email and payment can be made by cheque or direct deposit.

Why make AVCs?

AVCs are an important part of the Verdant Isle Pension Plan. These contributions:

- allow you to boost your retirement savings to help ensure that you have enough for your retirement;
- allow you to save through the convenience of payroll deductions or lump sum deposits;
- give you the flexibility to start, stop or change the
- level of your contributions at any time;
- give you access to quality investments typically not available to investors with modest amounts of money.

Understanding Delinquencies and Reporting Missing Contributions

Importance of Timely Contributions

Regular and timely contributions to your pension plan are crucial for building a secure financial future. Both you and your employer share the responsibility of making contributions to ensure your retirement savings grow over time. Delays or missed contributions can significantly impact the amount of money available to you upon retirement.

What Are Contribution Delinquencies?

Contribution delinquencies occur when an employer fails to make the required pension contributions on time. This can happen due to administrative errors, financial difficulties faced by the employer, or other reasons. Regardless of the cause, missing contributions can affect your retirement savings and potentially your future financial stability.

How to Identify Missing Contributions

As a member of the Verdant Isle Pension Plan, it is essential to regularly monitor your pension account to ensure that contributions are being made correctly and on time. Here are steps to help you identify any discrepancies:

• Check Your Statements: Review your quarterly and annual statements to verify the contributions credited to your account. Compare these with your pay stubs to ensure all deductions match the contributions recorded.



- Online Account Access: Utilize the online member services portal to check your account details regularly. This platform provides up-to-date information on contributions and account balances.
- Track Contributions: Keep a personal record of your salary deductions and expected employer contributions each month. This will help you quickly spot any inconsistencies.

Reporting Missing Contributions

If you identify any missing or late contributions, it is important to report them immediately to prevent further issues. Here is how you can do this:

- Contact Your Employer: First, reach out to your employer's payroll or human resources department. Inform them of the missing contributions and request an explanation and prompt resolution.
 - Notify Saxon: If your employer does not resolve the issue promptly, contact Saxon, the Plan's Administrative Agent. Provide them with details of the missing contributions, including dates and amounts.

• File a Formal Complaint: If the issue remains unresolved, you can file a formal complaint with the Department of Labour and Pensions. The pension regulators can investigate and take necessary actions to ensure compliance with the National Pensions Act.

Why Reporting Is Crucial

Reporting missing contributions is vital for several reasons:

- Protects Your Retirement Savings: Ensuring contributions are made on time helps grow your retirement fund as expected, securing your financial future.
- Legal Compliance: Employers are legally obligated to make pension contributions. Reporting delinquencies helps enforce this compliance.
- Timely Resolution: Prompt reporting can lead to quicker resolution of issues, preventing prolonged negative impacts on your pension account.
- Awareness and Prevention: Reporting issues not only helps resolve your situation but also raises awareness, potentially preventing similar issues for other employees.

Benefits and Withdrawals

Normal Age of Pension Entitlement

The normal age of pension entitlement is the first of the month following your 65th birthday, with early entitlement starting any time after age 55. For those born between January 1, 1957, and December 31, 1969, the normal age is 60, and early entitlement begins at 50. If you return to work after starting benefits before age 65, mandatory contributions must resume.

Start receiving your pension benefits at normal age of pension entitlement

You can start receiving your pension benefits any time after your 65th birthday (or 60th if you qualify), regardless of whether you are still working. To initiate this, notify Saxon, indicating your intention to begin receiving benefits. At the normal of age of pension entitlement, you'll also have the option to withdraw all or part of your AVCs. Please note that the processing of your application may take up to 90 days. If you continue working or return to work after reaching the normal age of pension entitlement, you will not be required to make mandatory contributions (MCs). Any contributions made by you or your employer will be treated as AVCs.

Starting Your Pension Benefits Before the Normal Age of Entitlement

To receive your pension benefits under early age of pension entitlement, you must be at least 55 years old (or 50 if you qualify) and no longer working. Notify Saxon and your employer as soon as you choose a retirement date. You must complete an Early Retirement Election Form to select your benefit option and submit it to Saxon at least 30 days before your planned retirement date.

If you return to work after starting benefits before age 65, your retirement benefits will stop, and both you and your employer must resume contributions to the Pension Plan.

