



Pension 101

New Year Pension Compliance Reminder for Employers

As we begin the new year, employers are encouraged to take a moment to review their pension processes to ensure continued compliance with the National Pensions Act (2024 Revision). The information below is intended as a helpful refresher and reference for good pension administration practices.

1. Providing a Pension Plan

Employers are required to provide or contribute to a registered pension plan for eligible employees. Generally, employees aged 18 to normal pension age are required to be covered, subject to the statutory exemptions.

- Students in full-time education: Individuals who are under twenty-three (23) years of age and pursuing full-time education are not pensionable, even where they are engaged in employment during that period.
- Expatriates new to the island- Employees who do not have Caymanian status or permanent residence and who are newly employed in the Islands are not required to be enrolled until they have completed a continuous period of nine months' employment.

2. Employee Enrolment

- Employees should be enrolled in a pension plan within twenty-one (21) days of becoming eligible.
- All new employees are required to complete a **pension enrollment form**, even where the employee is already a member of the same pension plan through a previous employer.
- A copy of valid government-issued identification should be collected at the time of enrollment.
- Timely submission of enrollment information to the pension administrator helps prevent delays in contributions.

3. Contributions

- Employers are reminded to:
 - Deduct employee contributions accurately through payroll;
 - Make employer contributions as required; and
 - Remit all pension contributions by the 15th day of the month following the month to which the contributions relate.
- To support accurate record-keeping, each contribution payment should be accompanied by a **contribution sheet** clearly breaking down contributions by source (employee, employer, property repayments and any voluntary contributions).
- Pension contributions should be kept separate from other payroll deductions, such as health insurance.

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4. Method of Payment

- Payments may be made via online banking or bill payment at Cayman National, Butterfield Bank or Royal Bank of Canada.
 - To ensure proper allocation of funds, employers should include either the employer's legal trading name or employer member number in the payment narrative.
- Payments can also be made via cheque- made payable to the Silver Thatch Pension Plan.

5. Currency & Plan Conversion Rate

- Contributions may be remitted in KYD or USD, as permitted under the pension plan.
- The current conversion rate applied under the Silver Thatch Pension Plan is 0.835.
- Employers are encouraged to apply the correct conversion rate when preparing contribution sheets to minimise reconciliation delays.

6. Payroll Records & Documentation

Good record-keeping remains an important part of pension compliance. Employers should:

- Maintain clear and accurate payroll and pension records;
- Retain records for at least five (5) years;
- Keep written pension plan notifications acknowledged by employees; and
- Ensure records clearly reflect employment dates, contribution periods, and payment details.



A HELPFUL YEAR-START CHECK

- ✓ Confirm enrollment documentation is complete
- ✓ Verify contributions are paid by the 15th deadline
- ✓ Ensure contribution sheets accompany payments
- ✓ Review termination and payroll records

7. Terminations & Employment Changes

- When an employee leaves employment, employers are encouraged to:
 - Complete and submit a **termination form** to the pension administrator; and
 - Ensure the form includes the last date for which pension contributions were made.
- Prompt communication of employment changes supports accurate member records and timely benefit processing.

8. Late Contributions & Notifications

- Pension contributions received after the 15th of the following month are considered late under the Act.
- Interest applies automatically to late contributions, calculated from the date the contribution was due until it is paid.
- Members are notified where contributions are delinquent, ensuring transparency.
- Where arrears remain outstanding, the Department of Labour and Pensions is notified once contributions exceed forty-five (45) days overdue, as required by the Act.

Thank you for your continued commitment to good pension administration.

For assistance or clarification, employers are encouraged to contact our client service agents at:

✉ support@silverthatch.org.ky or

☎ 345-943-7770