

A large, stylized sun graphic in shades of blue is centered in the background. It features a central circle, a thick curved line below it, and several rectangular rays extending upwards and outwards.

# Pension in the Netherlands Antilles and Aruba

Paramaribo, December 8, 2006

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# Contents

- Overview
- Ageing
- Questions



# Pension system

- Public (1<sup>st</sup> pillar)
- Private through employer (2<sup>nd</sup> pillar)
- Private (3<sup>rd</sup> pillar)

# Public system, Neth Antilles, I

- AOV: state elderly pension: \$ 308 p/m
- Individualized, starting at age 60
- International standard: 15-20% of modal income (\$ 1700 p/m) → fit (18%)
- Financed by pay-as-you-go: 10% of salaries until \$ 27,000 p/y
- Costs: 11% of same salaries

# Public system, Neth Antilles, II

## Recent plans

- Increase till \$ 363 p/m (+18%, 21% of modal income)
- Increase in premium and costs till 13%
- Average increase per employee: 30%
- Estimated economic impact:
  - Growth: -1.2 till -2%
  - Unemployment: +0.5%
  - Inflation: +1%
  - Annual debt increase: \$ 4 million

# Public system, Aruba

- AOV: state elderly pension: \$ 530 p/m
- Depends on marital status, starting at age 60
- International standard: 15-20% of modal income (\$ 1800 p/m) → high (29%)
- Financed by pay-as-you-go: 12.5% of salaries until \$ 28,500 p/y

# Private through employer

- Only fiscal pension laws (plans for pension laws)
- Not mandatory, big companies have schemes, government, pension funds (estimation: 50% coverage)
- Employer pays minimal 50%
- Defined Benefit & Defined Contribution  
Shift from DB to DC; ENNIA:  
2003: 46 contracts; \$ 14.6 million reserve in DC  
2006: 103 contracts; \$ 97.1 million reserve in DC
- Dutch principles

