



# 2019 ANNUAL REPORT

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ALGEMEEN PENSIOENFONDS SINT MAARTEN FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 2019

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## 1. APS BOARD REPORT

### 1.1 FOREWORD

The Algemeen Pensioenfonds Sint Maarten (hereinafter: APS or the Fund) is a self-governing entity and forms part of the portfolio of the Minister of Finance of Sint Maarten. The Fund was established by law as of October 10, 2010 and is one of the three (3) legal successors of "Algemeen Pensioenfonds Nederlandse Antillen" (hereinafter: APNA).

The law that governs the Fund is the national ordinance: "Landsverordening Algemeen Pensioenfonds Sint Maarten" (AB 2010, no 64 superseded by AB 2015, no 9) (hereinafter: LvO APS). APS is Sint Maarten's first and only pension fund for civil servants. The Fund started its operations in Sint Maarten in 2011.

### 1.2 MISSION, VISION AND CORE VALUES

#### Mission

We are a trustworthy and leading pension fund. We commit ourselves to a future-oriented pension scheme that is upheld by all participants. We add value by investing in the sustainable development of Sint Maarten.

#### Vision

APS aims to grow sustainably with a dedicated focus on people, society and the environment. We are in continuous innovation with the purpose of meeting the needs and demands of all participants and pensioners in an ever-changing world. We deliver quality and customized service; we report proactively; we maintain a transparent and inclusive relationship with employers, participants, pensioners as well as partners.

#### General

The Fund executes two (2) main pension schemes that are regulated in two (2) national ordinances: The transition articles of the "Pensioenlandsverordening Overheidsdienaren" (AB. 2013, GT no. 785 amended by AB 2016, no. 16 and AB 2016, no. 25) (hereinafter: PLvO) in conjunction with the "Pensioenverordening Burgerlijke Landsdienaren" (PB 1938, no. 15) (hereinafter: Pensioenverordening Burgerlijke Landsdienaren). The Pensioenverordening Burgerlijke Landsdienaren regulates the pension for the participants that entered the Fund before January 1, 1998 and is referred to as "the old pension scheme". The PLvO regulates the pension of the participants that have become employed as of January 1, 1998 and is referred to as "the new pension scheme". Every government employee who was hired on or after January 1, 1998, with some exceptions, takes part in the new pension scheme.

## Core values

The core values of the fund are:

- Ethical: to have the unconditional trust of all participants and pensioners is invaluable for the Fund;
- Competent: The Fund's vast pension knowledge and financial expertise are the foundation of its belief and work system which encourages self-criticism and a continuous expansion of its expertise;
- Transparent: Conversations that were had with employers, participants, pensioners and partners indicated that more communication is required to share updates regarding the Fund's financial situation, performance and decision-making;
- Approachable: The Fund believes in being approachable and communicating openly. A professional and pleasant environment is prevalent in the Fund which results in employers, participants and partners to swiftly feel at ease while communicating. The board and staff members are equally accessible, honest and respectful internally and externally.

## 1.3 GOVERNANCE

The governance function of APS has been largely pre-defined in the LvO APS. Herein, the number of board members, the roles and responsibilities of entities within the Fund and the supervision by the Minister of Finance, the Audit Chamber and the Central Bank of Curaçao and Sint Maarten (hereafter: CBCS) are also regulated.

### Board composition

On December 31, 2019 the composition of the board was as follows:

| Name:                    | Position:         | Nominated by:  | "Landsbesluiten" |
|--------------------------|-------------------|--|------------------|
| Mr. Franklyn E. Richards | Chairman / Member | The Board of Algemeen Pensioenfond's Sint Maarten                        | LB-18/0059       |
| Mr. Arend J. Alberts     | Member            | Bond van Gepensioneerden van de voormalige Nederlandse Antillen en Aruba | LB-16/1101       |
| Ms. Shaira R. Bommel     | Member            | Corporate Governance Council   | LB-17/0676       |
| Vacant                   | Member            | Civil Service Consultative Committee                                     | n/a              |
| Vacant                   | Member            | The Minister of Finance  | n/a              |

The vacant positions remained vacant as per the date of this report.

### Investment Committee composition

As prescribed by the LvO APS, the Fund also has an Investment Committee (hereinafter: IC) in place. The IC advises the APS Board on the overall investment policy and guidelines as well as different investment opportunities.

On December 31, 2019 the composition of the IC was as follows:

| Name:                 | Position:         |
|-----------------------|-------------------|
| Mr. Robert Judd       | Chairman / Member |
| Mr. Charles Thomas    | Member            |
| Ms. Myrtille Brookson | Member            |

**Audit Committee**

In the last quarter of 2019, the positions for the Audit Committee became vacant. APS is looking to fill these positions in the near future.

**Management of the Fund**

The daily operation of APS is overseen by the director who is supported by the deputy director. Together they form the APS directorate. Both report to the APS board and their performance is evaluated yearly by the APS Board.

**Compliance: Security Screenings**

The Security Service of Sint Maarten (In Dutch: "*Veiligheidsdienst Sint Maarten*") (hereinafter: VDSM) is tasked with conducting the screening for positions of confidentiality. The board and the management of the Fund are positions of confidentiality and as such must undergo this screening process. As per the end of 2019, the members of the board and the directorate have been successfully screened by the VDSM.

Additionally, the CBCS performs their own integrity testing. As per the end of 2019, the members of the board, IC and the directorate have successfully completed the integrity testing.

**Compliance: Audit**

The board has appointed a registered accountant who is commissioned with auditing of the administration and annual financial statements of the Fund. The Fund has appointed a certified actuary who provides the Fund with the pension benefit obligation based on the actuarial calculation.

The annual financial statements are prepared in accordance with the International Financial Reporting Standards (hereinafter: IFRS) and audited by Grant Thornton Sint Maarten. Willis Towers Watson, located in the Netherlands, has certified the pension administration and provided an actuarial statement.

The General Audit Chamber receives the approved annual Financial Statements of the Fund along with the independent auditor's report and independent actuarial report. The General Audit Chamber audits the annual Financial Statements of APS and publishes their findings and recommendations in an annual compliance report.

**Supervision of the Fund**

The Minister of Finance is ultimately responsible for the Fund. In this regard the Minister of Finance approves the annual budget, presents the approved budget to Parliament and formalizes additional supervisory rules based on the advice of the CBCS.

The Board is responsible for the management and the administration of the Fund. As such the Board is tasked with the hiring of the members of the directorate and the staff of the Fund.

The CBCS and the General Audit Chamber are tasked with the supervision of APS. CBCS also provides supplementary advice to the Minister of Finance and the Board of APS.



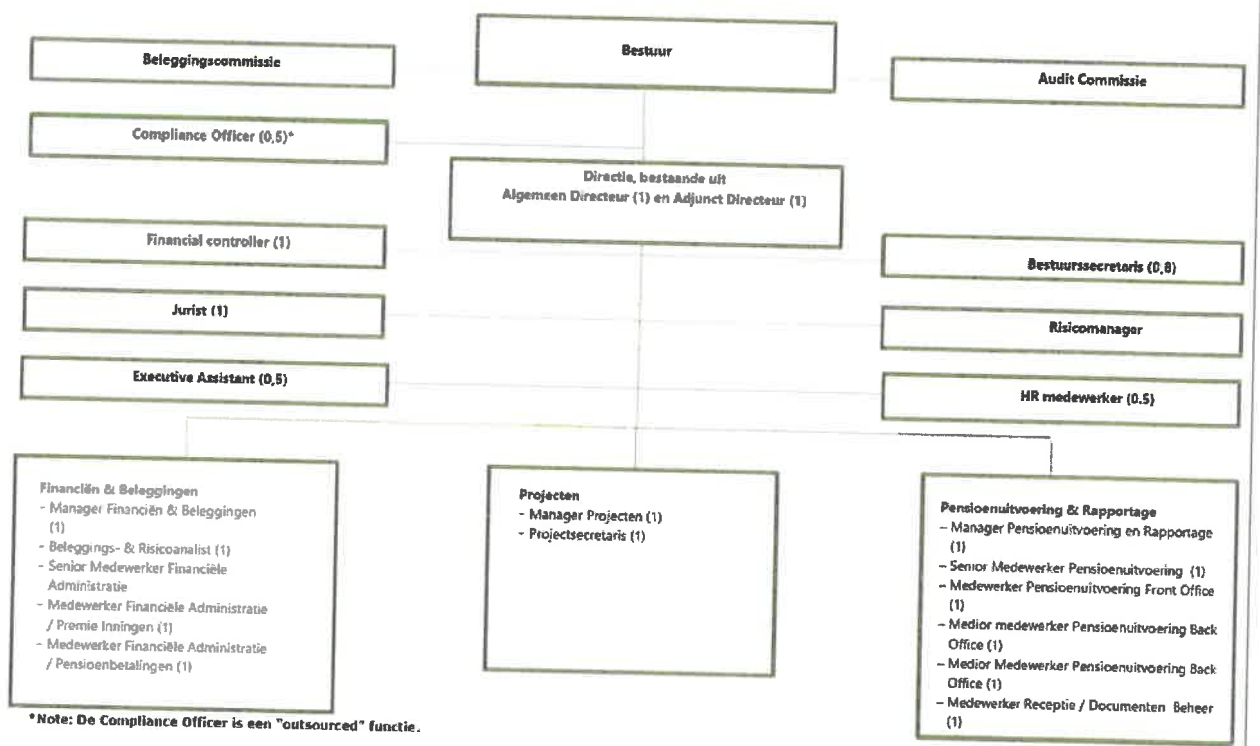
### Structure of the Fund

At the end of 2019, APS had sixteen (16) full time employees.

As per the end of 2019, 2 positions were vacant (Investment & Risk Analyst and Manager Finance and Investments).

The Fund consists of three departments:

- Finance & Investments Department
- Projects Department
- Pension Administration and Reporting Department



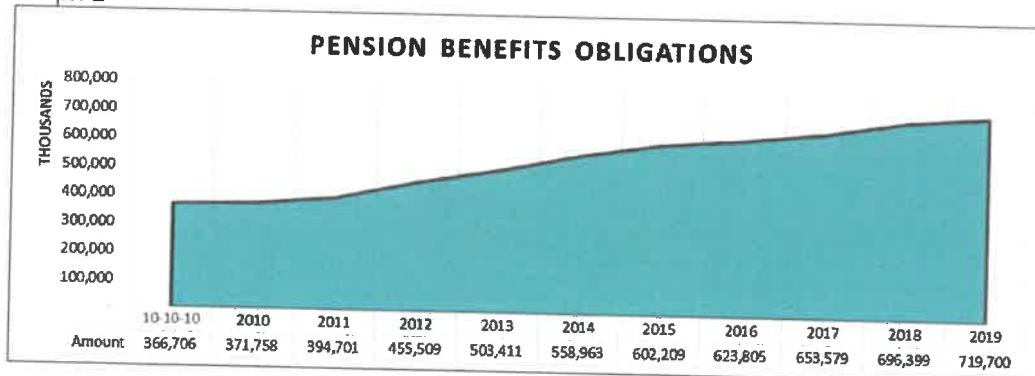
- The IC advises the APS Board on the overall investment policy and guidelines as well as different investment opportunities.
- The Audit committee reviews and discusses financial reporting and compliance with the internal control system and advises the Board.
- The Compliance Officer oversees the corporate compliance of the Fund, functions independently and objectively. The responsibilities also include reviewing and evaluating compliance issues/concerns within the organization.
- The Director is the primary contact person for the Board as it pertains to the Fund's policies and strategic planning.
- The Deputy Director, in the event that the Director is absent, becomes the contact person for the Board as it pertains to the Fund's policies and strategic planning.

- The Secretary of the Board participates in the meetings of the Board and prepares the agenda, reviews the quality of the documents for the Board (meetings) and monitors decisions taken by the board.
- The Financial Controller reviews and analyses reports prepared by management, monitors the budget, provides prognosis on the liquidity of the Fund and advises the director with regards to the efficiency and the effectiveness of company processes.
- The Risk Manager advises on and executes the risk management policies and ensures the awareness of potential risks within the organization.
- The Executive Assistant is responsible for providing support to the directorate. This includes preparing and processing official internal and external communication such as formal letters, the APS website and the APS Facebook page.
- The Legal Advisor provides legal support to the organization through the interpretation and application of relevant laws and regulations and by testing the consistency of policies, documents and procedures with current legislation of the Fund and advises on this.
- The Human Resources officer (hereinafter: HR) advises on and implements the HR policy, administers the salary of the staff of the Fund and organizes and advises on recruitment and selection procedures.
- The Pension Administration & Reporting Department: The activities include the calculation and allocation of the various pensions to its participants, the administration of the participants and the actuarial/financial analyses for the actuarial reports.
- The Finance and Investments Department activities include the collection of premiums, payments to beneficiaries, financial administration, financial analysis, preparation of the annual report, the preparation and execution of investment opportunities, providing recommendations on the investment policy and the monitoring of the existing investments.
- The Projects Department: is responsible for executing the local real estate development projects.

#### 1.4 DEVELOPMENT OF THE PENSION BENEFIT OBLIGATIONS

The development of the pension benefits obligation since the inception of APS is shown in the Graph 1.

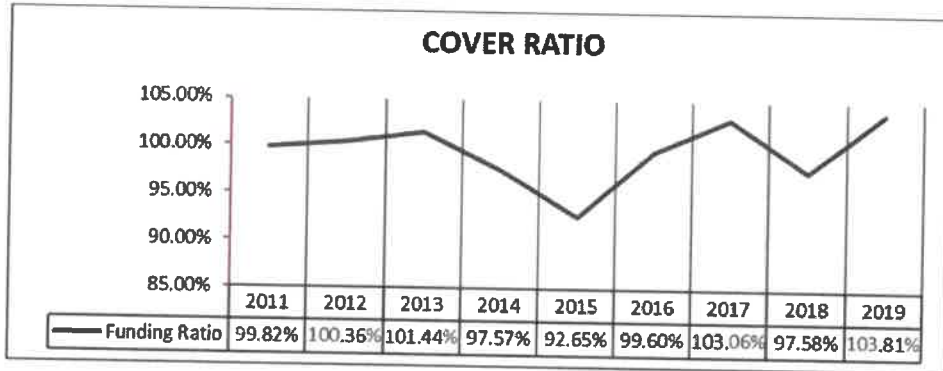
Graph 1



In 2019 the pension benefits obligation increased with ANG 23 million to ANG 720 million compared to an increase of ANG 43 million in 2018 to ANG 696 million.

### 1.5 COVERAGE RATIO DEVELOPMENT

The coverage ratio as per December 31, 2019 is 103.81%, this is above the minimum of 100%, meaning that the Fund will be able to meet its current and future financial obligations to its participants with all variables unchanged.



The coverage ratio increased with 6.24% compared to 2018. This change is a result of but not limited to:

- the increase of the total assets with 10%, from ANG 686 million (2018) to ANG 754 million (2019)
- the increase of the pension benefits obligation with 3.35%, from ANG 696 million (2018) to ANG 720 million (2019). Refer to § 3.21 for the details of the calculation of the pension benefits obligation.

If the pension reform is implemented, it is expected (all other variables remaining the same) that the coverage ratio will increase with approximately 5%.

#### **Pension reform**

In June 2020 Parliament approved the new proposed legislation concerning the pension reform.

The main changes/topics of the reform are:

- retirement age increase to 65;
- conditional indexation (based on the coverage ratio >105%);
- average pay pension system;
- premium contribution is reduced to 18%;
- pension accrual from age 18 instead of 25; and
- recovery mechanisms.

The goal of the reform is to ensure that the pension scheme is financially sustainable. The pension covenant was signed in January 2017. The pension covenant contains the points agreed upon between the stakeholders that were represented in the workgroup: MinAZ, MinFin and the unions. The agreement was limited to the topics on which consensus had been reached prior to December 2016, such as the switch to an average pay pension scheme, the

increase of the pensionable age to 65 years, and a one-time increase of pension entitlements by 10% of the accrued rights.

The financing agreement was also signed in 2017, with the following elements confirmed:

- The pensionable age is 65;
- The pension buildup amounts to 2% per year;
- Average pay pension system;
- The premium contribution percentage is 18%; and
- Indexation is granted after certain conditions are met.

According to the pension reform, APS must draw up a recovery plan if the coverage ratio is lower than 100% at the end of the year. The recovery plan describes measures that must ensure that the coverage ratio will be higher than 100% in five (5) years. If after five (5) years, the coverage ratio is not higher than 100% additional measures will be taken such as:

- The employers pay a one-off extra single premium;
- The pension of all participants and beneficiaries are reduced.

In the event that the coverage ratio is reduced below 100% due to the adaptation of the actuarial principles, the Minister of Finance can initiate a financing agreement to increase the pension premium contribution to max 19.3% in order to partially or fully absorb the coverage ratio reduction.

## 1.6 INVESTMENT PORTFOLIO

The performance of the Total Investment Portfolio, which consists of the international portfolio and the local portfolio, yielded a net year-end return of 9.54%.

The total net investment result is ANG 59 million in 2019, compared to ANG -11 million in 2018. This significant increase is mainly the result of the change in the market value of the positions held in the international portfolio (investments in fixed income and equity).

### Local portfolio

In 2019 the Local portfolio yielded a year to date (hereinafter: YTD) net return of +2.77%, including cash. The local portfolio did not meet the APS investment objective to approximate an average return of 3% - 6% annually as stated in the Master Investment Policy Statement (hereafter MIPS) due to the excess liquidity (cash and call deposits) in its local portfolio.

In the section below a brief explanation of each local portfolio investment is given as well as the developments in 2019:

### Investment properties

#### a) *Mary's Fancy Plantation /De Castro Property*

APS will restore the monuments which include the Plantation House, the Boiling House, the Chimney, the Servants' Quarter and the Well. Additionally, new construction is intended to optimize the future commercial use of the property as a high-end eco boutique hotel, art gallery / outdoor museum and botanical garden.

In 2019 the Fund received the required monument permit from the Ministry of Education, Culture, Youth and Sport. The permit's scope is for both the demolition and reconstruction/construction of the property. The preliminary timeline schedules construction and restoration/renovation of the buildings on the property to commence in 2020.

**b) Professional Office Park**

APS purchased the property known as Professional Office Park in December 2016. The property is comprised of two commercial buildings located in Philipsburg from which APS is now receiving operational income in the form of lease payments from its tenants. In addition to the aforementioned operational real estate, the Fund also acquired a parcel of undeveloped land (ca. 37,000 m<sup>2</sup>) located directly behind the commercial buildings. The undeveloped land is intended to be developed in 2021.

**c) Parking Lot Development**

In September 2016, APS received this property as part of the debt settlement agreement with the Government of Sint Maarten. The property is the parking lot adjacent to the Government Administration Building in Philipsburg. It is slated for development of multi-level parking garage with commercial real estate on the ground floor. The development of the property is pending further decision-making by the APS.

**Investment in debt securities corporate and time deposits**

**a) Debt security: Harbour Corporate Bond**

The Harbour Corporate Bond was acquired in 2012. In 2019 the Harbour continued to satisfy its obligations under the Bond agreement and we expect them to continue doing so in the future.

**b) Debt security: Telem Corporate Bond**

APS holds two tranches of Telem Corporate Bond. First tranche was issued and acquired in 2016, second in 2017. In 2019 Telem continued to satisfy its obligations under the Bond agreement and we expect them to continue doing so.

**c) Other debt securities and time deposits**

Other local investments such as the Government Bonds N.A. and the Time deposits are held with financial institutions such as banks and have continued to satisfy their obligations. The Fund expects that this will continue in the future.

**Loans**

**a) RF Adventure St. Maarten**

The Fund entered into a financing agreement with RF Adventure St. Maarten (RFA) in May 2016. In September 2017, the passing of hurricane Irma created extraordinary circumstances for RFA. RFA reported that they were fortunate to incur limited damages to their assets however, requested a deferral of the interest payments for the period from September 2017 through September 2018 and a deferral of the principal repayments to October 2019 (an extension of the grace period of eight (8) months). This as the overall decrease in tourism sector and RFA operations was expected following hurricane Irma and throughout 2018, with partial recovery over 2019. These waivers were granted to RFA based on the provided projections, financial analysis and following due approval process by Lenders. However, the market recovery and the operational measures undertaken by RFA did not yield expected

results in 2019. The default due to non-payment of interest occurred on March 31<sup>st</sup>, 2019 and continued through the December 31<sup>st</sup>, 2019. As per Facility Agreement APS accrued the default interest over the period the Loan was in default. At the same time, the APS started working with RFA, the Agent and other Lenders on restructuring the RFA loan to remediate the default. As per December 31<sup>st</sup>, 2019 the discussions were ongoing. The final agreement on the restructuring has been reached in Q2 2020, resulting in no financial impact (loss) on the APS position.

**b) Maho Hotel Operations**

The Fund entered into a corporate loan financing agreement with Maho Hotel Operations in August 2018. The tenor of the loan is ten (10) years. Throughout 2019 Maho was fulfilling its loan agreement obligations and is expected to continue in the same manner for the remainder of the loan tenor.

**c) Paradise Bay Resort**

The Fund entered into a corporate loan financing agreement with Paradise Bay Resort in August 2017. However, the start of the project was delayed due to the passing of hurricane Irma in 2017. The first drawdown took place in February 2019. The project is not yet completed and further drawdowns are expected in 2020. The tenor of the loan is twenty (20) months.

**Inventories**

**a) Welgelegen (Oryx Residences) housing development**

APS has financed the construction of affordable homes in Cay Hill on a parcel of land obtained in long lease from the Government of Sint Maarten. The homes will initially be offered for sale to the participants of the Fund, and subsequently to the private potential buyers who live and work on Sint Maarten.