Payment Options

Annuity

If you choose an annuity, your entire Verdant Isle Pensions account will be cashed in to purchase an annuity from a life insurance company. An annuity guarantees a fixed income for your lifetime—and your spouse or civil partner's lifetime if you have a spouse or civil partner at retirement. The amount of annuity income depends on various factors, including the account balance, interest rates at the time of purchase, the type of annuity, your age, gender, and marital status.

By law, if you have a spouse or civil partner at retirement, the annuity must include a "joint and survivor" benefit, ensuring that your spouse or civil partner continues to receive a fixed lifetime benefit if you pass away first.

Understanding Annuities

An annuity is a contract with a life insurance company where you purchase the annuity with the balance of your Verdant Isle Pensions account. The company then agrees to pay you a guaranteed retirement income for a set period—usually for the rest of your life. The payments are regular (monthly, quarterly, semi-annual, or annual) and the amount is determined by the balance of your pension account, prevailing interest rates, and factors such as age, gender, marital status, and life expectancy. Once purchased, annuities cannot be changed, and payment amounts are locked in for the term of the annuity.

Retirement Savings Accounts Drawdown Schedule

Retirement Savings Arrangement (RSA)

If you opt for an RSA, your entire pension account will be converted into an RSA and remain invested in the Verdant Isle Pension Plan RSA Side Pocket. RSAs allow retired members to access their pension funds without buying an annuity. They provide regular payments (monthly or annually, based on your preference) according to a schedule set by the Department of Labour & Pensions, which dictates the maximum withdrawal amounts based on your age and account balance.

You can collapse your RSA and purchase an annuity at any time, subject to approval from the Department of Labour and Pensions.



Understanding Retirement Savings Arrangements

The Retirement Savings Arrangement (RSA) provides a structured method for retirees to access their pension benefits. Under the National Pensions Act, members can choose between an annuity and an RSA. The RSA allows members to withdraw an annual amount based on their age and account value, ensuring financial stability in retirement.

Key Features:

Maximum Annual Withdrawal: The maximum amount a member can withdraw annually is calculated by multiplying their account value by a specified percentage, which varies with age. If this calculation results in an amount less than \$15,000 KYD, members are permitted to withdraw up to \$15,000 KYD.

Member Options: Members can withdraw any amount up to the annual maximum. If the maximum amount is not withdrawn within the calendar year, it cannot be carried over to subsequent years.

Special Provisions for Age 89 and Older:

Members aged 89 or older can withdraw the full account balance as a lump sum or continue annual withdrawals. They can opt for a lump sum at the start of any calendar year with 60 days' notice.

Pensions for Property

Property Withdrawal

You may withdraw up to CI\$100,000 of basic contributions from your account for property-related expenses under certain conditions. These include purchasing or constructing a dwelling unit, purchasing residential land, provide reduction payment on residential land loan or existing mortgage, and if applicable, arrears in strata fees in the Islands. Property withdrawals must meet certain conditions, including:

• You must be Caymanian under the Immigration Law.

Accessing AVCs after Retirement

Once you reach the normal age of pension entitlement, you may access all or part of your AVCs by submitting a written request to Saxon. Processing the withdrawal may take up to 90 days. If you are receiving benefits before the normal age of pension entitlement, you cannot cash out your AVCs unless it is for one of the reasons specified below.

Withdrawing Additional Voluntary Contributions

Based on amendments to the National Pension Act effective March 31, 2017, you can withdraw AVCs before retirement for the following reasons:

- Housing needs includes renovating, building or buying a house for yourself, buying residential land for yourself, or paying down 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.

- If you are using the funds to buy or build a home, you must not already own a dwelling unit in the Cayman Islands.
- If buying land, you must not own a dwelling unit in the Cayman Islands.
- If you are buying either land or a home, the funds must be used as a deposit on a mortgage offered by a financial institution within the Cayman Islands.
- If you are paying off an existing mortgage on a home, the amount must be enough to completely pay off that mortgage.



To apply for a property withdrawal, please contact Saxon for an application form and information on the required documentation.

Withdrawal Limits:

Deposit for Home Purchase or Construction:

Up to CI\$50,000 can be withdrawn from your pension account to use as a deposit for:

- Purchasing up to two existing dwelling units.
- Constructing up to two new dwelling units.
- Purchasing residential land intended for your primary residence.