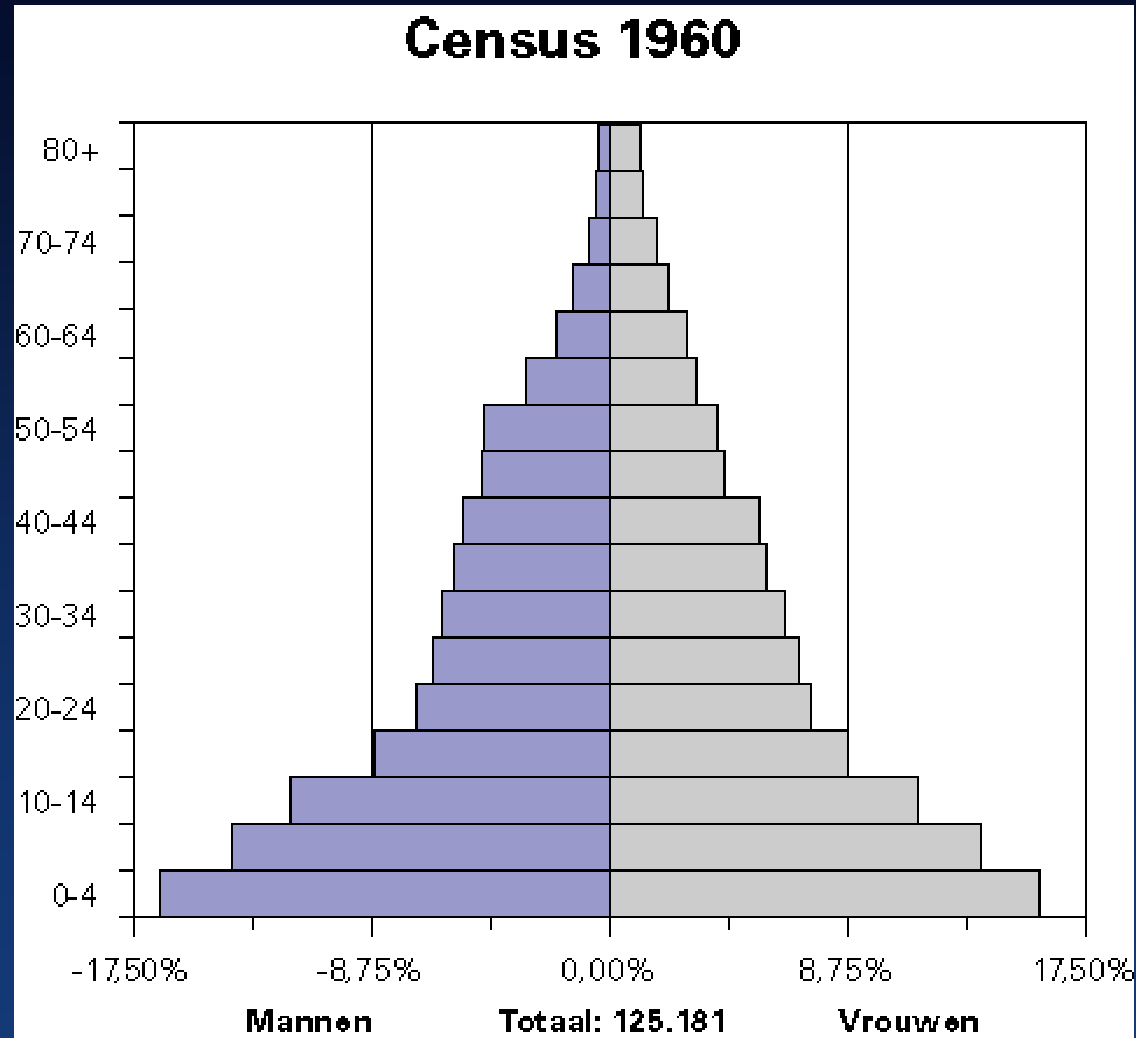
# Private

- Directors, majority shareholders: special fiscal rulings
- \$ 550 tax deductible for private schemes