The purchase prices of the homes are under USD 250,000. At the end of 2019, the construction of the affordable homes was near completion. Some remedial works of the exterior of the buildings are scheduled to be completed in 2020. As such, the Fund has commenced the sales of the homes.



**International Portfolio**

In 2019 the international portfolio had a return of 20.17%. The increase of the international portfolio market values can be attributed to the swift international markets recovery in 2019 after a decline in the fourth quarter of 2018.

The following global market conditions characterized 2019 and had an effect on the performance of APS international portfolio:

- Major global equity market corrections in the fourth quarter 2018 resulted in discounted valuations, i.e., the S&P 500 Index declined approx. -19.8% in Q4 2018. The significant declines at the end of 2018 set up a better upside opportunity in equities for 2019.
- Following the 2018 global economic slowdown which saw many Nations with a declining Gross Domestic Production (GDP) and some entering economic recessions, we had a reversal beginning in early 2019, with most Developed and Emerging Market economies showing improving GDP growth rates throughout 2019, and no recessions in the Developed World countries. Improving economic activity led to greater revenues, higher profits, and significantly higher equity valuations globally.
- After the U.S. Federal Reserve had increased interest rates on three separate occasions during 2018, restricting the economic growth, the FED surprised the markets by decreasing interest rates on three separate occasions in 2019. The lower interest rates combined with additional fiscal stimulus were implemented to help the U.S. and World economies to improve.
- The lower interest rates resulted in higher returns from fixed income (bonds) due to market price appreciation on top of coupon interest earned, causing some of the best returns from fixed income in the last decade.
- The lower interest rates reduced the attractiveness of new investments into bonds because of the lower yields and resulted in large inflows into equities as investors seek sufficient returns. A "risk-on" environment developed, whereby investors were willing to take greater risks.
- In December 2017, the U.S. Government passed major tax cuts for individuals and corporations. Although the tax cuts were effective for calendar year 2018, the positive effect of the tax cuts did not show in the U.S. economy until late 2018 and 2019, as taxpayers pay taxes in April each year for the prior year. The lower corporate tax rates gave an advantage to U.S. based corporations and made them comparatively more profitable without any additional sales or revenues.
- During 2019, the U.S. recorded the lowest unemployment rates in its history. Wages, adjusted for inflation, increased for the first time in eight years resulting in greater consumption. Approximately 67% of the U.S. GDP is driven by consumers.
- U.S. consumer confidence hit all-time highs with more jobs and higher wages. When consumers are comfortable about their job security, combined with rising wages, consumption is higher.
- U.S. Domestic equities outperformed the non-U.S. equities due to a stronger relative economy within the U.S., and a stronger currency, attracting greater investment flows into the U.S. In 2019, the APS had a heavy over-weight allocation to U.S. equities compared to the MSCI All Countries World Index (ACWI) weightings which led to significantly better overall returns than would have been earned in the MSCI ACWI.

In summary, 2019 was a very good year for the APS international investments. As a result, the APS International Portfolio exceeded the APS investment objective to approximate an average return of 6% - 11% annually as stated in the Master Investment Policy Statement (hereafter MIPS). However, the international portfolio is a long-term investment portfolio, whereby periods of exceptionally high volatility (for underperformance as well as outperformance) will average out over time.

| Category     | Return 2019 YTD | Return since inception |
|--------------|-----------------|------------------------|
| Equity       | 25.72%          | 8.57%                  |
| Fixed income | 9.91%           | 2.95%                  |
| <b>Total</b> | <b>20.17%</b>   | <b>6.71%</b>           |

This can be seen in above table in the annualized returns since inception per end of 2019, where the International Portfolio yielded +6.71% on average annually since inception.

### 1.7 PENSION ADMINISTRATION DEVELOPMENT

The total number of registered active participants increased from 2684 in 2018 to 2692 in 2019. The average age of our active participants is 44.0 years old in 2019 this was 44.2 in 2018. A lower average age of the active participants would decrease the pension benefits obligation as the wages of the participants are lower. The overall average age has increased to 49.9 years. This is an increase from 49.7 in 2018.

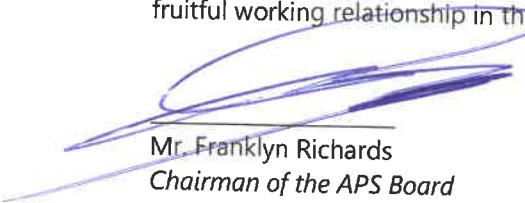
In 2019 the number of pension beneficiaries increased from 1122 to 1185 with most of the pensions being senior pensions. A number of these pension beneficiaries are persons that requested their pension retroactively.

Despite the increasing number of pension beneficiaries in the Fund, the system dependency ratio remains positive but has decreased to 1.31 in 2019 (2018: 1.42<sup>1</sup>). The ideal dependency ratio is two (2). Management is vigilant in monitoring the development of this ratio. Now that the legislative amendments as a result of the pension reform are approved to be implemented per July 1, 2020 the system dependency ratio can improve due to pension contributions starting from 18 years instead of 25 and the change of the pensionable age from 62 to 65.


### 1.8 ACKNOWLEDGEMENTS

We thank our fellow members of the Board (present and past), members of the IC, members of the Audit Committee, the Directorate and the staff, for working towards creating a better future for Sint Maarten and giving the best services to the APS members and participants now and in the future.

Throughout 2019 the Board, IC, Audit Committee, the Directorate and staff of the Fund had the opportunity to work with many entities in various areas: structuring, analysis, executing and monitoring of (potential) investments, PR, ICT management, operational software and website development, etc. We are grateful to those entities and look forward to continued fruitful working relationship in the future.



Mr. Franklyn Richards  
Chairman of the APS Board



Ms. Shaira Bommel  
Member of the APS Board

<sup>1</sup> The system dependency ratio is the ratio of active participants in the Fund to non-active participants.

## 2. FINANCIAL HIGHLIGHTS

|  | 2019       | 2018  |
|--|------------|---|
| <b>Associated Employers 1)</b>                             | 32         | 30 1) For a number of the associated employers not the entire staff participates in the Fund.   |
| <b>Number of Participants</b>                              |            |   |
| Active registered participants 2)                          | 2,692      | 2,684 2) Registered employees of an associated employer who contributed premiums to the pensionfund during the reporting year.                        |
| Participants with deferred rights 3)                       | 876        | 764 3) Former employees of an associated employer who have accrued pension, however no longer contributed pension premiums during the reporting year. |
| Pensioners   | 1,185      | 1,122   |
| Actives/non actives participants                           | 1.31       | 1.42  |
| <b>Participants age average</b>                            |            |   |
| Active participants  | 44.0       | 44.2  |
| Non active participants                                    | 57.6       | 57.5  |
| All participants   | 49.9       | 49.7  |
| <b>Pension administration</b>                              |            |   |
| All amounts are in thousand Netherlands Antillean guilders |            |   |
| Actual premium 4)  | 25%        | 25% 4) The 25% premium as stated in the "Pensioenlandsverordening Overheids-dienaren".  |
| Pension Premiums   | ANG 39,507 | ANG 39,107  |
| Pension administration expenses 5)                         | ANG 3,939  | ANG 5,285 5) The operational expenses of the fund (including investment management expenses) are circa 0.7% of the funds's assets.                    |
| Pension payments   | ANG 20,771 | ANG 20,001  |
| Pension premiums/pension payments                          | 1.90       | 1.96  |

|  | 2019        | 2018   |
|--|-------------|--|
| <b>Solvency</b>  |             |  |
| All amounts are in thousand Netherlands Antillean guilders |             |  |
| Pension assets   | ANG 747,153 | ANG 679,524  |
| Minimum targeted pension assets                            | ANG 755,685 | ANG 731,219  |
| Pension obligation provision                               | ANG 719,700 | ANG 696,399  |
| <br>   |             |  |
| Coverage ratio 6)  | 103.81%     | 97.58%   |
|  |             | 6) A funding ratio below 100% is one of the indicators that the reform of the current pension legislation is needed. |
| Minimum targeted funding ratio 7)                          | 105.00%     | 105.00%  |
| Total provision/provision pensioners                       | 2.28        | 2.28   |
|  |             | 7) The Board-defined target for the funding ratio.   |
| <br>   |             |  |
| <b>Investment portfolio</b>                                |             |  |
| All amounts are in thousand Netherlands Antillean guilders |             |  |
| Equity   | ANG 168,351 | ANG 154,974  |
| Fixed income   | ANG 357,512 | ANG 309,149  |
| Internal Real Estate                                       | ANG 22,000  | ANG 21,530   |
| <br>   |             |  |
| <b>Investment performance</b>                              |             |  |
| Targeted return  | 5.50%       | 5.50%  |
| Total return   | 9.54%       | -1.47%   |
| Return domestic portfolio                                  | 2.77%       | 2.95%  |
| Return international portfolio                             | 20.17%      | -8.99%   |

### 3. FINANCIAL STATEMENTS

#### 3.1 STATEMENT OF FINANCIAL POSITION

|  |      | As at 31 December |                 |
|--|------|-------------------|-----------------|
| All amounts are in thousand Netherlands Antillean guilders |      |                   |                 |
|  | Note | 2019              | 2018            |
| <b>Assets</b>  |      |                   |                 |
| Property and equipment                                     | 3.8  | 5,232             | 5,309           |
| Intangible assets  | 3.9  | 88                | 75              |
| Investment properties                                      | 3.10 | 22,000            | 21,530          |
| Financial assets:  |      |                   |                 |
| Investments in debt securities corporate and time deposits | 3.11 | 181,748           | 176,645         |
| Investments in fixed income and equity                     | 3.12 | 240,975           | 186,309         |
| Loans  | 3.13 | 50,625            | 40,981          |
| Other non-current assets                                   | 3.14 | 5,371             | 12,729          |
| <b>Total non-current assets</b>                            |      | <b>506,039</b>    | <b>443,579</b>  |
| Inventories  | 3.15 | 22,430            | 9,214           |
| Accounts receivable  | 3.16 | 31,396            | 51,289          |
| Other receivable   | 3.16 | -                 | 158             |
| Accrued Interest Receivable                                | 3.16 | 7,083             | 3,771           |
| Short term portion of financial assets                     | 3.17 | 20,000            | 20,000          |
| Other current assets                                       | 3.18 | 185               | 237             |
| Cash and cash equivalents                                  | 3.19 | 167,251           | 157,431         |
| <b>Total current assets</b>                                |      | <b>248,345</b>    | <b>242,100</b>  |
| <b>Total assets</b>  |      | <b>754,384</b>    | <b>685,679</b>  |
| <b>Equity</b>  |      |                   |                 |
| Reserves   | 3.20 | (16,874)          | 20,022          |
| Result current year  | 3.20 | 44,328            | (36,896)        |
| <b>Total equity</b>  | 3.20 | <b>27,454</b>     | <b>(16,874)</b> |
| <b>Liabilities</b>   |      |                   |                 |
| Pension benefits obligations                               | 3.21 | 719,700           | 696,399         |
| Other non-current liabilities                              | 3.22 | -                 | -               |
| <b>Total non-current liabilities</b>                       |      | <b>719,700</b>    | <b>696,399</b>  |
| Accounts payable   | 3.22 | 274               | 415             |
| Other payables   | 3.23 | 416               | 334             |
| Accrued liabilities  | 3.24 | 6,541             | 5,406           |
| <b>Total current liabilities</b>                           |      | <b>7,231</b>      | <b>6,155</b>    |
| <b>Total liabilities</b>                                   |      | <b>726,931</b>    | <b>702,554</b>  |
| <b>Total equity and liabilities</b>                        |      | <b>754,384</b>    | <b>685,679</b>  |

The accompanying notes are an integral part of these financial statements

### 3.2 STATEMENT OF COMPREHENSIVE RESULT

For the year ended 31 December

|  | Note | Year ended 31 December |                 |
|--|------|------------------------|-----------------|
|  |      | 2019                   | 2018            |
| All amounts are in thousand Netherlands Antillean guilders |      |                        |                 |
| <b>Revenues</b>  |      |                        |                 |
| Pension premium income                                     | 3.26 | 39,507                 | 39,107          |
| Pension premium income previous years                      | 3.26 | 428                    | 1,238           |
| Investment income  | 3.27 | 63,772                 | (7,004)         |
| Other income   | 3.28 | 842                    | 1,603           |
| <b>Total Revenues</b>                                      |      | <b>104,549</b>         | <b>34,943</b>   |
| <b>Expenses</b>  |      |                        |                 |
| Pension benefits payments                                  | 3.29 | 20,771                 | 20,001          |
| Investment expenses  | 3.30 | 5,305                  | 4,123           |
| Operating expenses   | 3.31 | 3,939                  | 5,285           |
| Net increase/ (decrease) in pension benefits obligation    | 3.21 | 23,301                 | 42,820          |
| <b>Total expenses</b>                                      |      | <b>53,316</b>          | <b>72,229</b>   |
| <b>Result from operating activities</b>                    |      | <b>51,234</b>          | <b>(37,285)</b> |
| <b>Non operating expenses</b>                              |      |                        |                 |
| Financial income / (expenses)                              | 3.32 | 474                    | 390             |
| Other financial income / (expenses)                        | 3.33 | (7,380)                | -               |
| <b>Total non operating results</b>                         |      | <b>(6,906)</b>         | <b>390</b>      |
| <b>Result</b>  |      | <b>44,328</b>          | <b>(36,895)</b> |
| <b>Attributable to:</b>                                    |      |                        |                 |
| To the Fund  |      | 44,328                 | (36,895)        |
| <b>Total comprehensive result</b>                          |      | <b>44,328</b>          | <b>(36,895)</b> |

The accompanying notes are an integral part of these financial statements

### 3.3 STATEMENT OF CHANGES IN EQUITY

All amounts are in thousand Netherlands Antillean guilders

|   | Note | Year ended 31 December |                          |                 |
|---|------|------------------------|--------------------------|-----------------|
|   |      | Retained earnings      | Attributable to the Fund |                 |
|   |      |                        | Total                    | Total equity    |
| <b>At January 1, 2018</b>                                   |      | 20,022                 | <b>20,022</b>            | <b>20,022</b>   |
| <i>Comprehensive Income for the period</i>                  |      |                        |                          |                 |
| Result for the period                                       | 3.20 | (36,895)               | <b>(36,895)</b>          | <b>(36,895)</b> |
| <b>Year ended December 31, 2018</b>                         | 3.20 | (16,874)               | <b>(16,874)</b>          | <b>(16,874)</b> |
| <i>Comprehensive Income for the period</i>                  |      |                        |                          |                 |
| Result for the period                                       | 3.20 | 44,328                 | <b>44,328</b>            | <b>44,328</b>   |
| <b>Total comprehensive Result for the period</b>            |      | <b>44,328</b>          | <b>44,328</b>            | <b>44,328</b>   |
| <b>Total contributions by and distributions to the Fund</b> |      | -                      | -                        | -               |
| <b>Year ended December 31, 2019</b>                         | 3.20 | <b>27,455</b>          | <b>27,455</b>            | <b>27,455</b>   |

The accompanying notes are an integral part of these financial statements

### 3.4 STATEMENT OF CASH FLOWS

| All amounts are in thousand Netherlands Antillean guilders    | Note      | Year ended 31 December |                 |
|---|-----------|------------------------|-----------------|
|   |           | 2019                   | 2018            |
| <b>Cash flows from operating activities</b>                   |           |                        |                 |
| Result (negative) / positive                                  |           | 44,328                 | (36,895)        |
| Adjustments for:  |           |                        |                 |
| Depreciation of property and equipment                        | 3.8       | 88                     | 93              |
| Amortization of intangible fixed assets                       | 3.9       | 20                     | 32              |
| Depreciation of investment property                           | 3.10      | -                      | (532)           |
| Unrealized (gain) loss investments in fixed income and equity | 3.37      | (48,331)               | 24,928          |
| Unrealized (gain) loss on other investments                   | 3.37      | -                      | (1,470)         |
| Increase in pension benefits obligations                      | 3.21      | 23,301                 | 42,820          |
| Decrease (increase) other non-current assets                  | 3.14      | 7,358                  | -               |
| Mutations work capital:                                       |           |                        |                 |
| Decrease (increase) in inventories                            | 3.15      | (13,216)               | (7,904)         |
| Decrease (increase) in accounts receivable                    | 3.16      | 19,893                 | 1,578           |
| Decrease (increase) in other receivable                       | 3.16      | 158                    | -               |
| Decrease (increase) in other current assets                   | 3.18      | 52                     | (76)            |
| Increase (decrease) in accounts payable                       | 3.22      | (141)                  | 177             |
| Increase (decrease) in other payables and accrued liabilities | 3.23/3.24 | 1,217                  | 406             |
| <b>Net cash flows from operating activities</b>               |           | <b>34,727</b>          | <b>23,157</b>   |
| <b>Investing activities</b>                                   |           |                        |                 |
| Acquisitions  |           |                        |                 |
| Acquisition of property and equipment                         | 3.8       | (11)                   | (80)            |
| Acquisition of intangible assets                              | 3.9       | (32)                   | (57)            |
| Acquisition of investment properties                          | 3.10      | (470)                  | (435)           |
| Acquisition of investment in debt corporate and time deposits | 3.37      | (30,000)               | (37,724)        |
| Acquisition of investments in fixed income and equity         | 3.37      | (189,647)              | (274,824)       |
| Acquisition of loans receivable                               | 3.37      | (9,644)                | (30,046)        |
| Proceeds  |           |                        |                 |
| Proceeds from maturities of debt corporate and time deposits  | 3.37      | 24,897                 | 6,331           |
| Disinvestment of investments in fixed income and equity       | 3.37      | 183,311                | 286,719         |
| Interest received   | 3.17      | (3,312)                | (295)           |
| <b>Net cash flow from investing activities</b>                |           | <b>(24,908)</b>        | <b>(50,410)</b> |
| <b>Cash flow</b>  |           |                        |                 |
| Net cash flow in cash and cash equivalents                    |           | 9,819                  | (27,253)        |
| Cash and cash equivalents at beginning of period              | 3.19      | 157,431                | 184,683         |
| <b>Cash and cash equivalents at end of period</b>             | 3.19      | <b>167,251</b>         | <b>157,431</b>  |

The accompanying notes are an integral part of these financial statements

### 3.5 GENERAL NOTES

Algemeen Pensioenfonds Sint Maarten (hereinafter: APS or Fund) is one of the legal successors of the former "Algemeen Pensioenfonds van de Nederlandse Antillen" (hereinafter: APNA) and is expected to continue carrying on the role of its predecessor. The Fund is established on Sint Maarten and the address of its registered office is Yogesh Commercial Complex unit 1A /1B, A.J.C. Brouwersweg # 4, Cul-de-Sac, Sint Maarten.

The financial statements have been approved for issue by the APS Board on June 18<sup>th</sup>, 2020.

The Fund executes two main pension schemes that are regulated in two ordinances. The transition articles of the 'PLvO' (PB 1997, no 312) in conjunction with 'Pensioenlandsverordening Burgerlijke Landsdienaren' (PB 1938, no 15) regulates the pension for the participants that entered the fund before January 1, 1998 and is referred to as "the old pension scheme". The PLvO regulates the pension of the participants that have become employed as of January 1, 1998 and is referred to as "the new pension scheme". Every government employee who was hired on or after January 1, 1998, with some exceptions, takes part in the new pension scheme based on the ordinance AB 2016, no. 16 and AB 2016, no. 25.

The employers affiliated with the Fund are:

#### Affiliated Employers

##### 1 Government of Sint Maarten

##### Schoolboards

- 2 Foundation for Academic and Vocational Education
- 3 Stichting Katholiek Onderwijs
- 4 Methodist Agogic Centre Foundation
- 5 Stichting Protestant Christelijk Onderwijs
- 6 SVOBE
- 7 St. Maarten Seventh Day Advenstis Education Found.

##### Government N.V.'s and foundations

- 8 Philipsburg Jubilee Library
- 9 Princess Juliana International Airport
- 10 Postal Services St. Maarten
- 11 Nieuwe Post Nederlandse Antillen N.V.
- 12 Analytisch Diagnostisch Centrum N.V.
- 13 Sint Maarten Harbour Group of Companies
- 14 St. Maarten Laboratory Services
- 15 Bureau Telecommunicatie en Post St. Maarten
- 16 Bureau for Intellectual Property

##### Government N.V.'s and foundations cont'd

- 17 Telem Group of Companies
- 18 United Telecommunication Services
- 19 National Institute for Professional Advancement
- 20 Vertegenwoordiging van Nederland op Aruba, Curacao en Sint Maarten

##### Public entities

- 21 Centrale Bank van Curacao & St. Maarten
- 22 Sociale & Ziektekosten Verzekeringen
- 23 Algemeen Pensioenfonds Sint Maarten
- 24 National Recovery Program Bureau
- 25 Integrity Chamber

##### High Council organisations

- 26 Leden van de Staten
- 27 Raad van Advies
- 28 Sociaal Economische Raad
- 29 Kabinet van de Gouverneur Sint Maarten
- 30 Algemene Rekenkamer
- 31 Ombudsman
- 32 Raad voor de Rechtshandhaving

The number of registered participants of the Fund are as follows:

The total number of participants in the fund is 4753. This consists of 2692 registered active participants, 876 participants with deferred rights and 1185 beneficiaries.

