



GUIDANCE NOTE

RETIREMENT SAVINGS ARRANGEMENT SCHEDULE
EFFECTIVE 9 JANUARY 2017

The National Pensions Law permits a member to access their pension benefit, at retirement, either through an annuity or a Retirement Savings Arrangement ("RSA"). The schedule below determines the minimum and maximum amount that a member can withdraw annually taking into consideration the member's age and account value.

In addition, the new schedule establishes a minimum threshold that will be indexed on January 1 each year with inflation as published by the Economic and Statistics Office in the prior calendar year.

As of 9 January 2017, the minimum threshold is CI\$12,480.

Definition of Age

The age is defined as the age of the member at the start of the calendar year in which the payment is being made.

Minimum Annual Withdrawal

The minimum annual withdrawal is determined by multiplying the percentage amount in the second column corresponding to the member's age by the account balance at the start of the calendar year or the date of commencement of pension payments, if later. The annual payment should not be less than the minimum threshold which is presently \$12,480 per annum.

The minimum threshold will be adjusted by the Department in accordance with the Economics & Statistics Office reports. Once the new threshold is determined, this information will be communicated to each pension plan administrator. For the avoidance of doubt, the pension plan administrator does not need to resubmit an application on an annual basis.

Maximum Annual Withdrawal

The maximum annual withdrawal is determined by multiplying the percentage amount in the third column corresponding to the member's age by the account balance at the start of the calendar year or the date of commencement of pension payments, if later. The payment should not be less than the minimum threshold which is presently \$12,480 per annum.

Additional Guidance

The member can withdraw any amount that falls within, and including, the minimum and maximum dollar amounts determined above.

Members always have the option of terminating the RSA and transferring their balance to an approved annuity.

Payments for Persons at age 89 or older

When the payment for age 89 is to be made, the member would have the option of taking the full RSA account balance, if any, as a lump sum or continuing to withdraw annual amounts. If the member continues to withdraw an annual amount, the member can opt to take the full account balance as a lump sum at the beginning of any calendar year after age 89 by giving at least 60 days written notice.

Implementation

All applications processed by the DLP prior to 9 January 2017, received a disbursement plan based on the previous RSA schedule. All applications processed, since the above indicated date, must adhere to the new RSA schedule.

In cases where the member was due to receive a higher RSA payment under the old schedule, the member should not be disadvantaged by the implementation of the new schedule. As a result, the pension plan administrator should pay the member the higher amount under the previous schedule. This option is only available to persons whose disbursement plan was approved prior to the implementation of the new schedule.

Retirement Savings Accounts Drawdown Schedule

Age Last Birthday	Minimum Annual Withdrawal	Maximum Annual Withdrawal
	Greater of \$12,480* or x% of account balance where x =	Greater of \$12,480* or y% of account balance where y =
50	1.87%	4.24%
51	1.88%	4.28%
52	1.89%	4.32%
53	1.89%	4.36%
54	1.90%	4.40%
55	1.91%	4.45%
56	1.92%	4.50%
57	1.93%	4.55%
58	1.94%	4.61%
59	1.95%	4.67%
60	1.97%	4.73%
61	1.98%	4.80%
62	2.00%	4.87%
63	2.01%	4.94%
64	2.03%	5.02%
65	2.05%	5.11%
66	2.07%	5.21%
67	2.10%	5.31%
68	2.12%	5.42%

Age Last Birthday	Minimum Annual Withdrawal	Maximum Annual Withdrawal
	Greater of \$12,480* or x% of account balance where x =	Greater of \$12,480* or y% of account balance where y =
69	2.15%	5.55%
70	2.18%	5.68%
71	2.22%	5.83%
72	2.26%	6.00%
73	2.30%	6.15%
74	2.34%	6.32%
75	2.39%	6.51%
76	2.44%	6.71%
77	2.50%	6.95%
78	2.56%	7.16%
79	2.62%	7.40%
80	2.69%	7.66%
81	2.77%	7.95%
82	2.86%	8.29%
83	2.95%	8.61%
84	3.05%	8.97%
85	3.16%	9.38%
86	3.29%	9.85%
87	3.43%	10.39%
88	3.56%	10.84%
89	3.70%	11.36%
90	3.86%	11.94%
91	4.05%	12.60%
92	4.26%	13.37%
93	4.42%	13.93%
94	4.59%	14.55%
95	4.79%	15.24%
96	5.01%	16.02%
97	5.25%	16.90%
98	5.54%	17.91%
99	5.87%	19.07%
100	6.25%	20.43%
101	6.70%	22.02%
102	7.24%	23.93%

**Recommended to increase in proportion to increases in line with inflation.*

Calculation Example – For Illustration Purposes Only

Consider a retiree age 56 who wishes to begin drawing a pension benefit from the member's RSA account. Assume an amount of \$500,000 is transferred to the RSA account. The retiree can withdraw an annual amount that falls within the following minimum and maximum withdrawal range:

$$\begin{aligned}\text{Minimum annual withdrawal at age 56} &= \text{Maximum of } [(\$500,000 \times 1.92\%) \text{ or } (\$12,480)] \\ &= \text{Maximum of } [(\$9,600) \text{ or } (\$12,480)] \\ &= \$12,480\end{aligned}$$

$$\begin{aligned}\text{Maximum annual withdrawal at age 56} &= \text{Maximum of } [(\$500,000 \times 4.50\%) \text{ or } (\$12,480)] \\ &= \text{Maximum of } [(\$22,500) \text{ or } (\$12,480)] \\ &= \$22,500\end{aligned}$$

The monthly limits would be the amounts determined above divided by 12.

In the following calendar year when the retiree turns age 57, assuming the minimum wage increases with 0.75% inflation and that after investment returns the account balance is now \$510,000, then the minimum and maximum withdrawal range would be calculated as follows:

$$\begin{aligned}\text{Minimum annual withdrawal at age 57} &= \text{Maximum of } [(\$510,000 \times 1.93\%) \text{ or } (\$12,575)] \\ &= \text{Maximum of } [(\$9,843) \text{ or } (\$12,575)] \\ &= \$12,575\end{aligned}$$

$$\begin{aligned}\text{Maximum annual withdrawal at age 57} &= \text{Maximum of } [(\$510,000 \times 4.55\%) \text{ or } (\$12,575)] \\ &= \text{Maximum of } [(\$23,205) \text{ or } (\$12,575)] \\ &= \$23,205\end{aligned}$$

The monthly limits would be the amounts determined above divided by 12.