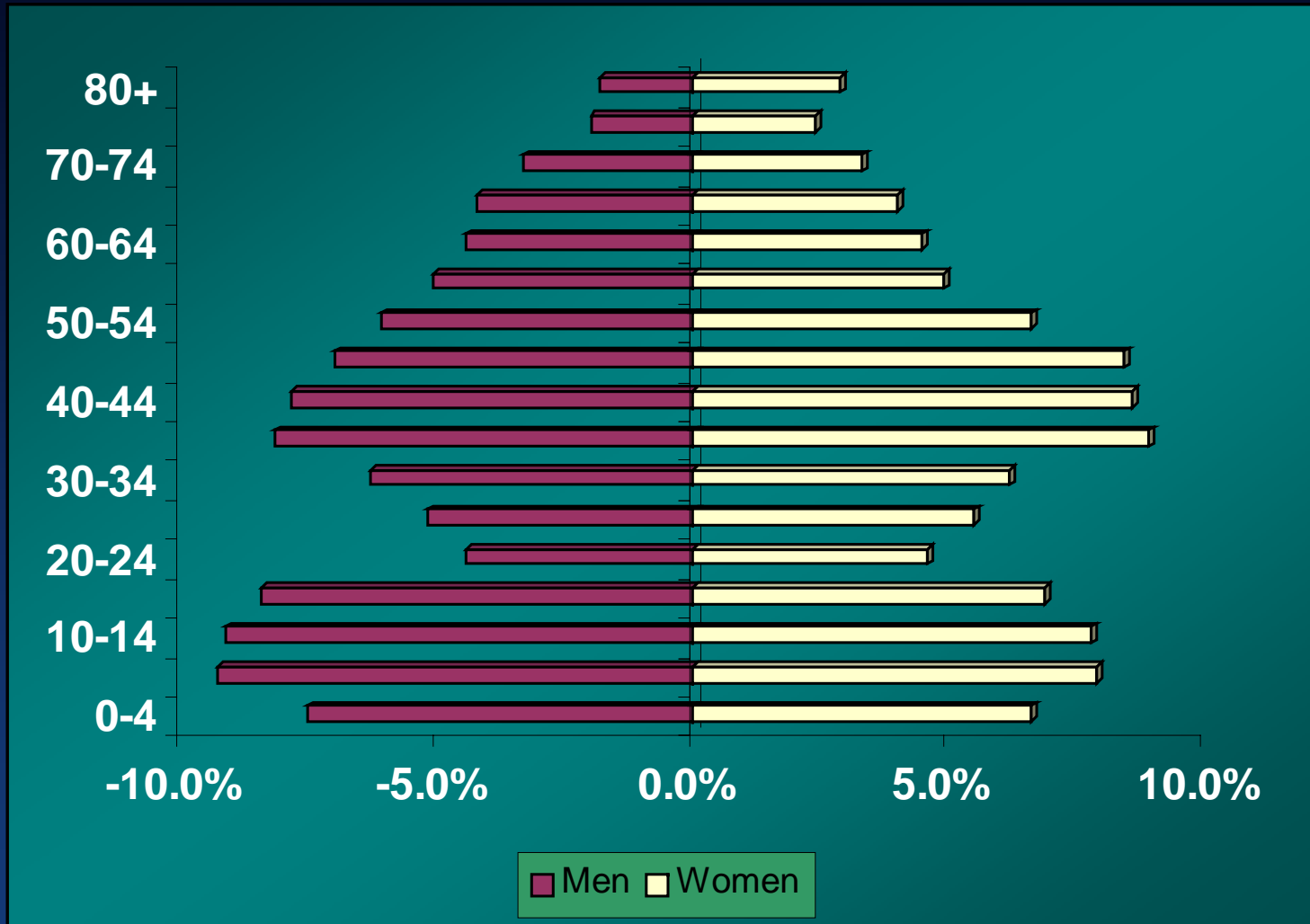
# Ageing

- Population pyramids
- Projection
- Temporary conclusion
- Immigration
- Conclusion