### Participants

|                                   | 2019         | 2018         |
|-----------------------------------|--------------|--------------|
| Active Participants               | 2,692        | 2,684        |
| Participants with deferred rights | 876          | 764          |
| Pensioners                        | 1,185        | 1,122        |
| <b>Total</b>                      | <b>4,753</b> | <b>4,570</b> |

### Funding policy

The main objective of the Fund is to ensure that the Fund is able to meet its current and future obligations to its participants. Therefore, the Fund aims to achieve a minimum coverage ratio of 100% and a target of 105%. The coverage ratio per 31 December 2019 is 103.81% which is higher than the minimum but lower than the targeted amount. The Fund conducts an Asset /Liability Management (hereinafter: ALM) study once every three (3) to five (5) years<sup>2</sup> to ensure the sustainability of the Fund. The results of such study will provide APS with a clear overview on the following actions:

- identifying the short and long-term risk, such as premium rate, indexation, pension age, pension system (average or final pay), investment policies etc., for the execution of the current pension legislation;
- establishing premium rates for active participants and employers to ensure that adequate levels of funding are maintained;
- establishing proposals for pension scheme changes, such as pension age, average pay system etc.; and
- establishing the long-term investment policy and performing annual investment structure reviews.

### Investment policy

The investment policy stipulates the guidelines which the Board of APS deems to be prudent considering the needs of, and the legal requirements applicable to APS's investment program.

The overall objective of the Fund's investment policy is to provide participants with benefits as regulated in the LvO APS. This is accomplished through a carefully planned and executed long-term investment program that efficiently and effectively allocates and manages the assets of the Fund.

The policy has been designed to allow the Fund to achieve a minimum rate of return of 5.5% over the long-term. The assets of APS are broadly diversified to minimize the effect of short-term losses within any investment program. All investment transactions are designed and

<sup>2</sup>The last ALM-study was conducted in 2014

executed solely in the interest of, and for the exclusive purposes of providing benefits to the Fund's participants.

The investment policy is a dynamic document. The underlying assumptions related to the Fund's liabilities and other relevant fundamentals are reviewed from time to time based on a periodic Asset Liability Management (ALM) study of the Fund.

The actual asset allocation as at December 31, 2019, policy (strategic) asset allocation and permissible ranges are listed in the following table:

All amounts are in thousand Netherlands Antillean guilders

**Asset allocation as at December 31, 2019**

|   | 2019           | Actual %    | Policy Target % | Difference | Allowable Range relative to target |
|---|----------------|-------------|-----------------|------------|------------------------------------|
| External Equity Securities              | 168,351        | 25%         | 28.0%           | 3%         | +/- 15%                            |
| Local Equity Securities                 | -              | 0%          | 6.0%            | 6%         | +/- 15%                            |
| <b>Total Equity</b>                     | <b>168,351</b> | <b>25%</b>  | <b>34.0%</b>    | <b>9%</b>  | <b>+/- 15%</b>                     |
| External Fixed Income & Money Funds     | 105,139        | 15%         | 12.0%           | -3%        | +/- 5%                             |
| Local Fixed Income & Bank Time Deposits | 252,373        | 37%         | 44.0%           | 7%         | +/- 5%                             |
| <b>Total Fixed Income</b>               | <b>357,512</b> | <b>52%</b>  | <b>56.0%</b>    | <b>4%</b>  | <b>+/- 5%</b>                      |
| Internal Real Estate                    | 22,000         | 3%          | 9.0%            | 6%         | +/- 5%                             |
| Internal Cash                           | 134,735        | 20%         | 1.0%            | -19%       | 0% - 10%                           |
| <b>Total</b>                            | <b>682,599</b> | <b>100%</b> | <b>100%</b>     | <b>0%</b>  | <b>N/A</b>                         |

A comprehensive analysis of the Fund's Asset Allocation Strategy including target asset class allocations and ranges is completed at least once every three years and is presented to the Board of APS for approval. APS Management may recommend conducting the comprehensive analysis prior to the three years, if the long term expected returns, risks or liability values have substantially changed relative to the prior analysis. To achieve this, the program is reviewed by a third-party Consultant and the APS Management, at least annually, to ensure that all assumptions used in determining the program remain reasonable.

The Investment Program is underpinned by a holistic analysis of APS's current and expected financial condition including APS's projected liabilities. Such analysis will also encompass the expected long-term capital markets outlook, expected inflation, and APS's risk tolerance. All investments are conducted in accordance with the approved Asset Allocation Strategy and APS's operational governance structure, including the ongoing oversight by the Investment Committee and the Board to ensure proper monitoring.

### 3.6 ACCOUNTING POLICIES

#### Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below.

**Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter: IFRS).

**Basis of measurement**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, investment property, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Fund's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed at the end of this note.

**Functional and presentation currency**

These financial statements are presented in Netherlands Antillean Guilders, which is the Fund's functional currency. The exchange rate used for USD/ANG is 1/1.80.

Except if indicated otherwise, financial information presented in Netherlands Antillean Guilders have been rounded to the nearest thousand.

**Changes in accounting policies**

*a) New standards, interpretations and amendments effective from January 1, 2019*  
The accounting policies applied in these financial statements are consistent with those of the previous financial year except for:

*IFRS 16, "Leases"*, establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognize: (a) assets and liabilities for all lease with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The standard is effective for accounting periods beginning on or after January 1, 2019, early adoption is permitted.

The Fund has determined the impact of this new standard. All leases can be qualified as short term under the definition of the Standard, hence IFRS 16 does not have any impact on the Financial Statements of the Fund.

Other standards, amendments and interpretations which are effective for the financial year beginning on January 1, 2019 are not relevant to the fund.

*b) New standards, interpretations and amendments not yet effective*

At the date of authorization of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Fund.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Fund's financial statements.

**Capital management**

The Fund's objective is to safeguard the Fund's ability to continue as a going concern to meet its obligations to its participants.

The Fund has a Board that is charged with managing and administering the Fund and the other pension funds that are or will be assigned to it in accordance with article 3, paragraph 2 of the LvO APS. The Fund aims to achieve a coverage ratio of 105%.

The capital is used to generate wealth through investment. The coverage ratio is calculated by dividing the total actuarial assets to the fund's non-current liability. There were no changes in the Fund's approach to capital management during the year.

**Property and equipment**

All property and equipment are stated at historical cost less depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property and equipment are calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:



| <b>Asset Type</b>      | <b># of Years</b> | <b>Method</b> | <b>Residual Values</b> |
|------------------------|-------------------|---------------|------------------------|
| Building               | 40 years          | Straight line | 0                      |
| Leasehold improvements | 5 years           | Straight line | 0                      |
| Furniture & Fixtures   | 10 years          | Straight line | 0                      |
| Equipment              | 5 years           | Straight line | 0                      |
| Computer Hardware      | 4 years           | Straight line | 0                      |

Land is carried at cost. The buildings (including building fittings) are carried at cost less accumulated depreciation and accumulated impairment losses, if any. The buildings are depreciated using the straight-line method over the estimated useful life of 40 years.

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement in operating income.

#### **Leasehold improvements**

Leasehold improvements are investments made to customize buildings and offices occupied under operating lease contracts to make them suitable for their intended purpose. The present value of estimated reinstatement costs to bring a leased property into its original condition at the end of the lease, if required, is capitalized as part of the total leasehold improvement costs.

Reinstatement costs are recognized in net income through depreciation of the capitalized leasehold improvements over their estimated useful life.

The Fund rents three (3) office units from the same landlord. The rental agreements are for a period of two (2) years, with an option to renew after each period.

#### **Intangible assets**

##### *Computer software*

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Fund are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of directly attributable overheads.

Depreciation on intangible assets is calculated using the straight-line method to allocate their cost to their residual values as follows:

| <b>Asset Type</b> | <b># of Years</b> | <b>Method</b> | <b>Residual Values</b> |
|-------------------|-------------------|---------------|------------------------|
| Computer Software | 5 years           | Straight line | 0                      |

Depreciation has been included in note 3.31 Operating Expenses of the Financial Statements.

#### *Impairment of intangible asset*

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income. An impairment loss recognized for goodwill is not reversed.

#### **Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value.

Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

IFRS 13, "Fair Value measurement" – is a standard that requires or permits fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. The Standard defines fair value on the basis of an 'exit price' notion and uses a 'fair value hierarchy', which results in a market-based, rather than entity-specific, measurement. The fair value hierarchy is based on the type of inputs and is defined as follows:

- Level 1: Quoted prices, which are not adjusted, in an active market for identical assets and liabilities that the entity can access at the measurement date,

- Level 2: inputs, other than quoted prices in Level 1, that are observable, either directly or indirectly,
- Level 3: inputs are unobservable, inputs that are usually determined based on management's assumptions. However, Level 3 inputs have to reflect the assumptions that market participants would use when determining an appropriate price for the asset.

In September 2014, APS reached an agreement with the property owners of Mary's Fancy for the purchase of the Land, Plantation House and its surroundings.

In 2016 two properties were added to APS' investment properties. The first property was transferred to the Fund as one of the payments regarding the debt payment basic agreement that was signed in February 2016. In December 2016, APS purchased the second property - Professional Office Park. A portion of this property is undeveloped. The undeveloped portion is selected for the future office of APS and is included under property and equipment.

APS' investment properties are categorized as level 3.

### **Financial assets**

The financial assets and liabilities consist of investments ('Retirement benefit plan assets'), property and equipment, Intangible assets, Other current assets, cash and cash equivalents and the current liabilities.

Retirement benefit plan assets are recorded in agreement with IAS 26 and are classified as fair value. In the case of marketable securities fair value is market value. Where plan investments are held for which an estimate of fair value is not possible disclosure shall be made of the reason why fair value is not used.

The other financial assets and liabilities which are related to the operational activities of the Fund are designated as financial assets and liabilities against amortized cost. The effect of discounting at balance sheet date is estimated to be not significant.

#### *a) Investments in fixed income and equity*

Investments in fixed income and equity consist of foreign bonds and stock exchange listed shares. Regular purchases and sales are recognized on the trade-date, the date on which the fund commits to purchase or sell the asset. Investments are initially recognized at fair value and transaction costs are expensed in the income statement. The investments are revalued at last known fair value at balance sheet date based on the valuation received from the asset managers.

Investments in fixed income and equity are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Gains or losses arising from changes in the fair value of the 'Investments in fixed income and equity' category is presented in the income statement within 'Net change in value -' in the period in which they arise. Dividend income from investments in fixed income and equity is recognized in the income statement as part of other income when the Fund's right to receive



payments is established.

*b) Loans, other non-current assets and receivables*

Loans, other non-current assets and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The loans, other non-current assets and receivables have been acquired to match a part of the obligations of the plan. After initial measurement at fair value plus transaction costs, they are carried at amounts based on their ultimate redemption value assuming a constant rate of return to maturity.

*c) Investments in debt securities corporate and time deposits*

Investment in debt securities corporate and time deposits are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Fund's management has the positive intention and ability to hold to maturity. They have been acquired to match a part of the obligations of the plan. After initial measurement at fair value plus transaction costs, investments in debt securities corporate and time deposits are carried at amounts based on their ultimate redemption value assuming a constant rate of return to maturity.

IFRS requires certain disclosures to be presented by category of instrument based on the IAS 26 measurement categories. Certain other disclosures are required by class of financial instrument. For those disclosures the Fund must group its financial instruments into classes of similar instruments as appropriate to the nature of the information presented.

The two main categories of disclosures required by IFRS 7 are:

1. Information about the significance of financial instruments.
2. Information about the nature and extent of risk arising from financial instruments.

**IFRS 7 fair value measurement hierarchy**

IFRS 7 requires certain disclosures which entail the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);  
The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.
- b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2);  
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates.

If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined based on the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

### **IFRS 9**

Impairment under IFRS 9, applicable to financial assets against amortized cost ('Operational assets') requires the use of more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'.

Recognition of credit losses is no longer dependent on the Funds first identifying a credit loss event. Instead the Fund considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'),
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'), and
- financial assets that have objective evidence of impairment at the reporting date ('Stage 3')

'12-month expected credit losses' are recognized for the first two categories (Stage 1 and 2), while 'lifetime expected credit losses' are recognized for the financial assets categorized as Stage 3.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

This part of IFRS 9 is applicable on the other current assets and cash and cash equivalents. Management has determined the impact of impairment on these financial assets and concluded that this is not material.

### **Inventories**

The Fund's inventories comprise investment properties that are developed with the intention to sell. Inventories are subsequently carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses.

At completion of development the asset will be valued and recorded at fair value under Investment Property.



**Accounts receivable**

Accounts receivable are amounts due from pension contributions, 'VUT'/'duurtetoeslag' payments, and the legal interest charged to the employer for untimely payments of the pension contributions and / or other outstanding and investments.

*Recognition and measurement*

Receivables are initially recognized at fair value, being the cost price minus the transaction costs that are directly attributable to their acquisition or creation. Subsequently receivables are re-measured at their fair value. For receivables with a maturity within twelve months after the end of the financial year, the cost included in the acquisition is deemed to be a reflection of the fair value at the end of the financial year. All other receivables with a maturity longer than twelve months after the end of the financial year, are measured using the interest rate applicable at the end of the financial year for the remaining maturity of the receivable.

**Interest receivable**

Interest receivable are the amounts accrued from investments in loans, debt securities corporate and time deposits.

Interest income is recognized as it accrues, considering the effective yield on the asset.

**Accounts payable**

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one (1) year or less (or in the normal operating cycle of the business if longer).

*Recognition and measurement*

For accounts payables with a maturity within twelve months after the end of the financial year, the cost included in the acquisition is deemed to be a reflection of the fair value at the end of the financial year. All other payables with a maturity longer than twelve months after the end of the financial year, are measured using the interest rate applicable at the end of the financial year for the remaining duration of the payable.

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

**Foreign currency transactions and balances**

Transactions in currencies other than the functional currency are recognized at the rate of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates as at that date.

Exchange differences on monetary items are recognized in profit and loss in the period in which they occur, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

### Revenues

Provided the amount of revenue can be measured reliably and it is probable that the Fund will receive any consideration, revenue is recognized in the period in which they are due or accrued.

Revenues within the Fund comprise:

- Pension premium income - employers, employees and other contributions to the Fund;
- Loan income - interest revenue from corporate, private or government loans;
- Debt securities income - revenues from corporate and government bonds;
- Time deposit income - interest revenues from time deposits;
- Income investments in fixed income and equity - realized and unrealized revenues from foreign bonds and stock exchange listed shares and related interest revenue and dividends received;
- Other investment income - investment revenues that cannot be categorized as one of the above; and
- Other income - revenues that cannot be categorized as investments nor premium income for example the penalty for untimely payment of premiums by the employers.

To determine whether to recognize pension premium income, the Fund follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognizing revenue when/as performance obligation(s) are satisfied.

### Pension benefits obligations

The Fund computes this liability in respect of eligible participants at the end of each year based on the two previous years' salary of those participants. Excess or shortfalls to the provision is adjusted in the comprehensive income statement.

Any difference between the expected return on assets and that achieved, and any changes in the liabilities over the year due to changes in assumptions or experience within the scheme, are recognized in other comprehensive income in the period in which they arise.

### Employee benefits

#### a) Pension benefits obligations

The employees that are in service of the Fund are also participant in the pension scheme that is being executed by the Fund. The pension scheme is a defined benefit plan.

#### b) Other post-employment obligations

The Fund does not have any employees that are entitled to other post-employment benefits such as 'duurtetoeslag' or 'VUT-uitkeringen'.

**Pension benefits payments**

The pension benefits payments are payments to the beneficiaries of the Fund who have attained the age of retirement as well as the derived beneficiaries of orphan and widow(er) pension.

These payments are calculated based on the beneficiaries' average salary (two years prior to retirement) corrected for the AOV-franchise and the amount of years of service.

**Tax**

The Fund is exempted from profit tax in accordance with article 1 section 2 under c of the Profit Tax Ordinance.

**Provisions**

The Fund has recognized provisions for liabilities of uncertain timing or amount including those for pension claims and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

**Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under an operating lease shall be recognized as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

**Critical accounting estimates and judgments**

The Fund makes certain estimates and assumptions concerning the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including reasonable expectations about the relevant future events. Nevertheless, the actual outcomes in the future may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*a) Beginning balance of the fund per October 10, 2010*

A committee was charged with the division of the assets of the Fund's predecessor APNA, in which Sint Maarten was represented by Mr. R. Daryanani (since 2013) and Mr. E. Felisie (since late 2011). The committee submitted its report with the agreed upon value of the assets and the liabilities of APNA as at October 9, 2010 and the way the assets will be divided over the successors to APNA.

The assets were initially divided based on the pension benefits obligations that have been allocated to each country. The pension benefits obligations allocation for the active participants of APNA was determined by the Island territory that the participants were working on October 9, 2010. For the pensioners and the participants with deferred rights it was the Island territory that they were established on the moment of resignation from their last employer that determines the allocation.

*b) Division of asset revenues*

Following the initial division of APNA assets, the Fund received the allocated annuity loans and bonds of the former Netherlands Antilles and Island territory Curacao in 2015.



The beginning balance are based on the final report on the division of APNA assets dated September 2014:

All amounts are in thousand Netherlands Antillean guilders

|                                     | <b>Curaçao</b> | <b>Sint Maarten</b> | <b>The Netherlands</b> | <b>Concept Balance<br/>Division of<br/>Assets</b> |
|-------------------------------------|----------------|---------------------|------------------------|---|
| % Allocation per October 10,2010    | 85.55%         | <b>8.44%</b>        | 6.00%                  | <b>100.00%</b>                                    |
| Pension benefits obligations        | 3,715,900      | <b>366,706</b>      | 260,822                | <b>4,343,429</b>                                  |
| Assets                              | 3,749,670      | <b>370,039</b>      | 263,193                | <b>4,382,902</b>                                  |
| Transfer of Bonds and Loans         | 802,609        | <b>79,206</b>       | 42,591                 | <b>924,406</b>                                    |
| Advance                             |                | <b>291,594</b>      |                        |   |
| <i>Received accounts receivable</i> |                | <b>74,427</b>       |                        |   |
| <i>Received cash</i>                |                | <b>217,167</b>      |                        |   |
| Received                            |                | <b>(761)</b>        |                        |   |

c) *Measurement of defined pension benefits obligations*

The calculation of the pension benefits obligations is sensitive to 'Mortality rate' and 'Actuarial assumptions'. A change in the actuarial assumptions and mortality statistics used in note 3.21 could have a significant impact on the pension benefits obligations.

### 3.7 FINANCIAL RISK MANAGEMENT

All investments of the Fund are associated with risk. The most significant risks can be divided into three groups – market risks, credit risks and liquidity risks. Market risks can be further divided into price risk, interest rate risk, and foreign exchange risk. The Fund is also exposed to the following other financial risks:

- Leverage Risk and
- Counterparty Risk.

The overall objective of the Fund is to set policies that seek to reduce risk as much as possible without unduly affecting the Fund's ability to reach its financial goals. This note describes the Fund's objectives, policies and processes for managing these risks and the methods used to measure them. Further details regarding these policies are set out below.

#### Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, and foreign exchange rates will affect the Fund's income or the value of its financial instruments holdings.

#### Categories of financial instruments

All amounts are in thousand Netherlands Antillean guilders

|  | 2019    | 2018    |
|--|---------|---------|
| <b>Financial assets</b>                                    |         |         |
| Cash and cash equivalents                                  | 134,735 | 117,244 |
| Investments in fixed income and equity                     | 273,491 | 209,250 |
| Investments in debt securities corporate and time deposits | 201,748 | 196,645 |
| Loans  | 50,625  | 40,981  |
| Receivables (including trade receivables)                  | 44,035  | 68,183  |
| <b>Financial liabilities</b>                               |         |         |
| Amortised cost (including trade payables)                  | 7,231   | 6,155   |

The Fund intends to manage and control its market risk exposures within acceptable parameters, while optimizing the return on risk.

#### a) Price risk

The Fund is exposed to price risk on its investment properties and international investments, because they are measured at fair value through profit or loss.

The principal tool used to manage and control price risk exposure within the Fund's international portfolio are statistical measures such as Standard Deviation, Alpha, Beta, Market Up cap ratio, Market Down cap ratio, Sharp ratio and Tracking error.

The other ways in which the Fund manages this risk are through:

- **Diversification** - the assets are held in a wide range of different investments, thus limiting the probability of all assets falling in value simultaneously. The diversification takes place in the capitalization size, investment style, industry sector and geographical area.

- Liquidity - great care is taken to ensure that the Fund does not need to realize potentially volatile assets when their values are depressed.

*b) Interest rate risk*

The interest rate risk, otherwise known as yield curve risk, for the international investments is managed by investing in short duration (average of 3.49 years). All durations are subject to constant change with active management of the fixed income portfolio.

The Fund's local investments are marginally exposed to interest price risk. Because of this, these investments are classified on the statement of financial position as financial assets in debt securities corporate, loans and time deposits. The local market is characterized by little fluctuation in the interest rates. These investments are valued at amortized cost.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Fund's profit (loss) for the year ended 31 December 2019 would decrease/increase by ANG 1 million

*c) Foreign exchange risk*

The Fund's indirect currency exposure (risk) at 31 December 2019 was 2.39 percent of the total external portfolios (2018: 3.71). The indirect exposure is due to the investments in International Small Cap Equities, mainly in Asian and European/Eastern markets. All the equity and fixed income strategies and funds are traded and denominated in USD. The USD and Netherlands Antillean guilders have a fixed exchange rate and therefore no exposure.

The market risk effect of a 10% increase in the value of the international investments held at the reporting date would, all other variables held constant, have resulted in an increase in the net assets of ANG 14 million. A 10% decrease in their value would, on the same basis, have decreased the net assets by the same amount.

**Credit risk**

Credit risk is associated with investments in loans and debt securities and the risk that an issuer will be unable to meet its obligations or, in the worst case, will default on it. Credit risk for the international investments is estimated by a credit rating agency. To limit this risk, the Fund invests a large percentage in bonds with a rating of at least 'investment grade', with some exceptions. These non-investment grade investments are mainly collateralized loans.

