CAYMAN ISLANDS GOVERNMENT

National Pensions Office
Assuring a future for the Cayman Islands workforce
a division of the Department of Labour & Pensions

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PRIVATE SECTOR PENSION HOUSING WITHDRAWALS BY GOVERNMENT EMPLOYEES

The Public Service Pensions Law, which is a separate Law for civil servants, does not allow withdrawal for housing as is allowed under the National Pensions Law through a private sector plan. The National Pensions Law requires a 1% repayment which is not possible if one is a civil servant as they have no deductions from salary for pensions since 100% is paid by the employer, Cayman Islands Government. This therefore creates a hindrance in allowing civil servants to withdraw from their private pension plan.

However, if the member complies with the usual requirements and with the additional requirement as below you can proceed with the withdrawal:

The member must establish a standing order for 1% based on his/her present salary. The document should state: "This Standing Order is in respect to Section 52D of the National Pensions Law (2012 Revision) – annexed hereto, and shall be for a period of up to ten (10) years".

The member must then submit a certified copy of the Standing Order to you the Administrator when applying for the Withdrawal, and is also to provide a certified copy to this Office. Quoted below is the section of the law which must be given to the member and which should be annexed to the standing order:

Section 52D.

(1) Notwithstanding section 47 or any other Law in force in the Islands to the contrary, where a person makes a withdrawal from his account in a pension plan pursuant to section 52B or 52C, the person shall, in addition to the amount that the person is required to contribute to a pension plan pursuant to section 47, contribute an additional amount of one per cent of his earnings to the pension plan from the month immediately following the date of issuance of the cheque pursuant to section 52B(6)(a) or 52C(5)(a) -

  (a) until the expiry of ten years from the date of issuance of the cheque pursuant to section 52B(6)(a) or 52C(5)(a);
  (b) until the total additional contributions equal the actual amount withdrawn; or
  (c) until the person attains the normal retirement age, whichever is earlier.

(2) Notwithstanding subsection (1), an employer shall not be required to make any additional contributions to a pension plan on the basis of additional contributions made by a person pursuant to that subsection.

(3) Where a person is required to make additional contributions under subsection (1), the person shall -
   (a) if he is an employee, inform his employer in writing of the requirement and the employer shall deduct such additional contributions from the employee's earnings and pay the same into the employee's account in the pension plan; or
   (b) if he is self-employed deduct such additional contributions from his earnings and pay the same into his account in the pension plan.

(4) A person who contravenes subsection (1) or (3) commits an offence and is liable on summary conviction to a fine of twenty thousand dollars or to imprisonment for a term of two years, or to both.