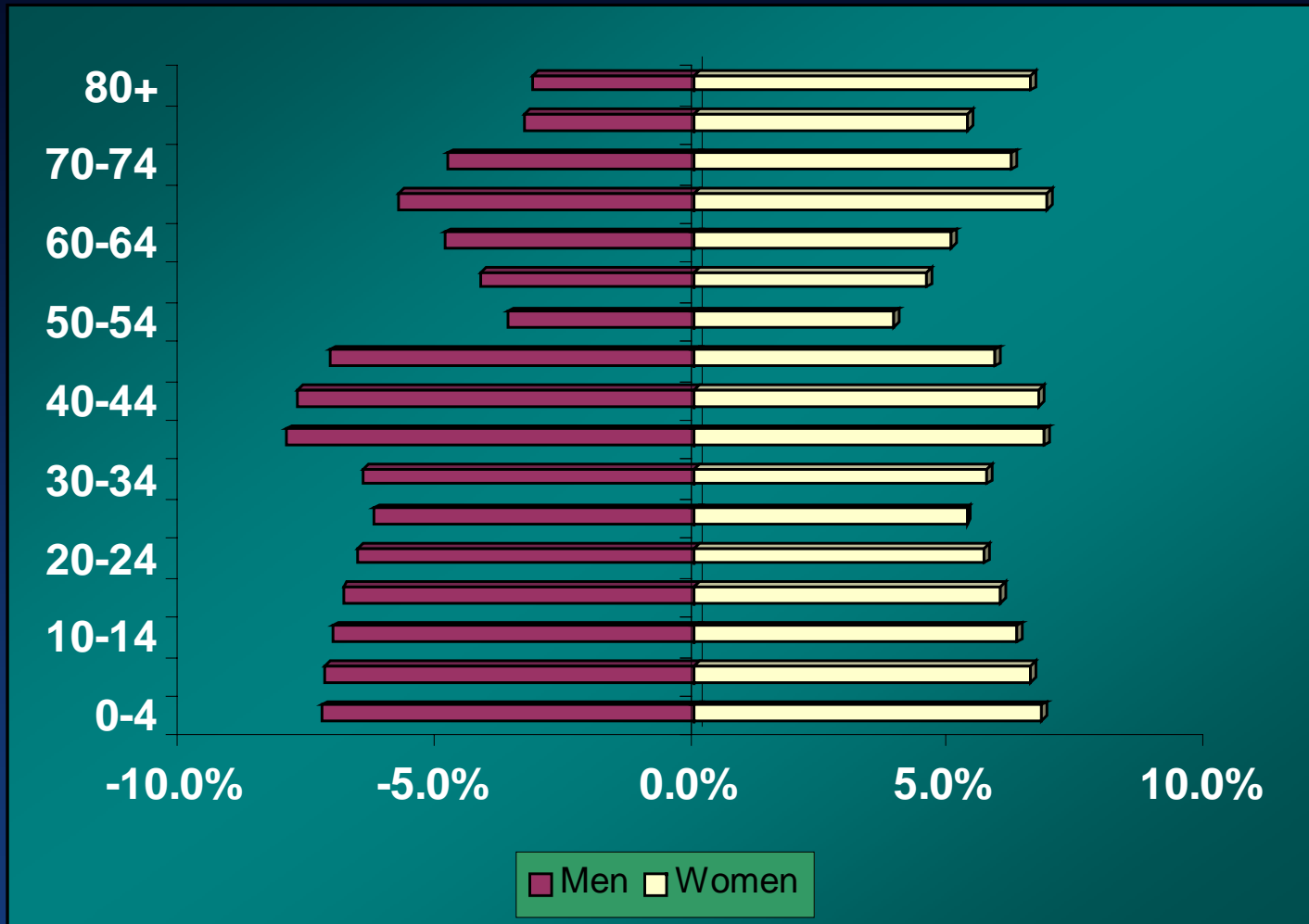
# Population Pyramid



# Census 2001

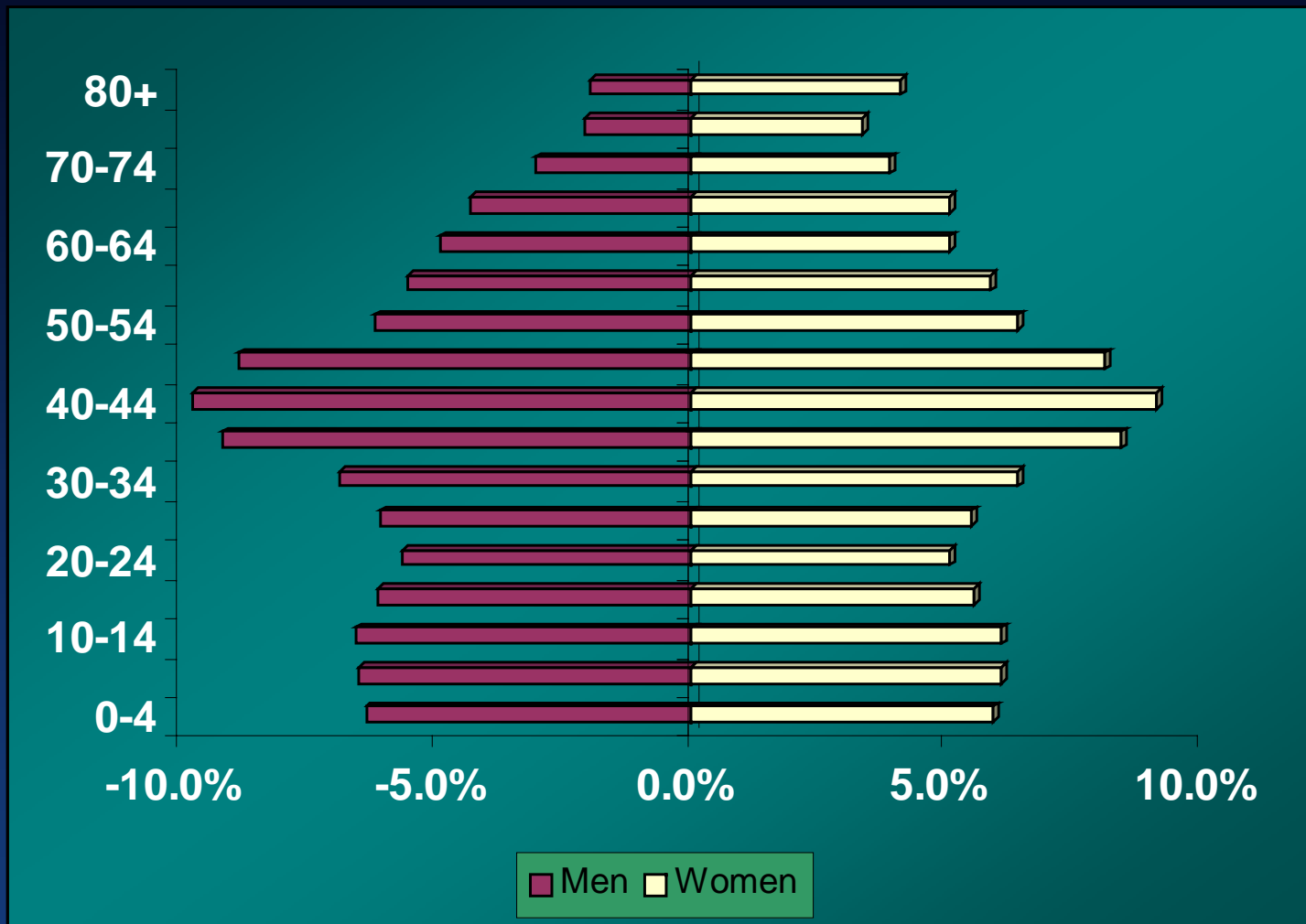


# Projection 2030





# Immigration



# Conclusion

- Modest immigration (+3000 p/y) mitigates ageing on the NA:  
#60+ / Total: 2001: 17%  
2030: 19% (proj)
- Requires economic growth of at least 4%  
Unlikely after recent development: Curacao declines takeover of 80% of its debt by The Netherlands.
- Emigration: disaster!  
#60+ / Total: 2030: 34% (proj)

# Final

- Questions?
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