Credit risk for the local investments is managed through an established internal creditworthiness rating system. Each entity that applies for a loan or a bond is analyzed individually for creditworthiness before granting a loan. The risk is afterwards managed by analyzing mainly the financial statements of the entities in which the Fund had invested in. The Fund also aims to secure the first collateral for these loans and debt securities including tangible immovable assets.

The table below provides information regarding the credit risk exposure of the Fund.  
All amounts are in thousand Netherlands Antillean guilders

|  | Neither past due<br>nor impaired | Past due but<br>not impaired | Past due<br>impaired | Total          |
|--|----------------------------------|------------------------------|----------------------|----------------|
| 2019   |                                  |                              |                      |                |
| Cash and cash equivalents                                  | 167,251                          | -                            | -                    | 167,251        |
| Short term portion of financial assets                     | 20,000                           | -                            | -                    | 20,000         |
| Accounts receivable  | 3,921                            | 27,475                       | -                    | 31,396         |
| Accrued Interest Receivable                                | 7,083                            | -                            | -                    | 7,083          |
| Other receivable   | -                                | -                            | -                    | -              |
| Other current assets                                       | 185                              | -                            | -                    | 185            |
| Other non-current assets                                   | -                                | 5,371                        | -                    | 5,371          |
| Loans  | 50,625                           | -                            | -                    | 50,625         |
| Investments in debt securities corporate and time deposits | 181,748                          | -                            | -                    | 181,748        |
| <b>Total</b>   | <b>430,813</b>                   | <b>32,846</b>                | <b>-</b>             | <b>463,658</b> |

|  | Neither past due<br>nor impaired | Past due but<br>not impaired | Past due<br>impaired | Total          |
|--|----------------------------------|------------------------------|----------------------|----------------|
| 2018   |                                  |                              |                      |                |
| Cash and cash equivalents                                  | 157,431                          | -                            | -                    | 157,431        |
| Short term portion of financial assets                     | 20,000                           | -                            | -                    | 20,000         |
| Accounts receivable  | 3,820                            | 47,469                       | -                    | 51,289         |
| Accrued Interest Receivable                                | 3,771                            | -                            | -                    | 3,771          |
| Other receivable   | 158                              | -                            | -                    | 158            |
| Other current assets                                       | 237                              | -                            | -                    | 237            |
| Other non-current assets                                   | -                                | 12,729                       | -                    | 12,729         |
| Loans  | 40,981                           | -                            | -                    | 40,981         |
| Investments in debt securities corporate and time deposits | 176,645                          | -                            | -                    | 176,645        |
| <b>Total</b>   | <b>403,043</b>                   | <b>60,198</b>                | <b>-</b>             | <b>463,240</b> |

### Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Fund's approach to managing liquidity is to ensure, in as much as possible, that it will always have sufficient liquidity (cash and cash equivalents) to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking the Fund's reputation. To achieve this aim, the Fund seeks to maintain cash and cash equivalent balances (or agreed facilities) to equal the amount of at least 3 months of pension payments and operational expenses.

The Fund also seeks to reduce liquidity risk by investing in listed securities for its international investments. In this regard the Fund is liquid, especially because it does not invest in hedge funds or private equity.

At the other hand the local investments are not liquid. The Fund seeks to mitigate the illiquidity risk of the local investment portfolio through diversification of investment types and maturity dates of the local investments.

The following table sets out the contractual maturities of local investments:

All amounts are in thousand Netherlands Antillean guilders

|                            | Less than 1 year | Between 1 and 5 years | Over 5 years   | Total          |
|----------------------------|------------------|-----------------------|----------------|----------------|
| At December 31, 2019       |                  |                       |                |                |
| Time deposits              | 20,000           | 80,000                | -              | 100,000        |
| Debt securities government | 3,021            | 18,482                | 18,469         | 39,972         |
| Debt securities corporate  | 2,083            | 15,454                | 44,239         | 61,776         |
| Loans                      | -                | -                     | 50,625         | 50,625         |
| <b>Total</b>               | <b>25,104</b>    | <b>113,936</b>        | <b>113,333</b> | <b>252,373</b> |

All amounts are in thousand Netherlands Antillean guilders

|                            | Less than 1 year | Between 1 and 5 year | Over 5 years   | Total          |
|----------------------------|------------------|----------------------|----------------|----------------|
| At December 31, 2018       |                  |                      |                |                |
| Time deposits              | 20,000           | 70,000               | -              | 90,000         |
| Debt securities government | 2,829            | 17,304               | 22,652         | 42,786         |
| Debt securities corporate  | 2,083            | 8,331                | 53,445         | 63,859         |
| Loans                      | -                | -                    | 40,981         | 40,981         |
| <b>Total</b>               | <b>24,912</b>    | <b>95,636</b>        | <b>117,078</b> | <b>237,626</b> |

The table below summarizes the contractual maturities of the Fund's financial liabilities based on contractual repayment arrangements.

All amounts are in thousand Netherlands Antillean guilders

|                              | Less than 1 year | Between 1 and 5 years | Over 5 years   | Total          |
|------------------------------|------------------|-----------------------|----------------|----------------|
| 2019                         |                  |                       |                |                |
| Accounts payable             | 274              |                       |                | 274            |
| Other payable                | 416              |                       |                | 416            |
| Accrued liabilities          | 6,541            |                       |                | 6,541          |
| Pension benefits obligations | 20,771           | 102,814               | 596,115        | 719,700        |
| <b>Total</b>                 | <b>28,002</b>    | <b>102,814</b>        | <b>596,115</b> | <b>726,931</b> |

All amounts are in thousand Netherlands Antillean guilders

|                              | Less than 1 year | Between 1 and 5 years | Over 5 years   | Total          |
|------------------------------|------------------|-----------------------|----------------|----------------|
| 2018                         |                  |                       |                |                |
| Accounts payable             | 415              |                       |                | 415            |
| Other payable                | 334              |                       |                | 334            |
| Accrued liabilities          | 5,406            |                       |                | 5,406          |
| Pension benefits obligations | 21,312           | 99,486                | 575,601        | 696,399        |
| <b>Total</b>                 | <b>27,467</b>    | <b>99,486</b>         | <b>575,601</b> | <b>702,554</b> |

**Other risks***a) Leverage risk*

The use of leverage introduces multiple risks to the investor. First, it increases the market risk and portfolio volatility, because the impact of price changes on a levered portfolio's market value (numerator) is translated to the actual, smaller net worth (assets – liabilities, the denominator). Second, the use of leverage introduces the interest cost of borrowing the funds which may reduce the net returns. Third, the use of leverage often introduces counterparty risk, when securities are held as collateral, and may be transferred to other institutions not under contract with the Fund, whom may not have as strong a financial position or the Fund's best interests as a priority. And, fourth, accounts that utilize leverage must be "margin" accounts, and margin accounts may permit securities lending, when an investor's assets may be "lent" by the custodian to other entities for its own business/operational purposes.

One of the separately managed accounts currently employed by the Fund utilizes low levels of leverage, and the same strategy employs margin debt. The Fund rates the leverage risk as low.

*b) Counterparty risk*

Counterparty risk is the risk that an external fund manager or the institution responsible for holding and safeguarding securities defaults on their contractual obligations. Counterparty risk is an important and evolving risk. Counterparty risk is higher when hedge funds and private equity are utilized or when an investment strategy employs margin debt/leverage or when securities lending is utilized (the Fund does not engage in securities lending for its international investments).

On December 31, 2019 the Fund had minimal counterparty risk. Three strategies had a known counterparty risk (in 2018 this was also three (3)): the SG Capital Teton Equity Long/Short, the Vanguard Large Cap Equity ETF, and the Vanguard MBS ETF. This is 35.5 percent of the international equity portfolio (ANG 59.92 million of investments in equity) and 9.5 percent of the international fixed income portfolio (ANG 10.01 million of investments in fixed income). The counterparty risk in the two ETFs derive from the ETFs being co-mingled investment vehicles, this is where the Fund owns shares in the ETF but not the individual underlying securities. The counterparty risk in the SG Capital Teton Long/Short is due to the use of multiple trading desks away from the Custodian which may result in delayed delivery of securities. Further SG Capital Teton Long/Short uses short positions, where the short security is held by a third-party and lent to APS. However, counterparty risks from short positions are not generally considered major because there is already cash from the sale in the account.



### Financial instruments in the international portfolio measured at fair value

All amounts are in thousand Netherlands Antillean guilders

|                         | Fair value measurements at December 31, 2019 |                |              |              |          |          |
|-------------------------|--|----------------|--------------|--------------|----------|----------|
|                         | Level 1                                      |                | Level 2      |              | Level 3  |          |
|                         | 2019   | 2018           | 2019         | 2018         | 2019     | 2018     |
| <b>Financial assets</b> |  |                |              |              |          |          |
| Fixed Income            | 97,938                                       | 53,350         | 7,201        | 6,702        | -        | -        |
| Equity                  | 168,351                                      | 126,257        | -            | -            | -        | -        |
| <b>Total</b>            | <b>266,290</b>                               | <b>179,607</b> | <b>7,201</b> | <b>6,702</b> | <b>-</b> | <b>-</b> |

#### Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1.

#### Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

#### c) Actuarial risk (Insurance risk)

The provision for pension benefits obligations represents the value of the pension benefits obligations of the Fund at a given date by estimating future pension payments. This value represents an obligation risk (liability) for the Fund. To manage this risk, the Fund conducts an ALM-study or continuity analysis every five (5) years. The ALM-study or continuity analysis will focus mainly on the sensitivity of the cover ratio to actuarial and economic changes. These changes can have a significant impact on the assumptions used to determine the provision for pension benefits obligations. In the case of a significant change in the fund, the fund will conduct an ALM-study.

In this context, the most significant risks come from the rate of long life, mortality and potential disability of the participant.

Actuarial risk is most sensitive to the risk of longevity of a participant. Longevity risk is the probability that participants will live longer than was initially accounted for in the determination of the provision for pension benefits obligations. As a result, the Fund will not be able to meet its obligations to the pensioners.

The risk of mortality means that in case of death of a participant, the Fund may have to grant a survivor's pension for which the Fund did not provide for.

The disability risk covers the risk that the Fund may have to provide for the possibility that premiums will be waived and that the Fund will grant a disability pension. As stated in article 68 of the PLvO, there are instances where the Board can recover the expenses related to the disability pension from the employer.

*d) Inflation risk*

The Fund is susceptible to inflation as well as deflation. The rising inflation increases the pension obligation and reduces the returns on equities and fixed income securities. The inflation risk is included in the ALM study or the continuity analysis.

*e) Integrity risk*

Integrity risk is the risk that the integrity of the institution or the financial system is affected by dishonest, unethical conduct of the organization, employees or of the leadership within the framework of laws and regulations and social standards set by the institution.

The policy of the Fund is:

- The employees, Board members and members of the Investment Committee are to sign and adhere to a "code of conduct";
- The board members and the directorate must undergo a screening; and
- The board members are to meet certain criteria (profile) and be appointed based on these criteria according to the law.

*f) Outsourcing risk*

Outsourcing risk is the risk that continuity, integrity and/or quality of the work contracted out to a third party is suboptimal and that the services/products third party is contracted to provide are damaged or unusable. The risk for the Fund is that the third party does not comply with the instructions that were provided. To manage this risk, associated with operational activities, conditions have been detailed in the Service Level Agreement with Fund's service providers.

The Fund has outsourced the following to third parties:

- The management of the international investments to external asset managers. The risks associated with the outsourcing is controlled preventively by means of an extensive selection procedure. The fiduciary consultant verifies whether the external asset managers comply with the requirements set by the Fund with regards to quality, expertise and service levels. Further APS performs regular monitoring of the external asset managers performance and is taking corrective actions if necessary.
- The management of the network, servers, and all other IT related matters. The risk associated with outsourcing is controlled by the use of firewalls, antivirus and cyber security protection software. Firewalls prevent unauthorized access to the network. The antivirus and cyber security prevent viruses and malware from entering the computer system and infecting files. Additionally, the network is backed up daily, this ensures that data is protected, securely stored and retrievable in the event of network failure.



*g) Third party / Vendor risk*

Third party risk is the risk that products and services provided by third parties is of low quality, unusable or unavailable.

The Fund makes use of the following types of services/products provided by third parties:

- Third party software is used for the financial and payroll administrations. The risk associated with this is that the Fund is fully dependent on the provider for the maintenance of the software. The software provider provides full technical support and the Fund has no resources in house to develop/adjust or fix any technical issues that may arise. The risk associated with the use of third-party software is controlled with requirements set by the Fund with regards to data protection, data ownership, data availability and the daily backup of the network.
- Consultants provide advice and support in various areas such as investments, legal, and projects. The risk associated with consultancy is controlled by the requirements set by the Fund with regards to quality, expertise and service levels, including the Fund's code of conduct clauses in the SLAs and periodic reassessment of the performance.

*h) Financing risk*

Financing risk is the risk that the employer (principally the government of Sint Maarten) is not able to pay / pay off the premiums / debt to the Fund. The risk also includes timely payments of the premiums / debt to the Fund. The Fund has implemented accounts receivable collection procedures and escalation measures for overdue receivables as mitigating measures for this risk.

An important outcome of the ALM study is to provide long-term insight of the costs related to the pension scheme. The aim of the Fund is for the total accounts receivable not to exceed 10% of the total assets. Currently the accounts receivable comprises 4.2% (2018: 7.5%) of the total assets.

### 3.8 PROPERTY AND EQUIPMENT

All amounts are in thousand Netherlands Antillean guilders

|                                     | Land         | Leasehold improvements | Furnitures and fixtures | Computer hardware | Equipment | Total        |
|-------------------------------------|--------------|------------------------|-------------------------|-------------------|-----------|--------------|
| <b>COST AND VALUATIONS</b>          |              |                        |                         |                   |           |              |
| At January 1, 2018                  |              |                        |                         |                   |           |              |
| Cost                                | 5,040        | 202                    | 217                     | 231               | 42        | 5,732        |
| Accumulated depreciation            |              | (106)                  | (105)                   | (165)             | (34)      | (410)        |
| <b>Net book amount</b>              | <b>5,040</b> | <b>96</b>              | <b>111</b>              | <b>67</b>         | <b>8</b>  | <b>5,322</b> |
| <b>Year ended December 31, 2018</b> |              |                        |                         |                   |           |              |
| Opening net book amount             | 5,040        | 96                     | 111                     | 67                | 8         | 5,322        |
| Additions                           | -            | 4                      | 32                      | 44                | -         | 80           |
| Disposals                           | -            | -                      | -                       | -                 | -         | -            |
| Depreciation charge                 |              | (25)                   | (25)                    | (37)              | (6)       | (93)         |
| Closing net book amount             | <b>5,040</b> | <b>75</b>              | <b>118</b>              | <b>74</b>         | <b>2</b>  | <b>5,309</b> |
| <b>At December 31, 2018</b>         |              |                        |                         |                   |           |              |
| Cost                                | 5,040        | 206                    | 249                     | 275               | 42        | 5,812        |
| Accumulated depreciation            | -            | (131)                  | (130)                   | (201)             | (40)      | (503)        |
| <b>Net book amount</b>              | <b>5,040</b> | <b>75</b>              | <b>118</b>              | <b>74</b>         | <b>2</b>  | <b>5,309</b> |
| <b>Year ended December 2019</b>     |              |                        |                         |                   |           |              |
| Opening net book amount             | 5,040        | 75                     | 118                     | 74                | 2         | 5,309        |
| Additions                           | -            | 11                     | -                       | -                 | -         | 11           |
| Depreciation charge                 |              | (24)                   | (25)                    | (37)              | (2)       | (88)         |
| Closing net book amount             | <b>5,040</b> | <b>62</b>              | <b>93</b>               | <b>37</b>         |           | <b>5,232</b> |
| <b>At December 31, 2019</b>         |              |                        |                         |                   |           |              |
| Cost                                | 5,040        | 217                    | 249                     | 275               | 42        | 5,823        |
| Accumulated depreciation            | -            | (155)                  | (155)                   | (239)             | (42)      | (591)        |
| <b>Net book amount</b>              | <b>5,040</b> | <b>62</b>              | <b>93</b>               | <b>37</b>         |           | <b>5,232</b> |

For the estimates of useful economic life and the residual values of property and equipment see note 3.6.

### 3.9 INTANGIBLE ASSETS

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Fund are classified as intangible assets.

All amounts are in thousand Netherlands Antillean guilders

|                                     | Computer software | Total     |
|-------------------------------------|-------------------|-----------|
| <b>COST AND VALUATIONS</b>          |                   |           |
| At January 1, 2018                  |                   |           |
| Cost                                | 933               | 933       |
| Accumulated depreciation            | (879)             | (879)     |
| <b>Net book amount</b>              | <b>54</b>         | <b>54</b> |
| <b>Year ended December 31, 2018</b> |                   |           |
| Opening net book amount             | 54                | 54        |
| Additions                           | 57                | 57        |
| Disposals                           | (3)               | (3)       |
| Depreciation charge                 | (32)              | (32)      |
| Closing net book amount             | <b>75</b>         | <b>75</b> |
| <b>At December 31, 2018</b>         |                   |           |
| Cost                                | 987               | 987       |
| Accumulated depreciation            | (912)             | (912)     |
| Net book amount                     | <b>75</b>         | <b>75</b> |
| <b>Year ended December 2019</b>     |                   |           |
| Opening net book amount             | 75                | 75        |
| Additions                           | 32                | 32        |
| Depreciation charge                 | (20)              | (20)      |
| Closing net book amount             | <b>88</b>         | <b>88</b> |
| <b>At December 31, 2019</b>         |                   |           |
| Cost                                | 1,019             | 1,019     |
| Accumulated depreciation            | (932)             | (932)     |
| Net book amount                     | <b>88</b>         | <b>88</b> |

For the estimates of useful economic life and the residual values of intangible assets see note 3.6.

### 3.10 INVESTMENT PROPERTIES

#### Investment properties

All amounts are in thousand Netherlands Antillean guilders

|                                      | 2019          | 2018          |
|--------------------------------------|---------------|---------------|
| Mary's Fancy & De Castro Development | 7,693         | 7,256         |
| Professional Office Development      | 9,450         | 9,418         |
| Parking Lot Development              | 4,857         | 4,856         |
| <b>Total</b>                         | <b>22,000</b> | <b>21,530</b> |

The investment properties of the fund are measured at fair value in line with IAS 26. The fair value of the Fund's investment properties is based on the independent, appropriately qualified independent appraiser' valuation of the properties at the time of the purchase, including the directly attributable expenditures (transaction cost incurred). Fees paid to the valuers are based on fixed price contracts. The external appraisers are appointed by the Director, on behalf of the Board. The appraisers are selected based upon their knowledge, independence and reputation for comparable assignments. Re-valuations are performed once every three to five years and are performed consistently across all properties in the Fund's portfolio. The Fund also earns rental income from operating leases of its investment properties (see Note 3.27). Rental income is recognized on a straight-line basis over the term of the lease.

#### Mary's Fancy Plantation /De Castro

In 2014 the Fund signed two purchase agreements for the Mary's Fancy and De Castro properties located on the L.B. Scott road. The property consists mainly of land and the few structures thereon that are to be either renovated or demolished. The purchase price of the property was derived from the appraisal executed by external independent valuers. The total costs related to the purchase was ANG 4.4 million. Since the purchase the Fund invested in the infrastructural upgrade of the property. This implied the execution of works on the perimeter wall, the entrance to the property, a bridge located on the property, and the paving of a road on the property. In a subsequent phase the Fund will focus on the reconstruction of the monuments on the property (the Plantation House, the Boiling House, the Chimney, the Servants' Quarter and the Well) and some new construction. The cost incurred in the said improvement activities of the property amounts to the ANG 3.3 million and is included in the value of the Mary's Fancy Development.

As per the end of 2019, the property is not yet operational. The new construction is intended to optimize the future commercial use of the property by developing a high-end eco boutique hotel, art gallery / outdoor museum and botanical gardens.

The value of the property will be re-evaluated five years after purchase date or upon completion of the new construction, whichever is sooner. The appraisal of the property was planned in early 2020, however could not be executed due to COVID-19.

**Professional Office Park**

APS purchased the Professional Office Park property in December 2016 at ANG 9.36 million. The property is comprised of two buildings which APS is now operating for lease income. The purchase price of the property was derived from the appraisal executed by external independent valuers.

The property did not suffer significant damages due to the passing of hurricanes Irma and Maria in 2017. The Fund repaired the minor damages and since the purchase, has further maintained the building to ensure the property value remains (at least) at the initial purchase level. The Fund continues to generate rental income from the operations of this property. The value of the property has been re-evaluated/appraised in March 2020. In the period between December 31, 2019 and the appraisal date no material improvements nor deteriorations occurred on the property. The appraised value is in line with the value carried on balance per December 31, 2019, and the differences observed are not material. Further, the rental income over the years has not changed significantly. The Fund therefore estimates that the carrying value of the property per December 31, 2019 is in line with its fair value. The Fund will perform an updated appraisal per December 31, 2020 in which the effects of the current COVID-19 on the value will also be taken into account. Management expects that the negative effect of COVID-19 on the value of this property will not be significant.

**Parking Lot**

In September 2016 APS received this property (land and improvements) as part of a debt settlement agreement with the Government of Sint Maarten. The property is the parking lot adjacent to the Government Administration Building. The fair value was derived from the appraisal of an independent appraiser. The value of the land transferred to the Fund was ANG 4.5 million.

Since the transfer, the Fund commenced research with regards to the usage of the property. The cost associated with these studies along with the surveying of the land, soil tests and other preparatory works, have totaled to ANG 402K. This amount is included in the value of the property. As per the end of 2019, the property is not yet operational. Decisions on the further development of this property are pending. The value of the property will be re-evaluated five years after purchase date or upon completion of the new construction, whichever is sooner.

