

# THE PENSION PLAN MADE EASY

## When Do I Get Into the Pension Plan?

If you were working for an employer who signed an agreement to contribute to this Plan on or after 1 January 1980, you automatically became a participant in this Plan as of that date.

If you are a new hotel employee, you must work 20 weeks in covered employment to become a Pension Plan participant. Once you do, your Plan participation automatically begins retroactive to the 1 January or 1 July that immediately precedes the date you complete 20 weeks of work in covered employment.

## How Do I Earn Credits Towards My Pension?

You earn credits by working for an employer who contributes to the Plan. You earn pension credit for each weekly pay period that you work in covered employment. Once you have worked 40 weeks in a year, you have earned one full pension credit for that year (which is the most you can earn in a year). The maximum number of pension credits you can earn in a lifetime is 25. We keep track of your credits throughout your career, from the day your Pension Plan participation starts until the day it ends. (See page 6 for more information.)

## Can I Make Contributions to the Pension Plan?

Yes. As of 1 January 2008, the Fund allows you to voluntarily defer a portion of your salary—in 2% increments, up to 10% of your current salary—to the Pension Fund to save for your retirement. You must make your election each Fall, and that election remains in effect for the entire following calendar year. These voluntary contributions are in addition to the contributions already made to the Fund on your behalf by your employer.

## Do I Have to Be 65 to Get a Pension?

No, you can receive an Early Retirement Pension as early as age 55 if you have at least 15 pension credits.

## What Happens If I Stop Working in Covered Employment Before I Retire?

As long as you have earned at least 10 pension credits, you are entitled to receive a deferred pension at age 65 no matter when you stop working in covered employment. If you stop working before you have earned 10 pension credits, you may qualify for a withdrawal/ termination benefit. If you make voluntary employee contributions to the Pension Fund and leave covered employment before you have earned 10 pension credits, you will receive a refund of your employee contributions, plus any interest earned on those contributions, paid as a lump sum.

## What If I Don't Have Enough Pension Credits to Qualify for Any of These Pensions?

You will not receive a pension. However, if you do not have enough pension credits because your years of employment were divided between this Plan (the Bahamas Hotel Industry Management Pension Plan) and the Bahamas Hotel and Allied Industries Pension Plan, you may qualify for a Pro-Rata Pension; see page 14 for more information.

### **What If I Become Disabled and Have to Stop Working?**

You may qualify for a Disability Pension if you meet the service and employment requirements. See page 12 for more information.

### **Do I Get My Pension for Life?**

Yes. Please note, however, that if you are married when your pension starts, you have the option of electing a 50% Joint and Survivor Benefit. If you choose this option, your pension will be slightly smaller because it is designed to be paid over two people's lifetimes—yours and your spouse's.

### **What Do I Do When I'm Ready to Retire?**

You must complete an application form in order to receive your pension benefits. To make sure your benefit payments are not delayed, complete your application at least three months before you want payments to begin.

### **How Long Does It Take to Get My First Pension Check?**

As long as your application is complete and all your documents are in order, it is expected that you will receive your first pension check from six to eight weeks after you submit your completed application form.

### **How Much Do I Receive From My Pension?**

The amount you will receive is determined by a formula that takes into account the value of a pension credit, as determined by the Trustees (1.32% per pension credit in 2009), your final average salary and the number of pension credits you have earned.

### **Can I Lose Pension Credits Once I've Earned Them?**

Yes, if you have what's known as a "break in service." See page 9 for more information.

### **What Happens If I Keep Working After I've Reached Age 65?**

You may apply for and receive a pension at age 65 even if you are still working in covered employment at the time. Your employer will no longer make contributions to the Fund on your behalf, and you will stop earning additional pension credits. You may also choose to defer payments and receive an increased pension once you retire. In this case, your employer will continue to contribute to the Fund and you will continue to earn additional pension credits.

### **What Happens to My Pension When I Die?**

If you die while you are still in covered employment and are eligible for a pension, and you have elected the 50% Joint and Survivor benefit, your spouse is entitled to 50% of the benefit you would have received. A lump sum death benefit also may be payable, depending on your circumstances when you die. See page 19 for more information.

### **Who Can I Leave My Benefit To?**

You can designate anyone you like as your beneficiary by submitting your selection to the Pension Fund Office, on a form provided by the Pension Fund Office. You can change your beneficiary at any time by submitting a new form.

## Types of Pensions At A Glance

TYPE OF PENSION	ELIGIBILITY REQUIREMENTS	AMOUNT OF PENSION
<b>Regular Pension</b>	<ul style="list-style-type: none"> <li>• At least age 65</li> <li>• At least 10 pension credits.</li> </ul>	Value of a pension credit multiplied by your final average salary <sup>1</sup> and the number of pension credits <sup>2</sup> you have earned and then divided by 12.
<b>Early Retirement Pension</b>	<ul style="list-style-type: none"> <li>• At least age 55</li> <li>• At least 15 pension credits.</li> </ul>	Your Regular Pension amount reduced by 0.25% for each month you are younger than age 65 (up to a maximum of 60 months) plus 0.5% for each month you are younger than age 60 (up to a maximum of 60 months) when your pension starts.
<b>Disability Pension</b>	<ul style="list-style-type: none"> <li>• Totally and permanently disabled</li> <li>• Younger than age 65</li> <li>• At least 15 pension credits</li> <li>• Worked in covered employment at least 20 weeks in the 24 months before the disability begins</li> <li>• Application is filed within 18 months after the disability begins.</li> </ul>	Same as the Regular Pension amount you would be entitled to if you were age 65.
<b>Pro-Rata Pension (if you also participate in a related plan)</b>	<ul style="list-style-type: none"> <li>• You would be eligible for any of the pensions available under this Plan if your combined pension credits were treated as pension credit under this Plan</li> <li>• You would be eligible for a Pro-Rata Pension from the other plan based on your combined pension credits.</li> <li>• You are eligible for no pension other than a Pro-Rata Pension from the other plan based on the credit you earned while covered by that plan.</li> <li>• You have earned at least one full pension credit under this Plan and contributions for it have been made to this Plan by your employer.</li> </ul>	The Regular, Early Retirement or Disability Pension amount is calculated by first multiplying the value of a pension credit by your final average salary <sup>1</sup> and your total combined pension credits and then dividing by 12. This amount is then pro-rated (see page 14).
<b>Termination/Withdrawal Benefit</b>	<ul style="list-style-type: none"> <li>• You leave covered employment for any reason other than death</li> <li>• You are not eligible for any of the pension benefits described above.</li> </ul>	The greater of 50% of employer contributions made on your behalf or 50% of the present value of the pension benefit you have accrued.

<sup>1</sup> Your final average salary is the average of your six highest years of earnings out of the last 10 years during which you earned pension credits. If you earned pension credits in fewer than six out of the last 10 years, your final average salary is the average of your earnings in the years you did earn pension credits.

<sup>2</sup> The maximum number of pension credits you may earn is 25.