Reduction Payment on Existing Mortgage:

- Up to CI\$50,000 can be withdrawn to make a reduction payment on:
- An existing mortgage on up to two dwelling units.
- An existing residential land loan.
- Any arrears in strata fees related to the mortgaged property.

Pay Off Existing Mortgage:

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- Up to CI\$100,000 can be withdrawn to completely payoff:
- An existing mortgage on a dwelling unit, ensuring the property is free from any encumbrance.
- Any associated arrears in strata fees related to the mortgaged property.

Additional Contributions

If your application is approved, you must repay the withdrawn amount by increasing your mandatory contributions (MCs) to your pension account by 3% of your earnings. The repayment of funds is excluded from the annual contribution cap.

Employer Notification:

You must inform your employer in writing about the additional contributions. Your employer will deduct these from your earnings and deposit them into your Plan account.

Self-Employed Members:

If you are self-employed, you must deduct the additional contributions from your earnings and deposit them into your Plan account.

Repayment Terms:

The additional 3% contributions will continue until one of the following conditions is met:

- Until the total additional contributions equal the amount withdrawn.
- Until you start receiving your retirement benefits.

What happens if you sell the Property

If you sell the property funded by your pension withdrawal before repaying the original amount withdrawn, you must return the original withdrawal amount or 10% of the property's fair market value, whichever is greater, to your pension account upon completion of the sale.



Portability and Transfers

During your career, you may change employers multiple times. The Verdant Isle Pension Plan is designed to provide you with maximum flexibility in various situations.

If You Move to a New Employer

When changing employers, if your new employer does not participate in the Verdant Isle Pension Plan, you have two options:

1. Maintain Your Account:

- You can keep your account with Verdant Isle Pensions and use it to provide an income at retirement, based on the Plan provisions when you retire.
- You can continue making Additional Voluntary Contributions (AVCs) to your account until you retire.

2. Transfer Your Investments:

- You can transfer the cash value of your investments to the pension plan of your new employer, provided that the new plan is registered under the National Pensions Act.
- The money will be invested in your new employer's plan according to its provisions.

If You Leave the Cayman Islands

If you permanently leave the Cayman Islands, your options depend on your account balance:

Account Balance Less Than CI\$5,000:

• You can receive a lump sum payment of your account, provided three months have passed since your last contribution, and you have already left the Cayman Islands.

Account Balance Greater Than CI\$5,000:

You can transfer your account balance to another approved pension plan in your new country of residence if the following conditions are met:

- You have stopped working in the Cayman Islands.
- You have been out of the Cayman Islands for at least six months.

• Two years have passed since the last contribution was made to your account.

Note: As of December 31, 2019, lump sum payments for balances over CI\$5,000 are no longer permitted unless you are at the normal age of pension entitlement or older and can demonstrate an inability to transfer your balance to another pension plan or life annuity. Proof of residence outside the Cayman Islands will be required.

If Your Employer Offers Another Pension Plan

If your employer decides to offer a different pension arrangement, the employer can, with the support of the majority of eligible employees and approval of the Director of Pensions, stop participating in the Verdant Isle Pension Plan. If this happens:

- You can keep your existing account with Verdant Isle Pensions and continue making AVCs. The balance will grow with future investment earnings, and at retirement, your account will provide you with a retirement income based on the current Plan provisions.
- If your employer offers multiple pension plans, you can choose to continue contributing to Verdant Isle Pensions or switch to the new plan. You can either keep your existing investments with Verdant Isle Pensions while contributing to the new plan, or transfer your investments to the new plan.

If You Become Ill

If you stop working before age 55 due to poor health or a permanent disability, you may apply to the Plan Trustees for early retirement. Contact Saxon for assistance with your application. If approved, you will have the same benefit options as those at the normal age of pension entitlement. Additional benefit options may be available at the discretion of the Trustees and with prior approval from the Director of Pensions, depending on your account balance and personal circumstances.



If You Experience a Marriage Breakdown

If your marital status changes due to divorce or separation, contact Saxon as soon as possible. You will need to provide a copy of the court order detailing maintenance terms or asset division so your records can be updated. Notify Saxon of any changes to your beneficiary. In certain cases, the court order may require part of your pension to be transferred to a separate account in the name of your former spouse or civil partner.