### 3.11 INVESTMENTS IN DEBT SECURITIES CORPORATE AND TIME DEPOSITS

#### Investments in debt securities corporate and time deposits

All amounts are in thousand Netherlands Antillean guilders

|                                   | 2019           | 2018           |
|-----------------------------------|----------------|----------------|
| Debt securities corporate         | 101,748        | 106,645        |
| Time deposits                     | 100,000        | 90,000         |
| Less: current portion investments | (20,000)       | (20,000)       |
| <b>Total</b>                      | <b>181,748</b> | <b>176,645</b> |

The investments are split between current and non-current depending on the remaining maturity of the investments and its contractual cash flows.

The fair value for the debt securities is ANG 117 million (2018 ANG 120 million) and for the Time deposits ANG 100 million (2018 ANG 89 million). The fair value has been calculated by discounting future expected cash flows of these investments at a discount rate of 3.75%.

### 3.12 INVESTMENTS IN FIXED INCOME AND EQUITY

#### Investments in fixed income and equity

All amounts are in thousand Netherlands Antillean guilders

|              | 2019           | 2018           |
|--------------|----------------|----------------|
| Fixed Income | 102,125        | 60,053         |
| Equity       | 138,850        | 126,257        |
| <b>Total</b> | <b>240,975</b> | <b>186,309</b> |

The fair value of the investments in fixed income and equity is based on the statements of the custodian banks, except for one of the investment strategies in which the Fund uses the report of the investment manager (see 'Financial instruments in the international portfolio measured at fair value' level 2 in note 3.7 for the amount).

### 3.13 LOANS

#### Loans

All amounts are in thousand Netherlands Antillean guilders

|                                       | 2019          | 2018          |
|---------------------------------------|---------------|---------------|
| RF Adventure St. Maarten N.V. Finance | 14,112        | 14,112        |
| Maho Hotel Operations B.V. Finance    | 29,554        | 26,869        |
| Paradise Bay Resort N.V. Finance      | 6,959         |               |
| <b>Total</b>                          | <b>50,625</b> | <b>40,981</b> |

Loans are carried at amortized cost using the effective interest method.

#### Rain Forest Adventures Sint Maarten:

The Fund's participation in the financing of the Rain Forest Adventures Sint Maarten (hereinafter: RFA) is 68% of the total amount financed. The interest rate per Facility Agreement is the then prevailing rate for one-year USD LIBOR plus a margin of 5.25%, with minimum fixed rate of 6.00%. The financing was structured as a fourteen-year Senior Secured Term Loan Facility, the total term has been extended with 8 months due to the additional time needed for construction due to the passing of hurricane Irma in September 2017. The first interest payment was received in January 2019. However, the market recovery and the operational measures undertaken by RFA did not yield expected results in 2019. The default due to non-payment of interest occurred on March 31<sup>st</sup>, 2019 and continued through the December 31<sup>st</sup>, 2019. As per Facility Agreement APS accrued the default interest over the period the Loan was in default. At the same time, the APS started working with RFA, the Agent and other Lenders on restructuring the RFA loan to remediate the default. As per 31<sup>st</sup> December 2019 the discussions were ongoing. The final agreement on the restructuring has been reached in Q2 2020, resulting in no financial impact (loss) on the APS position.

#### Maho Hotel Operations:

The Maho financing consists of three facilities. Each facility has different floating interest rates (4.15% plus three-month USD Libor, 1.50% plus three-month USD Libor and 4.15% plus three-month USD Libor). The tenor for the first two (2) facilities is ten (10) years, however the principal will be repaid over twelve (12) years. The third facility commence as a short-term construction loan with a tenor of eighteen (18) months. There is a moratorium on the principal repayment during this period, after which the loan will be rolled over into a facility with a tenor of 8.5 years, the principal will be repaid over twelve (12) years.

#### Paradise Bay Resort:

The Fund is participating in the financing of the construction of Paradise Bay Resort. The annual interest rate 6.00%. The financing was structured as a short-term loan to be repaid within 120 days after completion of the construction. Full repayment was expected in Q4 2020, however due to the two-months cease of construction in period March-May 2020 related to COVID-19, the loan repayment might be delayed to Q1 2021.

### 3.14 OTHER NON-CURRENT ASSETS

#### Other non-current assets

All amounts are in thousand Netherlands Antillean guilders

|  | 2019         | 2018          |
|--|--------------|---------------|
| Current account reallocation of participants | 5,371        | 12,729        |
| <b>Total</b>                                 | <b>5,371</b> | <b>12,729</b> |

#### Current account reallocation of participants

This is the amount receivable from APNA for the participants who were not correctly allocated in the division of APNA assets. Since inception, many participants of the former APNA have been reallocated to one of the successor pensionfunds. The reallocation stems forth from execution of the "Onderlinge Regeling Boedelscheiding APNA" (hereinafter: Onderlinge Regeling) in which guidelines for the allocation of participants to the various pension funds are given. Based on these guidelines persons that were incorrectly allocated to a fund, were reallocated to the correct one. Following the Onderlinge Regeling, a transfer of an amount equal to the pension obligation to the recipient fund is owed to the Fund. Partial payment of ANG 49 million in October 2017 settled part of the "Current account reallocation of participants". The balance of ANG 12,7 million has been analyzed by Algemeen Pensioenfonds Curacao and the Fund. In the analysis it is concluded that some of the participants that were part of the balance of ANG 12,7 million were already reallocated to the specific pension funds based on the Onderlinge Regeling. These participants were in the settlement for the Boedelscheiding that was paid by APC. The analysis results in a correction of the balance from ANG 12,7 million to ANG 5,3 million. The amount of 5,3 million is divided in ANG 2,6 million that needs further analyses and ANG 2,7 million is to be paid by Algemeen Pensioenfonds Curacao based on the "Onderdelinge Regeling".

### 3.15 INVENTORIES

The book value of the inventories are as follows:

#### Inventories

All amounts are in thousand Netherlands Antillean guilders

|                        | 2019          | 2018         |
|------------------------|---------------|--------------|
| Welgelegen Development | 22,430        | 9,214        |
| <b>Total</b>           | <b>22,430</b> | <b>9,214</b> |

Inventories relate to the cost of investment properties under development that are intended for sale upon development completion. The net realizable value of the inventories equals or exceeds the book value.

### 3.16 ACCOUNTS RECEIVABLE

The book value of the accounts receivable are as follows:

#### Accounts receivable

All amounts are in thousand Netherlands Antillean guilders

|   | 2019          | 2018          |
|---|---------------|---------------|
| Pension contribution/DT/VUT receivables | 31,396        | 51,289        |
| <b>Total</b>                            | <b>31,396</b> | <b>51,289</b> |

The accounts receivable includes:

- Duurtetoeslag (DT) and Vervroegde UitTreding (VUT). These amounts are paid monthly in advance, along with the pension benefits payments to the beneficiaries of the Fund. The advanced amounts are subsequently invoiced to the affiliated employers of the Fund.
- Pension contribution,
- Penalties on the outstanding. The Fund charged the official legal interest of 4.50% on the outstanding amounts that are overdue.

#### Other receivables

All amounts are in thousand Netherlands Antillean guilders

|                   | 2019     | 2018       |
|-------------------|----------|------------|
| Other receivables | -        | 158        |
| <b>Total</b>      | <b>-</b> | <b>158</b> |

Other receivables were pension payments to former political authorities by APC on behalf of the Government of Sint Maarten. This was executed based on the convention dated January 28, 2009 between APNA and the Government of Sint Maarten. APC has included this amount in the settlement of the division of assets with APS. APS therefore included the amount as a part of the receivable from the Government of Sint Maarten. In June 2019 the Fund was paid ANG 20 million from GOVSXM, part of this payment was applied to this outstanding.

#### Accrued Interest receivables

All amounts are in thousand Netherlands Antillean guilders

|                              | 2019         | 2018         |
|------------------------------|--------------|--------------|
| Accrued Interest receivables | 7,083        | 3,771        |
| <b>Total</b>                 | <b>7,083</b> | <b>3,771</b> |

Accrued interest receivables comprise the amounts receivable for the debt securities corporate, loans and fixed income investments. The increase of the accrued interest receivable in 2019 is primarily due to interest accrual of the RFA loan and cumulative interest accrual of a multi-year time deposit for which the payment of the interest accrued is due upon maturity.

### 3.17 SHORT TERM PORTION OF FINANCIAL ASSETS

#### Short term portion of financial assets

All amounts are in thousand Netherlands Antillean guilders

|               | 2019          | 2018          |
|---------------|---------------|---------------|
| Time deposits | 20,000        | 20,000        |
| <b>Total</b>  | <b>20,000</b> | <b>20,000</b> |

These are financial assets that will mature within one (1) year.

### 3.18 OTHER CURRENT ASSETS

The book value of other current assets is as follows:

#### Other current assets

All amounts are in thousand Netherlands Antillean guilders

|                   | 2019       | 2018       |
|-------------------|------------|------------|
| Prepaid expenses  | 144        | -          |
| Deposits          | 34         | 35         |
| Other receivables | 6          | 202        |
| <b>Total</b>      | <b>185</b> | <b>237</b> |

Deposits are amounts received as rental deposits from tenants in the Professional Office Park investment property.

Other receivables relate to invoices for services paid in advance for the upcoming financial period such as medical insurance for the upcoming year which in some years are paid in advance in December.

### 3.19 CASH AND CASH EQUIVALENTS

The book value of cash and cash equivalents is as follows:

#### Cash and cash equivalents

All amounts are in thousand Netherlands Antillean guilders

|                     | 2019           | 2018           |
|---------------------|----------------|----------------|
| Local banks         | 134,735        | 117,244        |
| International banks | 32,515         | 40,187         |
| <b>Total</b>        | <b>167,251</b> | <b>157,431</b> |

### 3.20 EQUITY

All amounts are in thousand Netherlands Antillean guilders

|  | Retained Earnings | Total           |
|--|-------------------|-----------------|
| <b>Year ended December 31, 2018</b>    | <b>(16,874)</b>   | <b>(16,874)</b> |
| <i>Result</i>                          |                   |                 |
| (Negative)/postive result current year | 44,328            | 44,328          |
| <b>Year ended December 31, 2019</b>    | <b>27,455</b>     | <b>27,455</b>   |

### 3.21 PENSION BENEFITS OBLIGATION

The pension benefits obligation is based on an actuarial calculation taking into account the present value of the pension benefits and entitlements accumulated as per year end.

#### Pension benefits obligation

All amounts are in thousand Netherlands Antillean guilders

|   | 2019           | 2018           |
|---|----------------|----------------|
| Pension obligation beginning of the year  | 696,399        | 653,579        |
| Net increase in pension obligation        | 23,301         | 42,820         |
| <b>Pension obligation end of the year</b> | <b>719,700</b> | <b>696,399</b> |

The calculation of the pension provisions is based on the following premises:

- The participant's average salary in the years 2017 and 2018 (corrected for the AOV-franchise) is being used for the calculation of the present value of the pension obligations;
- Actuarial return of 3.75%;
- Mortality tables: the tables have been updated for men to the table 'GBM 2005-2010' and for women the table 'GBV 2005-2010' with a one-year age reduction for men and two-year age reduction for women. An additional 3% of the pension benefits obligation has been added for the increased risk of long life of the participants;
- Orphan mortality is not taken into account; and
- The age difference between men and women is set at three (3) years;

Marriage frequencies:

- The assumption that all (100%) active participants are married before their pensionable age date and will stay married until this date has changed. For men the percentage has changed to 90% and for women 75%.
- The actual marital status is used for participants with deferred rights and pensioners.

Costs:

The net pension benefits obligation has been increased with 3% to cover the pension payment administrative costs.

Ages and period:

For the calculation it is assumed that all participants are born on the 1<sup>st</sup> of the following month or the 1<sup>st</sup> of the corresponding month of the actual date of birth.

Burial assistance ('smartengeld'):

The pension benefits obligation for active participants and participants with deferred rights, has been increased by discounting the actuarial factors used in calculating the pension benefits obligation. This is done to cover the so-called 'smartengeld', which is the equivalent of three months of senior's pension benefit and is paid to surviving family members upon the demise of the pensioner.

The 'smartengeld' has been taken into account in the calculation of the pension benefits obligation for the pensioners.

The pension benefits obligation is calculated only for the registered employees from employers associated with the Fund.



### 3.22 ACCOUNTS PAYABLE

#### Accounts payable

All amounts are in thousand Netherlands Antillean guilders

|                  | 2019       | 2018       |
|------------------|------------|------------|
| Accounts payable | 274        | 415        |
| <b>Total</b>     | <b>274</b> | <b>415</b> |

### 3.23 OTHER PAYABLES

#### Other payables

All amounts are in thousand Netherlands Antillean guilders

|                     | 2019       | 2018       |
|---------------------|------------|------------|
| Wage tax payable    | 176        | 111        |
| AOV/AWW payable     | 18         | 21         |
| AVBZ payable        | 31         | 31         |
| ZV / OV payable     | 5          | -          |
| Premium SZV payable | 161        | 158        |
| Withholdings        | 25         | 12         |
| <b>Total</b>        | <b>417</b> | <b>334</b> |

### 3.24 ACCRUED LIABILITIES

#### Accrued liabilities

All amounts are in thousand Netherlands Antillean guilders

|                              | 2019         | 2018         |
|------------------------------|--------------|--------------|
| Deposit                      | 82           | 75           |
| Accrual Audit Fee            | 63           | 41           |
| Accrual Vacation Days        | 39           | 40           |
| Accrual Vacation Pay         | 52           |              |
| Accrual consulting expenses  | -            | 10           |
| Other Accruals               | (15)         |              |
| Premiums Received in Advance | 3,871        | 3,471        |
| Premiums Received in Error   | 2,449        | 1,770        |
| <b>Accrued Liabilities</b>   | <b>6,541</b> | <b>5,406</b> |

Accruals are done to ensure that revenues and expenses are recognized within the correct reporting period, irrespective of the timing of the related cash flow.

As in the previous years, the annual premium analysis shows that the Fund had received an excess of premiums as at 31 December 2019. This excess has been classified into two (2) groups:

- Premiums Received in Advance; these are premiums received for participants who were not yet registered with the Fund; various employers are late in providing the necessary documents to register the participants in the Fund and
- Premiums Received in Error; these are amounts erroneously received.

### 3.26 PENSION PREMIUM INCOME

#### Pension premium contribution

All amounts are in thousand Netherlands Antillean guilders

|                             | 2019          | 2018          |
|-----------------------------|---------------|---------------|
| Regular contributions       |               |               |
| Employees' contributions    | 9,417         | 9,320         |
| Employers' contributions    | 30,235        | 29,354        |
| Other contributions         |               |               |
| Contribution premium BB     | 68            | 468           |
| Contribution premium WW     | 18            | 18            |
| Premium restitution         | (231)         | (52)          |
| <b>Total</b>                | <b>39,507</b> | <b>39,107</b> |
| Contribution previous years | 428           | 1,238         |
| <b>Total</b>                | <b>428</b>    | <b>1,238</b>  |

The Fund is currently invoicing premiums for registered employees from the employers that are affiliated with the Fund. The total premium for current year contributions is ANG 39.5 million.

The Fund is invoicing total pension premium contributions at 25% as stated in the PLvO.

The total contribution is split in an employee portion and the balance from the employer as follows:

Total contribution: 25% \* gross salary \* Part time percentage<sup>3</sup>

Employee: 8% \*(gross salary – franchise) \* Part time percentage<sup>4</sup>

<sup>3</sup> Pensioenlandsverordening overheidsdienaren (AB 2016 2016, no. 16) Art. 58

<sup>4</sup> Pensioenlandsverordening overheidsdienaren (AB 2016 2016, no. 16) Art. 62

Employer: remaining portion

Contributions previous year are pension premiums invoiced in the current financial year for past periods. These are premiums received for participants who were retro-actively registered with the Fund; various employers are late in providing the necessary documents to register the participants in the Fund.

### 3.27 INVESTMENT INCOME

#### Investment income

All amounts are in thousand Netherlands Antillean guilders

|   | 2019          | 2018           |
|---|---------------|----------------|
| Investment properties income                  | 583           | 631            |
| Debt securities income                        | 5,940         | 7,123          |
| Income investments in fixed income and equity | 50,695        | (17,811)       |
| Income loans                                  | 3,314         | 560            |
| Time deposits income                          | 3,240         | 2,492          |
| <b>Total</b>                                  | <b>63,772</b> | <b>(7,005)</b> |

#### Investment properties income

The investment properties income is primarily the lease income from the tenants of the Professional Office Park.

#### Debt securities income

The decrease of the debt securities income is due to the maturation of some of the government bonds.

#### Income investments in fixed income and equity

Income investments in fixed income and equity are realized and unrealized gains/losses from foreign bonds and stock exchange listed shares, and related interest revenue and dividends received. The decrease in the Income investments in fixed income and equity can be attributed to the swift recovery of the markets and APS portfolio in 2019 after severe decline of the international markets in the fourth quarter of 2018. Gains or losses arising from changes in the fair value is presented in the income statement in the period in which they arise.

#### Income loans / Time deposits income

The income loans / Time deposits income is the accrued interest as per the contractual obligations.

### 3.28 OTHER INCOME

#### Other income

All amounts are in thousand Netherlands Antillean guilders

|                                     | 2019       | 2018         |
|-------------------------------------|------------|--------------|
| Late payments penalty contributions | 842        | 1,603        |
| <b>Total</b>                        | <b>842</b> | <b>1,603</b> |

The amount of the legal interest (4.50%) charged to the affiliated employers for the late payments of contributions or other outstanding amounts.

### 3.29 PENSION BENEFITS PAYMENTS

#### Pension benefits payments

All amounts are in thousand Netherlands Antillean guilders

|                     | 2019          | 2018          |
|---------------------|---------------|---------------|
| Retirement pensions | 18,830        | 18,016        |
| Widow pensions      | 1,444         | 1,310         |
| Orphan pensions     | 132           | 124           |
| Disability pensions | 358           | 458           |
| Smartegeld          | 79            | 34            |
| Pension lumpsum     | 69            | 54            |
| Other               | (142)         | 6             |
| <b>Total</b>        | <b>20,771</b> | <b>20,001</b> |

These are the amounts paid to the pensioners and other beneficiaries of the Fund.

### 3.30 INVESTMENT EXPENSES

#### Investment expenses

All amounts are in thousand Netherlands Antillean guilders

|   | 2019         | 2018         |
|---|--------------|--------------|
| Investment management expenses                          | 1,598        | -            |
| Investment properties expenses                          | 528          | 429          |
| Adjustment depreciation investment property prior years | -            | (532)        |
| Loan expenses   | -            | 27           |
| Expenses investments in fixed income and equity         | 3,179        | 4,199        |
| <b>Total</b>  | <b>5,305</b> | <b>4,123</b> |

These are costs of the investments of the Fund.

#### Investment management expenses

Investment management expenses represent the portion of the operating expenses of the Fund allocated to the management of the investment portfolio/investment activities. Investment management expenses comprise of the full cost of the investment services consultancy and Investment committee expenses, and forty percent (40%) of the personnel, office, travel and Board expenses.

#### Investment properties expenses

The increased expenses are mainly result of the costs related to the Professional Office Park building.

#### Adjustment depreciation investment property prior years

During the process of determining the impact of IFRS 9 and IFRS 15 on the financial statements of the Fund it was concluded that IAS 26 with respect to the valuation of plan assets needs to be applied more stringently for the recorded investment properties. In 2014 and 2016 the Fund acquired investment properties with the purpose to earn rental income or for capital appreciation or both. The Investment properties have been measured initially at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any. The valuation principle for planned assets under IAS 26 is fair value and the acquired assets in 2014 and 2016 should therefore have been recorded against fair value from date of purchase. The difference between cost less accumulated depreciation and fair value as per January 1, 2018 has therefore been recorded in the year 2018 under Adjustment depreciation investment property previous years.

#### Loan expenses

The expenses are mainly for professional advice prior to the decision being taken on whether the Fund may provide financing to a third party. No such costs have been incurred in 2019.

**Expenses investments in fixed income and equity**

All amounts are in thousand Netherlands Antillean guilders

|                                      | 2019         | 2018         |
|--------------------------------------|--------------|--------------|
| Investment manager commission        | 3,337        | 3,989        |
| Other investment (income) / expenses | (158)        | 209          |
| <b>Total</b>                         | <b>3,179</b> | <b>4,199</b> |

**Investment manager commission**

This is the fee paid to the investment / fund managers of the international portfolio. The total fee consists of a commission that is calculated as a percentage of the portfolio value at the end of each quarter. Additionally, some fund managers receive a performance fee. The commission fee ranges between 1.1% and 1.5% per year.

**Other investment (income)/expenses for fixed income and equity**

This is the amount expensed for taxes withheld by the United States of America Internal Revenue Service (IRS) related to dividend income from equity positions held in the international portfolio.

**3.31 OPERATING EXPENSES****Operating expenses**

All amounts are in thousand Netherlands Antillean guilders

|  | 2019         | 2018         |
|--|--------------|--------------|
| Direct personnel expenses                    | 2,213        | 2,079        |
| Indirect personnel expenses                  | 138          | 171          |
| Office expenses                              | 124          | 121          |
| Housing expenses                             | 274          | 287          |
| Travel & Publicity expenses                  | 309          | 212          |
| Depreciation expenses                        | 108          | 141          |
| Automation expenses                          | 321          | 287          |
| Professional services expenses               | 1,377        | 916          |
| Project team expenses                        | 208          | 222          |
| Board, Investment & Audit committee expenses | 411          | 774          |
| Other general expenses                       | 55           | 73           |
| Allocation to investment management expenses | (1,598)      | -            |
| <b>Total</b>                                 | <b>3,939</b> | <b>5,285</b> |

### Employee benefits

The employees that are in service of the Fund are also participants in the pension scheme that is being executed by the Fund. In the table below the amount expended for this benefit for the staff is illustrated. The Fund expects that the 2020 pension contribution will amount to ANG 360,000. This cost is part of the direct personnel expenses.