In the Event of Death

Your pension isn't just about you; it's also about the financial security of those who depend on you. Verdant Isle Pensions includes provisions to protect your beneficiaries in the event of your death.

Death Before Retirement

If you have a spouse or civil partner and die before you start receiving retirement benefits, your Verdant Isle Pensions account will be re-registered in your spouse or civil partner's name. Your spouse or civil partner will be entitled to an immediate or deferred payment. If you do not have a spouse or civil partner and die before you start receiving pension benefits, your Verdant Isle Pensions account can be cashed in by your personal or estate representative. Please contact Saxon to obtain the application and requirements.

Death After Retirement

If you die after retirement and have a spouse or civil partner, they will be entitled to certain benefits immediately. These benefits depend on the option you selected at the normal age of pension entitlement.

If you die after retirement and do not have a spouse or civil partner, the benefits payable will depend on the option you selected at retirement.

Important Disclaimer

It is crucial to keep your beneficiary information up to date. Failure to do so may result in delays or complications in the disbursement of benefits to your intended beneficiaries. Please ensure that any changes in your marital status, family situation, or preferred beneficiaries are promptly reported and updated with Saxon.

Life Events and Managing your Pension Account

ONLINE MEMBER SERVICES

When you enrol in the Verdant Isle Pension Plan, you will be provided with a user name and password that allows you to access your personal and confidential pension information through our online member services at verdantisle.org.ky.

STATEMENTS

Each year, you will receive a statement for the plan year ending September 30. You will also receive a quarterly statement of your account for each quarter ending December 31, March 31 and June 30. You can also access your personalised statements — updated monthly — on the Verdant Isle Pensions website,verdantisle.org.ky.

After you enrol with Verdant Isle Pensions you will be sent your login user name and password to the email address provided on your enrolment form. If you want to receive this information earlier, please request this from Saxon.

Importance of keeping contact information updated

Please inform Saxon if:

- there's a change in your name, address, or marital status;
- you are planning to retire and would like to access your pensions
- you have extended your family and you'd like to update your beneficiary
- you move away from the Cayman Islands.

To notify the Plan of a marriage, please provide your marriage certificate to Saxon. In the case of a divorce or separation, please provide them with the court order and details of any maintenance or financial orders.

Plan Wind-Up

If a wind-up of the Plan is initiated, the Plan administrator must file a wind-up report that includes:

- The Plan's assets and liabilities.
- The benefits that will be provided to members.
- The method of distributing Plan assets.

No payments can be made from the Plan until the Director has approved the wind-up report. This does not affect any pensions already in payment or amounts previously approved by the Director.

If the Plan is wound up, you will receive a statement outlining:

- The benefits payable to you.
- The options available for receiving those benefits.

Your retirement savings are a crucial part of your future. It's important to understand how your Verdant Isle Pension Plan operates, monitor your investments, and stay informed about any updates. Verdant Isle Pensions is committed to maintaining open communication to keep you well-informed.

Keeping You Informed

ANNUAL GENERAL MEETING

Each year, you will be invited to attend an Annual General Meeting of the Verdant Isle Pension Plan. Notice of the time, location and business to be considered will be provided at least 14 days before the meeting.

Every member is entitled to attend the meeting and vote on the business presented. Alternatively, you can grant a proxy to another person to attend on your behalf. Each member is entitled to one vote per business item.

Certain matters must be dealt with at the Annual General Meeting including:

• Approval of financial statements for the preceding financial year

- Appointment of Trustees
- Approval for (or change of) any Trustee compensation
- A report on the terms and payment agreed to with agents who have been delegated administrative or investment duties
- The appointment of auditors for the upcoming year

Other items of business will be added to the agenda, as required. You are encouraged to attend and vote on the business presented, given that any resolution passed at a meeting will affect you and all other Plan members.

OTHER MEETINGS

Other meetings can be called by the Trustees, or if at least 20 or more members make a request to the Trustees who then must organize a meeting.



Stay in Touch

Communication is a two-way process. To administer the Verdant Isle Pension Plan effectively, we rely on you to keep us up to date whenever there is a change in your personal situation.

Administrator's Agent:



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