#### Pension contribution

All amounts are in thousand Netherlands Antillean guilders

|                      | 2019       | 2018       |
|----------------------|------------|------------|
| Pension contribution | 357        | 357        |
| <b>Total</b>         | <b>357</b> | <b>357</b> |

### Lease expenses

The Fund rents three (3) office premises. The rental agreements are for a period of two (2) years, with an option to renew. This is the main component of housing expenses.

The Fund also leases security hardware such as security cameras. In the table below the amount paid for office rent and equipment lease is specified.

#### Lease expense

All amounts are in thousand Netherlands Antillean guilders

|                  | 2019       | 2018       |
|------------------|------------|------------|
| Office rent      | 151        | 193        |
| Equipment rental | 8          | 9          |
| <b>Total</b>     | <b>159</b> | <b>202</b> |

The Fund has no other lease agreements.

### Allocation to investment management expenses

Portion of operating expenses incurred for the purpose of the analysis, monitoring and management of the Fund's investment portfolio/investment activities is allocated to the investment management expenses (see note 3.30). Investment management expenses comprise of the full cost of the investment services consultancy and Investment committee expenses, and forty percent (40%) of the personnel, office, travel and Board expenses.

### 3.32 FINANCIAL INCOME/ (EXPENSES)

#### Financial (expenses) / income

All amounts are in thousand Netherlands Antillean guilders

|                            | 2019       | 2018       |
|----------------------------|------------|------------|
| Bank charges               | (80)       | (100)      |
| Exchange differences       | (32)       | (232)      |
| Payment differences        |            | 90         |
| Interest income (expenses) | 586        | 632        |
| <b>Total</b>               | <b>474</b> | <b>390</b> |

The Fund has two (2) interest bearing current accounts. The cash position on these accounts has increased resulting in an increase of bank interest for the Fund.

### 3.33 OTHER FINANCIAL INCOME/ EXPENSES

#### Other financial income / (expenses)

All amounts are in thousand Netherlands Antillean guilders

|                            | 2019           | 2018     |
|----------------------------|----------------|----------|
| Opening balance adjustment | (22)           | -        |
| Difference APC and APS     | (7,358)        | -        |
| <b>Total</b>               | <b>(7,380)</b> | <b>-</b> |

The current reallocation of ANG 12,7 million has been analyzed by Algemeen Pensioenfonds Curacao and the Fund. In the analysis it is concluded that some of the participants that were part of the balance of ANG 12,7 million were already reallocated to the specific pension funds based on the Onderlinge Regeling. These participants were in the settlement for the Boedelscheiding that was paid by APC. The analysis resulted in a correction of ANG 7,4 million (ANG 12,7 million to ANG 5,3 million).

### 3.34 GOING CONCERN BASIS OF ACCOUNTING

The financial statements have been prepared on a going concern basis, which assumes that the Fund will be able to meet the pension benefits obligations.

The Fund recognized a gain of ANG 44 million for the year ended 2019, however as explained in note 2, the main objective of the Fund is to ensure that the Fund will always be able to meet

its obligations to its participants. Therefore, the Fund aims to achieve a coverage ratio of 105%. The current coverage ratio is 103.81% which is lower than the target. Nonetheless, the current coverage ratio is above the 100% and following the pension reform in 2020, management believes that APS funding ratio will reach its target enabling APS to comfortably meet its obligations to the beneficiaries of the Fund in future.

To further improve the financial position of the Fund, management has been and will continue to work with the Government of Sint Maarten and representatives of the participants to efficiently implement the pension reform.

### 3.35 COMMITMENTS

#### (a) Capital commitments

At the end of the reporting period the Fund had the following capital commitments:

All amounts are in thousand Netherlands Antillean guilders

|                      | Dec 31, 2019 | Dec 31, 2018 |
|----------------------|--------------|--------------|
| Development Projects | 7            | 16           |
| Local investments    | 36           | 46           |
| <b>Total</b>         | <b>43</b>    | <b>62</b>    |

#### Development Projects

The Fund has a number of real estate development projects on hand. The projects, which are overseen by the Projects department, have been described in detail in section 3.10 of the statement.

#### Local investments

The Fund has committed to the financing of various local investments.

#### (b) Other commitments

All amounts are in thousand Netherlands Antillean guilders

|                      | Dec 31, 2019 | Dec 31, 2018 |
|----------------------|--------------|--------------|
| No later than 1 year | 1,495        | 1,038        |
| <b>Total</b>         | <b>1,495</b> | <b>1,038</b> |

The Fund has a contract for the pension program that renews annually (the initial term of the agreement was for five (5) years).

The Fund rents three (3) office premises from the same landlord. The rental agreements were entered for a period of two (2) years, with an option to renew. Per end of 2019 remaining

duration of these contracts is less than one year. The Fund is in the process of building its own office, and therefore has short term contracts for office rental.

The Fund also leases various services and software under cancellable agreements. The Fund is required to give a two (2) to five (5)-month notice for the termination of these agreements. The agreement expenses are charged to the income statement during the year.

There are no future minimum payments under non-cancellable agreements.

### 3.36 RELATED PARTIES

The Board of the Fund consists of a maximum of five (5) members that are appointed by the Governor of Sint Maarten via a decree. The compensation of the Board is also determined via a decree from the Governor of Sint Maarten. There are no short-term, post-employment, termination or other long-term benefits for the members of the board.

The key management of the Fund includes two (2) directors ('directeur en adjunct-directeur'). In 2018 the position for adjunct-director was vacant, however the position was filled in 2019. The compensation paid or payable to the Board and key management is shown in the following table:

All amounts are in thousand Netherlands Antillean guilders

|   | 2019       | 2018       |
|---|------------|------------|
| Board compensation                      | 156        | 203        |
| Investment Committee's compensation     | 53         | 51         |
| Audit Committee's compensation          | 31         | 32         |
| <b>Salaries key management</b>          |            |            |
| Short term benefits key management      | 334        | 173        |
| Pension contributions key management    | 53         | 28         |
| Other long term benefits key management | 17         | 8          |
| <b>Total</b>                            | <b>645</b> | <b>498</b> |

### 3.37 INVESTMENTS HELD AT THE BEGINNING AND END OF THE PERIOD

All amounts are in thousand Netherlands Antillean guilders

|   | Value at December<br>31, 2018 | Increase through<br>investments | Decrease through<br>disinvestments /<br>amortization / sales | Change in market<br>value/accumulated<br>accrued return | Value at December<br>31, 2019 |
|---|-------------------------------|---------------------------------|--|---|-------------------------------|
| <b>Investment properties</b>                                      |                               |                                 |  |   |                               |
| Land & Buildings  | 18,244                        | -                               | -  | -   | 18,244                        |
| Investment property under construction                            | 3,285                         | 470                             | -  | -   | 3,756                         |
| <b>Sub-total</b>  | <b>21,530</b>                 | <b>470</b>                      | <b>-</b>   | <b>-</b>  | <b>22,000</b>                 |
| <b>Investments in debt securities corporate and time deposits</b> |                               |                                 |  |   |                               |
| Debt security corporate   | 106,645                       | -                               | (4,897)  | -   | 101,748                       |
| Time deposits   | 90,000                        | 30,000                          | (20,000)   | -   | 100,000                       |
| <b>Sub-total</b>  | <b>196,645</b>                | <b>30,000</b>                   | <b>(24,897)</b>  | <b>-</b>  | <b>201,748</b>                |
| <b>Loans</b>  |                               |                                 |  |   |                               |
| Loans   | 40,981                        | 9,644                           | -  | -   | 50,625                        |
| <b>Sub-total</b>  | <b>40,981</b>                 | <b>9,644</b>                    | <b>-</b>   | <b>-</b>  | <b>50,625</b>                 |
| <b>Investments in fixed income and equity</b>                     |                               |                                 |  |   |                               |
| Fixed income  | 71,523                        | 36,655                          | (16,333)   | 13,295  | 105,139                       |
| Equity  | 154,974                       | 152,992                         | (166,978)  | 27,364  | 168,351                       |
| <b>Sub-total</b>  | <b>226,497</b>                | <b>189,647</b>                  | <b>(183,311)</b>   | <b>40,659</b>   | <b>273,491</b>                |
| <b>TOTALS</b>   | <b>485,652</b>                | <b>229,761</b>                  | <b>(208,208)</b>   | <b>40,659</b>   | <b>547,863</b>                |

### 3.38 EVENTS AFTER THE REPORTING DATE

#### (a) Pension reform

The pension reform has been presented in several meetings to Parliament. In June 2020 Parliament approved the new proposed legislation concerning the pension reform with effective date July 1, 2020.

#### (b) COVID-19 impact

The Fund diligently follows the local and international media (especially the "Rijksinstituut voor Volksgezondheid en Milieu" in the Netherlands) for the most recent developments relating to Covid-19.

The Fund has a Crisis Management Team in place which is tasked with the above and the team is also responsible for executing APS' Business Continuity Plan.

The scope of the Business Continuity Plan focuses on formulating strategies and actions for the protection and recovery of critical services, business processes and assets in those cases where a slow recovery after an emergency would result in major damage (or failure) of the organization.

Another major role of the Crisis Management Team is to actively inform the personnel of the various measures taken to reduce the spread of the virus and how the social distancing is implemented.

To date the Fund has seen no impact on the payment patterns of the employers, however the Fund intends to closely monitor this. The Fund is also monitoring the impact on the investments. Funds' international portfolio values were negatively affected during the peak of COVID-19 crisis (February and March 2020), however, as per June 2020 have almost fully recovered to pre-COVID-19 levels and are expected to continue with the positive trend. Deferral of earnings is expected in the local investment portfolio in the first half of 2020, however recouping the deferred earnings is expected in last quarter of 2020 and in 2021. Short term effects of COVID-19 on Fund's investments were not material. It is currently too early to assess what, if any, long lasting effects due to COVID-19 will be.



**4. INDEPENDENT AUDITOR'S REPORT**

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**Grant Thornton**

An instinct for growth™

## ***Independent Auditor's Report***

To the Board of Directors and Management of  
Algemeen Pensioenfonds Sint Maarten  
St. Maarten

Reference: HB/PP/67.377.0/45770

### ***Opinion on the financial statements 2019***

#### ***Our qualified opinion***

In our opinion, except for the possible effects of the matters described in the paragraph the 'Basis for our qualified opinion' section, the financial statements give a true and fair view of the financial position of Algemeen Pensioenfonds Sint Maarten (the "fund") as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### ***What we have audited***

We have audited the financial statements 2019, as included on pages 19 to 69, of Algemeen Pensioenfonds Sint Maarten, based in Sint Maarten.

The entity's financial statements comprise:

1. the statement of financial position as at 31 December 2019;
2. the statement of comprehensive income for the year then ended;
3. the statement of changes in equity for the year then ended;
4. the statement of cash flows for the year then ended; and
5. the notes to the financial statements, which include a summary of significant accounting policies.

#### ***Basis for our qualified opinion***

For the current financial year, we have observed the following finding:

1. An amount of ANG 5,371,000 is included in the other non-current assets with respect to the reallocation of participants between the Algemeen Pensioenfonds Sint Maarten, Algemeen Pensioenfonds Curacao and Pensioenfonds Caribisch Nederland. No final agreement has been reached yet about this receivable with Algemeen Pensioenfonds Curacao. The possible effect of differences between the amount recognized and the final agreement on the re-allocation of participants on the other non-current assets and related accounts is unknown. We were therefore unable to obtain sufficient and reliable audit evidence with respect to the existence and consequently valuation of this receivable.

2. The accounts receivable comprise an amount of ANG 23,7 mln which are currently overdue and unpaid. For the settlement of the overdue and unpaid balance amounting to ANG 23,7 mln no agreement has been reached yet. Therefore, in absence of further information, we have not been able to obtain sufficient and reliable audit evidence with respect to the valuation of the related receivables. The possible effect on the accounts receivable and the related accounts is unknown.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

### *Emphasis of matter concerning the funding ratio*

We draw attention to the paragraph 'Going concern basis of accounting' in Note 3.34 to these financial statements, in which it is noted that the current funding ratio is 103,81 which is lower than the target of 105%. This indicates that the assets of Algemeen Pensioenfonds Sint Maarten on balance sheet date are insufficient to cover the pension obligations. Management is of the opinion that the Fund will be able to meet its obligations to the beneficiaries in the future due to pension reform and financing thereof. Our opinion is not modified in respect of this matter.

## ***Description of responsibilities regarding the financial statements***

### ***Responsibilities of Management and Board of Directors for the financial statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with in accordance with Book 2 of the Civil Code applicable for St. Maarten and International Financial Reporting Standards. Furthermore, management is responsible for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the company's financial reporting process.

### ***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted

in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Materiality influences the nature, timing and extent of our audit procedures and the evaluation of the effect of detected misstatements on our opinion.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures; and evaluate whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

St. Maarten, 25 juni 2020  
Grant Thornton St. Maarten



Herbert Beldman AA RA CIA

**5. INDEPENDENT ACTUARIAL REPORT**

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**Certificeringsrapport  
Boekjaar 2019**

**Algemeen Pensioenfonds Sint Maarten**

18 juni 2020

## Disclaimer

Dit actuariel rapport is voor het bestuur geschreven om te voldoen aan uw rapportageverplichtingen aan de Centrale Bank van Curaçao en Sint Maarten onder de voorwaarden van onze overeenkomst met het pensioenfonds. Het rapport is mogelijk niet geschikt voor gebruik in een andere context of voor andere doeleinden en wij aanvaarden dan ook geen aansprakelijkheid voor dergelijk gebruik.

Dit rapport mag niet openbaar worden gemaakt of worden verstrekt aan derden anders dan schriftelijk met u overeengekomen. Deze bepaling geldt niet voor het verstrekken van het rapport aan de betrokken certificerend accountant, de betrokken administrateur, de aangesloten onderneming(-en), de bij het fonds betrokken organen en aan de Centrale Bank van Curaçao en Sint Maarten, in haar hoedanigheid als toezichthouder, onder de voorwaarden zoals met u overeengekomen in de overeenkomst. Willis Towers Watson aanvaardt geen verantwoordelijkheid, noch enige zorgplicht of aansprakelijkheid jegens derden, waaronder begrepen bovengenoemde derden, die een kopie van dit rapport verkrijgen. Elk vertrouwen door een derde op ons rapport is volledig voor risico van die derde.

## Inhoudsopgave

### Inleiding

blz. 3

### Rapportage boekjaar 2019

blz. 5

- Managementsamenvatting
- Ontwikkelingen (na balansdatum)
- Actuariële verklaring

### Toelichting op actuariële verklaring

blz. 14

- Financiële positie
- Voorziening pensioenverplichtingen
- Premie

### Bijlagen

blz. 21



## Inleiding

Het bestuur van Algemeen Pensioenfonds Sint Maarten heeft Willis Towers Watson opdracht gegeven om de certificerende werkzaamheden voor het boekjaar 2019 te verrichten.

Dit rapport beschrijft het onderzoek naar de financiële positie van het pensioenfonds per 31 december 2019 en de ontwikkeling hiervan gedurende 2019. Voor deze beoordeling worden onder andere de volgende aspecten getoetst:

- De Voorziening Pensioenverplichtingen (hierna: VPV);
- De kostendekkendheid van de premie;
- Het resultaat over het boekjaar;
- De toereikendheid van de middelen van het pensioenfonds.

In het kader van de certificeringsopdracht is op 18 juni 2020 een actuariële verklaring afgegeven. De actuariële verklaring is gebaseerd op de jaarrekening van 11 juni 2020 en is geldig indien de jaarrekening door het bestuur wordt vastgesteld met een goedkeurende verklaring van de accountant.

De externe accountant heeft verklaard dat de basisgegevens, waaronder begrepen de tot de balansdatum opgebouwde pensioenaanspraken en pensioenrechten, in het kader van diens controle van de jaarrekening op juistheid en volledigheid zijn gecontroleerd en beoordeeld. De basisgegevens waarop de VPV is gebaseerd, zijn verstrekt door en tot stand gekomen onder de verantwoordelijkheid van het bestuur van het pensioenfonds. Deze gegevens zijn ontleend aan de deelnemersadministratie van het pensioenfonds, die wordt uitgevoerd door het pensioenfonds zelf.

18 juni 2020  
Ref. FHu/656777/AP200249

Naast het certificeringsrapport is er door de adviserend actuaire van het fonds een actuariële rapport opgesteld. Daarom worden in onze rapportage de samenstelling en het verloop van de VPV en de actuariële analyse van het resultaat, buiten beschouwing gelaten. Voor een gedetailleerde behandeling van deze onderwerpen verwijzen wij u naar het actuariële rapport 2019 van de adviseur. Met de in het rapport opgenomen cijfers gaan wij akkoord.

De jaarrekening en het jaarverslag zijn door het pensioenfonds zelf opgesteld en aan ons verstrekt. Wij baseren onze rapportage op deze gegevens die door de accountant Grant Thornton St. Maarten zijn beoordeeld.

Alle bedragen in dit certificeringsrapport zijn afgerond op een veelvoud van duizend Antilliaanse guldens (ANG), tenzij expliciet anders aangegeven.

Towers Watson Netherlands B.V.



drs. R.T. Schilder AAG



## Rapportage boekjaar 2019

Samenvatting, conclusie en aanbevelingen  
Actuariële verklaring

## Samenvatting, conclusie en aanbevelingen

### Conclusies

- De dekkingsgraad (de verhouding tussen de aanwezige activa en de VPV) is per 31 december 2019 gelijk aan 103,8%. De pensioenverplichtingen worden daarmee afgedekt door het aanwezige vermogen. Er is niet voldoende vermogen aanwezig ter dekking van de algemene risico's en de beleggingsrisico's.

De stijging van de dekkingsgraad met ongeveer 6% wordt voor een groot deel verklaard door het resultaat op beleggingsopbrengsten en inflatie.

- De gehanteerde rekenrente is 3,75%. Wij bevelen het fonds aan om actief te monitoren of de gehanteerde disconteringsvoet ook voor de toekomst voldoende prudent blijft, mede gezien de ontwikkelingen in 2020 door de Coronacrisis.
- Evenals voorgaande jaren heeft de accountant beperkingen opgenomen in zijn verklaring bij de basisgegevens. Hiervoor hebben wij aanvullende controles op de basisgegevens uitgevoerd waaruit blijkt dat de voorziening prudent is vastgesteld.

- De post vorderingen bedraagt 31.396, oftewel 4,2% van het totale pensioenvermogen (2018: 51.289; 7,3%). Het percentage ligt daarmee onder de door CBS voorgeschreven grens van maximaal 10%. In 2019 is van de vordering op APC een bedrag van 7.358 afgeschreven, circa 1% van het vermogen.
- Het percentage liquide middelen van het totaal belegd vermogen is in 2019 gedaald naar 22,4%. Dit percentage is nog altijd veel hoger dan de strategisch beoogde 1%. Gezien de huidige rentestand genereren de liquide middelen niet genoeg vermogen om de benodigde interest van 3,75% te realiseren.
- De totale premie-inkomsten in 2019 waren hoger dan de kostendeekkende premie (inclusief solvabiliteitsopslag).

### Opmerkingen en aanbevelingen

#### Herstelplan:

De actuele dekkingsgraad van APS is 103,8%. Het fonds streeft naar een dekkingsgraad van 115%. In 2019 is het herstelplan uit 2018 geactualiseerd om aan te tonen op welke wijze het fonds wil herstellen naar de gewenste minimale dekkingsgraad van 105%. Door de gunstige ontwikkelingen op de beurzen in 2019 is de dekkingsgraad eind 2019 beter dan verwacht in het herstelplan. Wij vragen wel uw aandacht voor de effecten van de Coronacrisis op de ontwikkeling van de dekkingsgraad in 2020.

Wij bevelen aan om het herstelplan jaarlijks te actualiseren en uit te breiden tot de streefdekkingsgraad van 115%.

#### Aanpassing sterftegrondslagen

In 2018 zijn de sterftegrondslagen aangepast naar een nieuwe tafel. Vorig jaar hebben wij aanbevolen om het onderzoek uit te breiden met een kwantitatief onderzoek, waarbij de sterfteresultaten uit de afgelopen jaren worden betrokken. Het fonds heeft aangegeven dit in 2020 uit gaan voeren.

Wij bevelen aan om bij een eventuele aanpassing van de sterftegrondslagen de huidige systematiek van leeftijdsterugstellingen en een vaste opslag voor langlevensrisico aan te passen naar een prognosetafel met ervaringssterfte. De volgende overwegingen zijn daarbij van toepassing:

- Bij individuele berekeningen wordt de verwachte verbetering op een realistischere manier meegenomen. De toekomstige stijging van de levensverwachting is voor jongeren groter dan voor ouderen. Een vaste opslag voor alle leeftijden is daardoor minder passend;
- Door het hanteren van een prognosetafel worden de sterfteveronderstellingen jaarlijks aangepast aan de veronderstelde verbetering van de levensverwachting, waardoor de sterfteveronderstellingen "automatisch" actueel blijven.

- Een separate opslag voor de verwachte stijging van de levensverwachting levert bij de huidige systematiek jaarlijks een vrijval op van deze opslag, die vrijvalt ten gunste van het resultaat, terwijl de opslag bedoeld is voor de verwachte levensverbetering in de toekomst.

#### Toekomstige uitvoeringskosten

In de VPV is een opslag van 3,0% begrepen voor toekomstige uitvoeringskosten. Deze voorziening is bestemd voor toekomstige kosten die nodig zijn voor het afwickelen van de opgebouwde verplichtingen als er geen verdere premie-inkomsten zijn.

Wij bevelen aan om de gehanteerde opslag in 2020 te evalueren en in het beleid vast te leggen dat grondslagen periodiek wordt getoetst.

#### Onvoorwaardelijke indexatie

Het pensioenfonds kent een onvoorwaardelijk toeslagenbeleid ten aanzien van gepensioneerden en gewezen deelnemers in de "APNA 1998" regeling, welke worden toegekend op basis van de stijging van de algemene bezoldiging van de overheidsdienaren (algemene loonindex). Uit de begroting van de jaren 2016, 2017 en 2018 blijkt dat voor deze jaren geen loonindex is toegekend.

Wij hebben van het pensioenfonds begrepen dat middels een hervorming van de pensioenwetgeving, onvoorwaardelijke indexatie niet langer hoeft te worden uitgevoerd. Vanwege deze wijziging hoeft er geen reservering te worden aangehouden voor toekomstige loonindexaties.

#### Kwaliteit analyse:

Het fonds heeft in 2019 geen opvolging gegeven aan het voornemen om de aanpassing van de sterftegrondslagen en gehuwdheidsfrequenties gedurende het jaar in de administratiesystemen verwerkt te hebben. De adviserend actuaaris heeft de eindstand en de analyse uit het administratiesysteem opnieuw hiervoor handmatig gecorrigeerd.

Wij hebben begrepen dat het pensioenfonds in 2020 op een nieuw administratiesysteem wil overgaan.

Wij achten het noodzakelijk om de geldende grondslagen in het nieuwe administratiesysteem in te regelen, en om de mutatieverwerking op overzichtelijke wijze in te richten, om handmatige aanpassingen te beperken. Het fonds heeft hiertoe een premieanalysebeleid opgesteld dat na afronding van het jaarwerk in gang wordt gezet. Onze aanbeveling hierbij is om, uiteraard binnen de juridisch gestelde kaders, er bij de werkgevers op aan te dringen mutaties tijdig aan te leveren zodat de stand voor het jaarwerk 2020 zo actueel mogelijk is.

### Opvolging aanbevelingen boekjaar 2018

#### Herstelplan:

De actuele dekkinggraad van APS is 97,6%. Het fonds streeft naar een dekkinggraad van 115%. In 2018 is een herstelplan opgesteld om aan te tonen op welke wijze het fonds wil herstellen naar de gewenste minimale dekkinggraad van 105%.

Wij bevelen aan om dit herstelplan jaarlijks te actualiseren.

*Het fonds heeft in 2019 het herstelplan geactualiseerd.*

#### Aanpassing sterftegrondslagen

Wij hebben kennis genomen van de notities van 19 maart 2019 van Montae en 12 april 2019 van Willis Towers Watson advies. Op basis van deze notities zijn de overlevingstafels GBM/V 2000-2005 aangepast naar de overlevingstafels GBM/V 2005-2010. De verzwaring van de sterftegrondslagen heeft een verhogend effect op de TV van circa 3,3%. Mede op basis van de negatieve resultaten op langlevens in de voorgaande jaarwerken achten wij deze verzwaring noodzakelijk. Het door Montae uitgevoerde onderzoek is grotendeels kwalitatief van aard, met vergelijkingen met andere pensioenfonds in de regio.

Wij bevelen aan om het onderzoek uit te breiden met een kwantitatief onderzoek, waarbij de sterfteresultaten uit de afgelopen jaren worden betrokken.

Voor de toekomstig verwachte stijging van de levensverwachting wordt een vaste opslag van 3% van de TV gehanteerd, wat wij op dit moment voldoende prudent achten. Echter, wij zijn van mening dat het toevoegen van een vast percentage geen goede reflectie geeft op de risico's, omdat deze berekening voorbij gaat aan niet-lineaire effecten van de voorzienbare sterftetrend. Het is bijvoorbeeld onwaarschijnlijk dat de sterftetrend gelijk is voor alle leeftijdscohorten.

Wij bevelen daarom aan om voor de overlevingstafels gebruik te maken van een Prognosetafel.

*Het pensioenfonds heeft aangegeven dit onderzoek in 2020 uit te voeren.*

#### Aanpassing gehuwdheidsfrequenties

Wij hebben kennis genomen van de notities van 5 juli 2018 van Montae en 12 april 2019 van Willis Towers Watson advies. Op basis van deze notities zijn de gehuwdheidsfrequenties van het fonds aangepast van 100% gehuwdheid voor zowel mannen als vrouwen naar 90% voor mannen en 75% voor vrouwen. Op ons verzoek heeft Willis Towers Watson advies het onderzoek naar de resultaten op gehuwdheid uitgebreid met de boekjaren 2017 en 2018. Aanpassing van de gehuwdheidsfrequenties heeft een verlagend effect op de TV van circa 1,1%. Op basis van de ontvangen informatie zijn wij akkoord met de gehanteerde gehuwdheidsfrequenties.

Wij bevelen aan de resultaten op gehuwdheid periodiek te blijven monitoren.

*Wij raden aan om in de abtn vast te leggen met welke periodiciteit de grondslagen getoetst gaan worden.*

#### Kwaliteit analyse:

De aanpassing van de sterftetafels van GBM/V 2000-2005 naar GBM/V 2005-2010 en de gehuwdheidsfrequenties zijn niet verwerkt in het administratiesysteem. De adviserend actuaaris heeft de eindstand en de analyse uit het administratiesysteem hiervoor handmatig gecorrigeerd.

Wij hebben begrepen dat er wordt overgegaan op een nieuw systeem waarin deze grondslagen wel verwerkt kunnen worden.

*Deze aanbeveling is niet opgevolgd.*

■ **Resultaat op kosten:**

In 2018 is er een negatief resultaat op kosten behaald, net als in 2017 en 2016.

Wij bevelen aan om te onderzoeken welk deel betrekking heeft op kosten voor vermogensbeheer voor een meer zuivere weergave van het kostenresultaat, en om vervolgens dit resultaat te blijven monitoren.

*Deze aanbeveling is opgevolgd. In 2019 is 1.598 van de kosten toegewezen aan vermogensbeheerskosten. Het resultaat op uitvoeringskosten is in 2019 daardoor positief.*

## Kengetallen

| Verslagjaar                                     | 2019    | 2018    |
|---|---------|---------|
| <b>Uit de balans einde verslagjaar</b>          |         |         |
| A. Voorziening pensioenverplichtingen (VPV)     | 719.700 | 696.399 |
| B. Pensioenvermogen                             | 747.065 | 679.449 |
| Dekkingsgraad (=B/A*100%)                       | 103,8%  | 97,6%   |
| <b>Premie tijdens verslagjaar</b>               |         |         |
| Totale actuariële kosten                        | 32.167  | 33.470  |
| Totale premie-inkomsten                         | 39.507  | 39.107  |
| <b>Kenmerken einde verslagjaar</b>              |         |         |
| Totaal aantal actieven                          | 2.692   | 2.684   |
| Totaal aantal actieven en inactieven            | 4.753   | 4.570   |
| VPV actieven als percentage van VPV             | 48,7%   | 49,7%   |
| VPV slapers als percentage van VPV              | 7,2%    | 6,2%    |
| VPV pensioengerechtigden als percentage van VPV | 44,1%   | 44,1%   |
| Gemiddelde leeftijd actieven (ongewogen)        | 44,0    | 44,2    |
| Gemiddelde leeftijd totaal (ongewogen)          | 49,9    | 49,7    |
| Totale pensioengrondslagsom (in 1000 ANG)       | 115.586 | 116.632 |
| Gemiddeld salaris (in ANG, ongewogen)           | 65.455  | 65.357  |

## Actuariële verklaring

### Opdracht

Door het Algemeen Pensioenfonds Sint Maarten is aan Towers Watson Netherlands B.V. de opdracht verleend tot het afgeven van een actuariële verklaring over het boekjaar 2019.

### Onafhankelijkheid

Als waarmede actuaire ben ik onafhankelijk van Algemeen Pensioenfonds Sint Maarten. Ik verricht geen andere werkzaamheden voor het pensioenfonds.

### Gegevens

De gegevens waarop mijn onderzoek is gebaseerd, zijn verstrekt door en tot stand gekomen onder de verantwoordelijkheid van het bestuur van het pensioenfonds.

Voor de toetsing van de voorziening pensioenverplichtingen en voor de beoordeling van de vermogenspositie heb ik mij gebaseerd op de financiële gegevens die ten grondslag liggen aan de jaarrekening.

Ik heb voorts gebruikgemaakt van de door de accountant in het kader van de jaarrekeningcontrole onderzochte basisgegevens. De accountant van het pensioenfonds heeft mij geïnformeerd over zijn bevindingen ten aanzien van de betrouwbaarheid (materiële juistheid en volledigheid) van de basisgegevens en de overige uitgangspunten die voor mijn beoordeling van belang zijn.

### Werkzaamheden

Als onderdeel van de werkzaamheden voor de opdracht heb ik onder meer onderzocht of:

- De voorziening pensioenverplichtingen toereikend is vastgesteld;
- De ontvangen premie toereikend is.

Voorts heb ik mij een oordeel gevormd over de vermogenspositie van het pensioenfonds. Daarbij heb ik mij gebaseerd op de tot en met balansdatum aangegane verplichtingen en de op dat moment aanwezige middelen en is mede het financieel beleid van het pensioenfonds in aanmerking genomen.

Mijn onderzoek heb ik zodanig uitgevoerd, dat een redelijke mate van zekerheid wordt verkregen dat de resultaten geen onjuistheden van materieel belang bevatten.

De beschreven werkzaamheden en de uitvoering daarvan zijn in overeenstemming met de binnen het Koninklijk Actuarieel Genootschap geldende normen en gebruiken en vormen naar mijn mening een deugdelijke grondslag voor mijn oordeel.

### Oordeel

De voorziening pensioenverplichtingen is, overeenkomstig de beschreven berekeningsregels en uitgangspunten, als geheel gezien, toereikend vastgesteld.

Algemeen Pensioenfonds Sint Maarten

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De ontvangen premie is voldoende om de toegekende aanspraken in 2019 te financieren. De ontvangen premie is tevens voldoende als rekening wordt gehouden met de solvabiliteitsopslag van 15%.

Mijn oordeel over de vermogenspositie van APS is gebaseerd op de tot en met balansdatum aangegane verplichtingen en de op dat moment aanwezige middelen.

Wij hebben geconstateerd dat het eigen vermogen van het pensioenfonds positief is. Er is sprake van dekking door waarden.

De vermogenspositie is naar mijn mening niet voldoende, omdat de dekkingsgraad lager is dan 105%.

In het kader van dit oordeel wijs ik op de ontwikkelingen na balansdatum als gevolg van de Coronacrisis, zoals die door het pensioenfonds in het jaarverslag zijn toegelicht.

Met vriendelijke groet,  
Towers Watson Netherlands B.V.



drs. R.T. Schilder AAG



## Toelichting op actuariële verklaring

Financiële positie  
Vorzieningen Pensioenverplichtingen  
Premie

## Financiële positie

### Dekkingsgraad

De dekkingsgraad is in het boekjaar gestegen van 97,6% naar 103,8%.

| Financiële positie               | 2019          | 2018         |
|----------------------------------|---------------|--------------|
| A: VPV                           | 719.700       | 696.399      |
| B: Pensioenvermogen              | 747.085       | 679.449      |
| <b>Dekkingsgraad (=B/A*100%)</b> | <b>103,8%</b> | <b>97,6%</b> |

De verbetering van de financiële positie wordt voor een groot deel verklaard door het resultaat op beleggingsopbrengsten en inflatie.

De ontwikkeling van de dekkingsgraad is nader toegelicht in het actuariële rapport van de adviserend actuaaris.

### Vermogenspositie

Het fonds kan ultimo 2019 aan de huidige reglementaire verplichtingen ten opzichte van de huidige deelnemers, gewezen deelnemers en pensioengerechtigden voldoen.

Wij merken op dat de post vorderingen 31.396 bedraagt, oftewel 4,2% van het totale pensioenvermogen (2018: 51.289, 7,3%). Het percentage ligt daarmee onder de door CBCS voorgeschreven grens van maximaal 10%. In 2019 is van de vordering een bedrag van 7.358 afgeschreven, circa 1% van het vermogen.

Het percentage liquide middelen van het totaal belegd vermogen is in 2019 gedaald naar 22,4%. Dit percentage is nog altijd veel hoger dan de strategisch

beoogde 1%. Gezien de huidige rentestand genereren de liquide middelen niet genoeg vermogen om de benodigde interest van 3,75% te realiseren.

### Weerstandsvermogen en solvabiliteit

De financiële positie is in het boekjaar verbeterd. De verplichtingen worden gedekt door het aanwezige vermogen. Er is niet voldoende vermogen aanwezig ter dekking van de algemene risico's en de beleggingsrisico's. Het pensioenfonds verkeert eind 2019 in een situatie van reservetekort.

### Herstelplan

Het pensioenfonds heeft in 2018 een kortetermijnherstelplan opgesteld, gericht om binnen vijf jaar een dekkingsgraad van 105% te bereiken. In 2019 is dit herstelplan geactualiseerd. Volgens deze actualisatie is het fonds tijdig uit dekkingstekort, als de pensioenregeling zou worden aangepast van een eindloonregeling naar een middelloonregeling in 2020. Hoewel deze aanpassing nog niet is uitgevoerd, hebben wij begrepen dat vanwege de Coronacrisis inmiddels verregaande afspraken hieromtrent zijn gemaakt.

De dekkingsgraad per einde 2019 is beter dan in het herstelplan werd verwacht. Dit komt met name door de gunstige ontwikkelingen op de beurs in 2019. In de eerste maanden van 2020 zal de dekkingsgraad naar verwachting zijn verslechterd vanwege de Coronacrisis.

APS streeft naar een dekkingsgraad van 115%. Wij bevelen aan dat het pensioenfonds het herstelplan uitbreid tot de gewenste dekkingsgraad van 115% is bereikt.

### *Actuariële analyse van het resultaat*

De actuariële analyse van het resultaat is opgenomen in het actuariële rapport 2019 van de adviseur. Voor zover sprake is van opvallende punten, zijn deze aldaar verklaard en toegelicht.

Een en ander ondersteunt het oordeel dat de VPV correct zijn vastgesteld.

De aanpassingen van de overlevingstafel en de gehuwdheidsfrequenties zijn niet verwerkt in het administratiesysteem. De adviserend actuaaris heeft de eindstand en de analyse uit het administratiesysteem hiervoor handmatig gecorrigeerd. Na onze controle heeft de adviserend actuaaris de analyse aangepast.

Ook dit jaar bestaat een deel van de mutaties uit correcties over voorgaande jaren. Deze correcties over voorgaande jaren worden voor een groot deel veroorzaakt door late aanlevering van mutaties vanuit de aangesloten werkgevers. Hierdoor worden een aantal deelnemers als actieve deelnemers geadmistreerd, terwijl bekend is (zou kunnen zijn) dat deze werknemers niet langer in dienst zijn.

Het fonds heeft in 2019 geen opvolging gegeven aan het voornemen om de aanpassing gedurende het jaar in de administratiesystemen verwerkt te hebben.

Wij hebben begrepen dat het pensioenfonds in 2020 op een nieuw administratiesysteem wil overgaan. Wij achten het noodzakelijk om de geldende grondslagen in het nieuw administratiesysteem in te regelen, en om de mutatieverwerking op overzichtelijke wijze in te richten, om handmatige aanpassingen te beperken.

## Financiële positie (Voorziening pensioenverplichtingen)

### Ontvangen bestanden

Wij hebben op 29 april 2020 het deelnemersbestand met twee contracten van de adviseur van het pensioenfonds ontvangen. Het deelnemersbestand uit de pensioenadministratie ligt ten grondslag aan dit deelnemersbestand met aanpassingen i.v.m. de nieuwe grondslagen. De verklaring van de accountant bij de basisgegevens is bij dit bestand afgegeven.

### Voorziening Pensioenverplichtingen

De VPV vertegenwoordigt de waarde van de pensioenverplichtingen van het fonds. De VPV wordt berekend op basis van de opgebouwde rechten en aanspraken per balansdatum. De grondslagen voor de bepaling van de VPV worden in bijlage A beschreven. De belangrijkste grondslagen zijn een rekenrente van 3,75%, de overlevingstafels GBM/V 2005-2010 met leeftijdsterugstellingen en een opslag van 3,0% voor het langlevensrisico.

In bijlage A is een samenvatting gegeven van de belangrijkste veronderstellingen en grondslagen.

Onze controle van de VPV betreft onder meer de juistheid van de voorziening per afzonderlijke groep en de volledigheid van de in aanmerking genomen verplichtingen. De controle vindt onder andere plaats door het nagekeken van de VPV en het nagaan van de effecten van bestandsmutaties.

<sup>1</sup> De VPV voor bijzondere nabestaanden met status 45 zijn opgenomen bij actieve deelnemers.  
<sup>2</sup> De VPV voor bijzondere nabestaanden met status 46 zijn opgenomen bij gewezen deelnemers.

Voor de betrouwbaarheid van de uitkomsten en de gegevens wordt informatie verkregen uit de analyse van het resultaat.

De VPV voor de actieve deelnemers is vastgesteld als de contante waarde van de opgebouwde pensioenaanspraken. De VPV voor gewezen deelnemers en pensioengerechtigden is gelijk aan de contante waarde van de toegekende pensioenaanspraken en -rechten.

De samenstelling van de VPV naar onderdelen is als volgt:

| Uitsplitsing VPV                          | 31 december 2019 | 31 december 2018 |
|---|------------------|------------------|
| Actieven <sup>1</sup>                     | 351.049          | 346.604          |
| Gewezen deelnemers (slapers) <sup>2</sup> | 51.620           | 42.846           |
| Pensioengerechtigden <sup>3</sup>         | 315.470          | 305.712          |
| Extracomptabel (correcties)               | 1.561            | 1.237            |
| <b>Totale VPV</b>                         | <b>719.700</b>   | <b>696.399</b>   |

In bovenstaande verdeling zijn de arbeidsongeschikte deelnemers meegenomen in de groep gepensioneerden.

<sup>3</sup> De VPV voor bijzondere nabestaanden met status 55 zijn opgenomen bij pensioengerechtigden.

### Toeslagverlening

De toeslagverlening voor deelnemers in de APNA 1998-regeling wordt door het fonds gefinancierd. De toeslagverlening is volgens de Pensioenlandsverordening onvoorwaardelijk. Er is geen toeslag per 1 januari 2020 verleend (2019: 0,0%).

Het pensioenfonds kent een onvoorwaardelijk toeslagenbeleid ten aanzien van gepensioneerden en gewezen deelnemers in de "APNA 1998" regeling, welke worden toegekend op basis van de stijging van de algemene bezoldiging van de overheidsdienaren (algemene loonindex). Uit de begroting van de jaren 2016, 2017 en 2018 blijkt dat voor deze jaren geen loonindex is toegekend.

Het risico voor het fonds blijft bestaan dat in de toekomst wel loonindex wordt toegekend. Het toeslagenbeleid is in de besprekingen voor een nieuwe pensioenregeling meegenomen en het uitgangspunt is een voorwaardelijk toeslagenbeleid.

Wij bevelen het pensioenfonds aan te dringen om deze aanpassing door te voeren, omdat anders een reservering voor deze onvoorwaardelijke stijging dient te worden opgenomen.

Voor de overgangsregeling is er geen sprake van indexatie binnen het fonds. Er wordt geïndexeerd via de duurtetoeslag, dit wordt gefinancierd buiten de werkingssfeer van het pensioenfonds.

### Disconteringsvoet

Bij het berekenen van de VPV wordt uitgegaan van een vaste rekenrente van 3,75%.

In de brief "Vaststelling rekenrente ultimo 2019" van 3 oktober 2019 van de adviserend actuaaris wordt toegelicht dat de rekenrente per eind 2019 gehandhaafd kan worden op 3,75%. Hierbij wordt uitgegaan van een voorwaardelijke toeslagverlening, waardoor geen verlaging van de rekenrente benodigd zou zijn. Hierbij bleek dat de gemiddelde rekenrente is vastgesteld op 3,72%, op basis van de omstandigheden per 30 juni 2019. Omdat deze rente binnen de vastgestelde bandbreedte van 0,25%-punt van 3,75% blijft, is geconcludeerd dat de rekenrente van 3,75% vooralsnog gehandhaafd kan worden.

In overeenstemming met het vastgestelde beleid onderschrijven wij de conclusie van de adviserend actuaaris dat per eind 2019 een rekenrente van 3,75% gehanteerd kan worden.

Wij bevelen het fonds aan om actief te monitoren of de gehanteerde disconteringsvoet ook voor de toekomst voldoende prudent blijft, mede gezien de ontwikkelingen op de markten vanwege de Coronacrisis.

### Kanssystemen

Er hebben geen wijzigingen in de kanssystemen plaatsgevonden in het boekjaar. Wij hebben begrepen dat het pensioenfonds in 2020 een onderzoek wil verrichten naar de sterftegrondslagen.

Wij bevelen aan om bij een eventuele aanpassing van de sterftegrondslagen de huidige systematiek van leeftijdsterugstellingen en een vaste opslag voor langlevensrisico aan te passen naar een prognosetafel met ervaringssterfte. De volgende overwegingen zijn daarbij van toepassing:

- Bij individuele berekeningen wordt de verwachte verbetering op een realistischere manier meegenomen. De toekomstige stijging van de levensverwachting is voor jongeren groter dan voor ouderen. Een vaste opslag voor alle leeftijden is daardoor minder passend;

- Door het hanteren van een prognosetafel worden de sterfteveronderstellingen jaarlijks aangepast aan de veronderstelde verbetering van de levensverwachting, waardoor de sterfteveronderstellingen "automatisch" actueel blijven.
- Een separate opslag voor de verwachte stijging van de levensverwachting levert bij de huidige systematiek jaarlijks een vrijval op van deze opslag, die vrijvalt ten gunste van het resultaat, terwijl de opslag bedoeld is voor de verwachte levensverbetering in de toekomst.

#### Toekomstige uitvoeringskosten

In de VPV is een opslag van 3,0% begrepen voor toekomstige uitvoeringskosten. Deze voorziening is bestemd voor toekomstige kosten die nodig zijn voor het afwickelen van de opgebouwde verplichtingen als er geen verdere premie-inkomsten zijn.

Wij bevelen aan om de gehanteerde opslag in 2020 te evalueren en in het beleid vast te leggen dat grondslagen periodiek wordt getoetst.

Wij achten de gehanteerde grondslagen als geheel gezien voldoende prudent.

## Financiële positie

### Financiering ouderdomspensioen

Wij hebben geconstateerd dat het ouderdomspensioen wordt gefinancierd op basis van kapitaaldekking.

Voor de pensioenregeling worden zowel bijdragen door deelgenoten als bijdragen door de werkgevers betaald. De totale bijdrage bedraagt 25% van de bijdragegrondslagen. De bijdragegrondslag is het ambtelijk inkomen voor dat jaar. De bijdragen van de deelgenoten in de pensioenregeling bedragen 8% van de bijdragegrondslag verminderd met de franchise. Dit deel wordt door de werkgever ingehouden op de inkomsten van de overheidsdienaar. Na pensionering wordt een bijdrage van 3% voor het weduwe-, weduwnaars- en wezenpensioen geheven over het eigen pensioen (alleen voor mensen in de overgangsregeling). Verder zijn door de deelgenoten extra bijdragen verschuldigd over vervulde diensttijd vóór de aanvang van het deelgenootschap.

De financiering en reservering van de duurtetoeslag en VUT-regeling vindt buiten het pensioenfonds plaats. Derhalve is hiermee geen rekening gehouden.

### Betaalde premie versus actuariële kosten

In volgende tabel worden de diverse componenten in bedragen getoond en vergeleken met de reguliere premie-inkomsten in 2019, met tevens de vergelijkende cijfers over 2018:

| Actuariële kosten versus reguliere premie-inkomsten    | 2019          | 2018          |
|--|---------------|---------------|
| Coming service   | 22.417        | 22.203        |
| Backservice  | 3.716         | 5.295         |
| Opslag overlijdensrisico                               | 897           | 888           |
| Opslag arbeidsongeschiktheidsrisico                    | 790           | 782           |
| Opslag voor beheerskosten                              | 4.346         | 4.302         |
| <b>Totale actuariële kosten</b>                        | <b>32.167</b> | <b>33.470</b> |
| Reguliere premie inkomsten                             | 39.507        | 39.107        |
| -/- buitengewone bijdrage                              | -/- 68        | -/- 468       |
| <b>Overschot / (Tekort)</b>                            | <b>7.272</b>  | <b>5.169</b>  |
| Solvabiliteitsopslag (15%)                             | 4.173         | 4.375         |
| <b>Overschot / (Tekort) incl. solvabiliteitsopslag</b> | <b>3.099</b>  | <b>794</b>    |

De totale premie-inkomsten bedroegen 39.507. De kostendekkende premie bedroeg 32.167. Na correctie van de buitengewone bijdrage, die nodig is voor de risicoverzekering, ontstond een overschot van 7.272. De premie is kostendekkend.

Indien er rekening gehouden wordt met een solvabiliteitsopslag in de premie, bedraagt het overschot 3.099. Dit betekent dat de premie bijdraagt aan de instandhouding van een eigen vermogen binnen het pensioenfonds en het herstel naar een dekkingsgraad van 115%.



## Bijlage A: Actuariële grondslagen

Voor de waardering van de VPV wordt uitgegaan van de volgende veronderstellingen.

### Berekeningsmethoden

De VPV is gelijk aan de actuariële contante waarde per 31 december 2019 van de tot en met die datum opgebouwde pensioenaanspraken en pensioenrechten.

### Waarderingsgrondslagen

| Grondslagen       |   |
|-------------------|---|
| Overlevingstafels | Voor mannen de tafel GBM 2005-2010, met één jaar leeftijdsterugstelling.<br>Voor vrouwen de tafel GBV 2005-2010, met twee jaar leeftijdsterugstelling.<br>De wezensterfte is verwaarloosd.<br>Ter dekking van de verwachte toekomstige stijging van de levensverwachting is een opslag van 3,0% op de VPV meegenomen. |
| Leeftijd en duren | Er is verondersteld dat alle deelnemers en overige belanghebbenden zijn geboren op de eerste van de maand samenvallend met of volgend op hun daadwerkelijke geboortedatum.  |

| Grondslagen                            |  |
|--|--|
| Gehuwdheid                             | <p><b>Actieve deelnemers</b><br/>Er wordt verondersteld dat 90% van de actieve mannen en 75% van de actieve vrouwen voor de pensioendatum gehuwd zijn en tot deze datum gehuwd zullen blijven.</p> <p><b>Gewezen deelnemers</b><br/>Voor gehuwde gewezen deelnemers wordt verondersteld dat 90% van de mannen en 75% van de vrouwen tot de pensioendatum gehuwd zullen blijven. Voor ongehuwde gewezen deelnemers wordt geen voorziening voor het latent nabestaandenpensioen aangehouden.</p> <p><b>Gepensioneerde deelnemers</b><br/>Voor gepensioneerde deelnemers wordt de werkelijke burgerlijke staat gebruikt. Er wordt gereserveerd op basis van het bepaalde partner systeem.</p> |
| Rekenrente                             | Vaste rekenrente van 3,75%.  |
| Leeftijdsverschil voor partnerpensioen | Het leeftijdsverschil tussen man en vrouw is op drie jaar gesteld (man ouder dan vrouw).   |
| Kosten                                 | Ter dekking van de uitbetalingskosten zijn de netto koopsommen met 3% verhoogd.  |

Voor de overige gehanteerde methoden en overige verzekeringstechnische grondslagen ter vaststelling van de voorziening pensioenverplichtingen, verwijzen wij naar de abtn.

Actuarieel  
Adviesrapport  
Boekjaar 2019

Algemeen Pensioenfonds  
Sint Maarten

18 juni 2020



## Disclaimer

Dit actuariel adviesrapport is voor u geschreven om te gebruiken voor de jaarlijkse rapportageverplichtingen van uw pensioenfonds onder de voorwaarden van onze overeenkomst met u. Het rapport is mogelijk niet geschikt voor gebruik in een andere context of voor andere doeleinden en wij aanvaarden dan ook geen aansprakelijkheid voor dergelijk gebruik.

Dit rapport mag niet openbaar worden gemaakt of worden verstrekt aan derden anders dan schriftelijk met u overeengekomen. Towers Watson Netherlands B.V. aanvaardt geen verantwoordelijkheid, noch enige zorgplicht of aansprakelijkheid jegens derden, waaronder begrepen bovengenoemde derden, die een kopie van dit rapport verkrijgen. Elk vertrouwen door een derde op ons rapport is volledig voor risico van die derde.

## Inhoudsopgave

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Inleiding



## Inleiding

Het bestuur van Algemeen Pensioenfonds Sint Maarten (APS) heeft Towers Watson Netherlands B.V. opdracht gegeven om actuariële werkzaamheden voor het boekjaar 2019 te verrichten.

Dit rapport is bedoeld om inzicht te verschaffen in de ontwikkeling van de financiële positie van het pensioenfonds in het boekjaar en in het bijzonder in de financiële positie van het pensioenfonds per 31 december 2019. Onze werkzaamheden betreffen onder meer:

- Opstellen en controleren van de voorziening pensioenverplichtingen (VPV) en van het verloop van de VPV gedurende het jaar.
- Opstellen van de financiële positie c.q. de dekkingsgraad en het verloop gedurende het jaar.
- Vergelijken van de reguliere premiekosten met de totale actuariële kosten.
- Actuariële analyse van het resultaat.

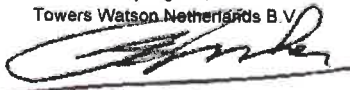
De certificerend actuaaris van het pensioenfonds zal in een eigen rapportage oordelen of wordt voldaan aan de van toepassing zijnde wet- en regelgeving en een actuariële verklaring opstellen.

De basisgegevens waarop de VPV zijn gebaseerd, verstrekt door en tot stand gekomen onder de verantwoordelijkheid van het bestuur van het pensioenfonds. Deze gegevens zijn ontleend aan de deelnemersadministratie van het pensioenfonds, die wordt uitgevoerd door APS.

De jaarrekening en het jaarverslag zijn door het pensioenfonds zelf opgesteld en aan ons verstrekt per 11 juni 2020. Wij baseren onze rapportage op deze gegevens die door de accountant zijn beoordeeld.

Alle bedragen in dit actuariële adviesrapport zijn afgerond op een veelvoud van duizend Antilliaanse guldens (ANG), tenzij expliciet anders aangegeven.

Met vriendelijke groet,  
Towers Watson Netherlands B.V.



drs. André H. Bosker AAG

## Actuariële rapportage 2019

Kengetallen  
Managementsamenvatting



## Kengetallen

| Verslagjaar                                     | 2019    | 2018    | 2017    | 2016    |
|---|---------|---------|---------|---------|
| <b>Uit de balans einde verslagjaar</b>          |         |         |         |         |
| A. Voorziening pensioenverplichtingen (VPV)     | 719.700 | 696.399 | 653.579 | 623.805 |
| B. Pensioenvermogen                             | 747.065 | 679.449 | 673.547 | 621.135 |
| Dekkingsgraad (=B/A*100%)                       | 103,8%  | 97,6%   | 103,1%  | 99,6%   |
| <b>Premie tijdens verslagjaar</b>               |         |         |         |         |
| Totale actuariële kosten                        | 32.167  | 33.470  | 35.083  | 38.406  |
| Totale premie-inkomsten                         | 39.507  | 39.107  | 37.676  | 35.246  |
| <b>Kenmerken einde verslagjaar</b>              |         |         |         |         |
| Totaal aantal actieven                          | 2.692   | 2.684   | 2.601   | 2.590   |
| Totaal aantal actieven en inactieven            | 4.753   | 4.570   | 4.421   | 4.275   |
| VPV actieven als percentage van VPV             | 48,7%   | 49,7%   | 48,1%   | 47,7%   |
| VPV slapers als percentage van VPV              | 7,2%    | 6,2%    | 5,4%    | 5,3%    |
| VPV pensioengerechtigden als percentage van VPV | 44,1%   | 44,1%   | 46,5%   | 46,9%   |
| Gemiddelde leeftijd actieven (ongewogen)        | 44,0    | 44,2    | 43,4    | 43,3    |
| Gemiddelde leeftijd totaal (ongewogen)          | 49,9    | 49,7    | 49,2    | 48,8    |
| Totale pensioengrondslagsom (in 1000 ANG)       | 115.586 | 116.632 | 108.713 | 105.640 |
| Gemiddeld salaris (in ANG, ongewogen)           | 65.455  | 65.357  | 64.989  | 64.432  |

## Managementsamenvatting

Dit rapport doet verslag van de actuariële ontwikkelingen in het boekjaar 2019 van APS.

### Conclusies

- De bruto dekkingsgraad (de verhouding tussen de aanwezige activa vóór aftrek van de beleggingsreserve en de VPV) is per 31 december 2019 gelijk aan 103,8%. De pensioenverplichtingen worden daarmee afgedekt door het aanwezige vermogen. Er is onvoldoende vermogen aanwezig ter dekking van de algemene risico's en de beleggingsrisico's.
- Het vermogen boven de 100% dekking van de VPV wordt, indien aanwezig, aangewend voor de opbouw van een beleggingsreserve. Per 31 december 2019 is de beleggingsreserve 27.365 positief.
- De post vorderingen, die deel uitmaakt van de aanwezige activa, bedraagt 31.396 (2018: 52.867), zijnde 4,2% van het totale pensioenvermogen. Daarmee bevinden de vorderingen zich binnen het in de abtn van het fonds gestelde acceptabele niveau van maximaal 10% van het totale pensioenvermogen.
- De liquide middelen van het fonds zijn 167.251, uitgedrukt als percentage van het belegd vermogen is dit 22,4%. Dit percentage ligt veel hoger dan de strategisch beoogde 1%. De liquide middelen genereren niet voldoende rendement om de benodigde interest van 3,75% te realiseren. Daarmee hebben de liquide middelen een negatieve bijdrage op het resultaat op beleggingen / interest.
- De premieafdracht bedraagt in 2019 25% van de som van de bijdragegrondslagen. In de Pensioenlandsverordening is vastgelegd dat de premiebijdrage 25% van de som van de bijdragegrondslagen moet zijn. De premie in 2019 is voldoende gebleken om de kosten voor de opbouw van de pensioenaanspraken in het jaar (inclusief de overige actuariële kosten) te kunnen dekken. De premie is tevens voldoende indien rekening gehouden wordt met de solvabiliteitsopslag van 15%. Wij merken hierbij op dat de backservice de afgelopen jaren relatief laag is geweest omdat er geen algemene loonsverhoging is toegekend. Indien er in de toekomst een algemene loonsverhoging wordt toegekend heeft dit in de eindloonregeling een negatief effect op de kostendekking van de premie.

## Toelichting op financiële cijfers

Financiële positie  
Technische voorzieningen  
Premie  
Analyse van het resultaat



## Financiële positie

De financiële positie van het fonds bekijken wij vanuit de VPV in samenhang met de hoogte van het pensioenvermogen. Het pensioenvermogen is afgeleid uit de gecontroleerde enkelvoudige jaarrekening 2019.

Het pensioenvermogen is gedefinieerd als dat gedeelte van het vermogen dat niet is toe te rekenen aan schulden en voorzieningen anders dan de VPV. Een vergelijking van de VPV en het pensioenvermogen levert het volgende beeld op:

| Financiële positie               | 2019          | 2018         |
|----------------------------------|---------------|--------------|
| A: VPV                           | 719.700       | 696.399      |
| B: Pensioenvermogen              | 747.065       | 679.449      |
| <b>Dekkingsgraad (=B/A*100%)</b> | <b>103,8%</b> | <b>97,6%</b> |

Tabel 1

In het boekjaar is de bruto dekkingsgraad gestegen van 97,6% naar 103,8%. Het fonds blijkt ultimo 2019 daarmee aan de huidige reglementaire verplichtingen ten opzichte van de huidige deelnemers en gewezen deelnemers te kunnen voldoen.

Wij constateren dat ultimo 2019 de vorderingen 4,2% van het totale pensioenvermogen bedragen en zich daarmee binnen de in de abtn geformuleerde acceptabele bandbreedte bevinden (maximaal 10% van het totale pensioenvermogen).

De wettelijke gehanteerde rente over de vorderingen (4%) is hoger dan de rekenrente (3,75%). Daarmee heeft het rendement op de vorderingen een positieve bijdrage aan het resultaat op beleggingen/ interest.

De liquide middelen ter grootte van 167.251 zijn als percentage van het belegd vermogen 22,4%. Daarmee zijn de liquide middelen ruim hoger dan de strategisch beoogde 1% van het belegd vermogen. Ook hiervoor geldt dat de liquide middelen niet voldoende rendement genereren om de benodigde interest van 3,75% te realiseren.

## Ontwikkeling dekkingsgraad 2019

In de onderstaande tabel wordt de ontwikkeling van de bruto dekkingsgraad in het verslagjaar uitgesplitst naar de diverse oorzaken:

| Ontwikkeling bruto dekkingsgraad              | Realisatie    |
|---|---------------|
| <b>Primo</b>                                  | <b>97,6%</b>  |
| Resultaat op beleggingopbrengsten en inflatie | 4,6%          |
| Resultaat op pensioenopbouw                   | 0,9%          |
| Risicoproces (sterfte)                        | -0,1%         |
| Risicoproces (arbeidsongeschiktheid)          | 0,1%          |
| Kosten  | 0,1%          |
| Uitkeringen                                   | 0,1%          |
| Mutaties                                      | 0,0%          |
| Overige baten en lasten                       | 0,5%          |
| <b>Resultaat</b>                              | <b>103,8%</b> |

Tabel 2

Ten opzichte van de jaarwerkeindstand 2018, is het pensioenvermogen gestegen met 67.616. De VPV is in het boekjaar met 23.301 gestegen. De dekkingsgraad is in het boekjaar per saldo met 6,2%-punt toegenomen ten opzichte van de dekkingsgraad per 31 december 2018, zoals wij vorig jaar in het actuariële adviesrapport hebben opgenomen.

### Ontwikkeling dekkingsgraad gedurende het boekjaar

Uit de vorige tabel blijkt dat het resultaat op beleggingsopbrengsten en inflatie het grootste effect heeft op de dekkingsgraad. Daarnaast heeft het resultaat op overige baten en lasten en op pensioenopbouw een verhogend effect op de dekkingsgraad.

Een nadere toelichting op de resultaten is in het vervolg van dit rapport opgenomen.

### Conclusie financiële positie

De financiële positie is in het boekjaar verbeterd. De verplichtingen einde boekjaar worden – in tegenstelling tot vorig jaar –gedekt door het aanwezige vermogen. Er is echter niet voldoende vermogen aanwezig ter dekking van de algemene risico's en de beleggingsrisico's. APS streeft naar een dekkingsgraad van 115%.

## Technische voorzieningen

De VPV is vastgesteld op basis van de in de actuariële en bedrijfstechnische nota (abtn) geformuleerde reserveringsmethode en verzekeringstechnische grondslagen. In bijlage A is een samenvatting gegeven van de belangrijkste veronderstellingen en grondslagen.

De samenstelling van de VPV naar onderdelen is als volgt:

| Uitsplitsing VPV                           | 2019           | 2018           |
|--|----------------|----------------|
| Actieven <sup>1</sup>                      | 351.049        | 346.604        |
| Gewezen deelnemers (stappers) <sup>2</sup> | 51.620         | 42.846         |
| Pensioengerechtigden <sup>3</sup>          | 315.470        | 305.712        |
| Extracomptabel (correcties)                | 1.561          | 1.237          |
|  | <b>719.700</b> | <b>696.399</b> |

Tabel 3

In bovenstaande verdeling zijn de arbeidsongeschikte deelnemers meegenomen in de groep gepensioneerden.

De VPV voor de actieve deelnemers is vastgesteld als de contante waarde van de opgebouwde pensioenaanspraken. De VPV voor gewezen deelnemers en pensioengerechtigden is gelijk aan de contante waarde van de toegekende pensioenaanspraken en -rechten. De VPV per 31 december 2019 is nader gespecificeerd in Bijlage B.

<sup>1</sup> De VPV voor bijzondere nabestaanden met status 45 zijn opgenomen bij actieve deelnemers.  
<sup>2</sup> De VPV voor bijzondere nabestaanden met status 46 zijn opgenomen bij gewezen deelnemers.

De extracomptabele voorziening per ultimo 2019 bestaat volledig uit de voorziening voor onvindbaren die met terugwerkende kracht recht hebben op maximaal 1 jaar aan uitkeringen.

### Ontwikkeling voorziening pensioenverplichtingen

De VPV is in het verslagjaar met 23.301 gestegen van 696.399 naar 719.700. De grootste mutaties van de VPV zijn als volgt:

- Als gevolg van reguliere uitkeringen nam de VPV met 21.076 af.
- De rentetoevoeging in het verslagjaar is gebaseerd op een vaste rekenrente en bedraagt 3,75%. Als gevolg hiervan is een bedrag van 26.439 aan de VPV toegevoegd.
- Als gevolg van reguliere opbouw van pensioenaanspraken nam de VPV met 22.417 toe.
- De toevoeging voor backservice heeft de VPV doen toenemen met 3.716.

Voor een uitgebreid overzicht van de ontwikkeling van de VPV in het boekjaar verwijzen wij naar bijlage C en bijlage E.

<sup>3</sup> De VPV voor bijzondere nabestaanden met status 55 zijn opgenomen bij actieve pensioengerechtigden.

### Disconteringsvoet

In het boekjaar 2016 hebben wij een toets gedaan op de rekenrente waaruit bleek dat de 4,0% rekenrente niet meer prudent was en verlaagd moest worden naar 3,75%. Het bestuur heeft zodoende besloten om de rekenrente per ultimo 2016 te verlagen naar 3,75%. In boekjaar 2019 is wederom een toets op de rekenrente uitgevoerd en uit de toets is gebleken dat de rekenrente van 3,75% per ultimo 2019 gehandhaafd kan blijven op basis van het beleid van APS. Daarmee is de VPV voor het boekjaar 2019 op een rekenrente van 3,75% vastgesteld.

### Toeslagbeleid

Het pensioenfonds kent een onvoorwaardelijk toeslagenbeleid ten aanzien van gepensioneerden en gewezen deelnemers in de "APNA 1998"-regeling. De toekomstige toeslagen voor deze groep worden uit de overrente gefinancierd. Er wordt voor deze onvoorwaardelijke toeslagverlening geen bestemmingsreserve gevormd en geen premie betaald. Toeslagverlening geschiedt op basis van toekenning van een stijging van de algemene bezoldiging van de overheidsdienaren (algemene loonindex) door de overheid. Uit de begroting voor 2017, 2018 en 2019 blijkt dat de overheid voor deze jaren geen algemene loonindex toekent, waarmee het vormen van een mogelijke voorziening voor onvoorwaardelijke toeslagverlening thans op korte termijn niet noodzakelijk is.

Het parlement heeft in juni 2020 de nieuwe wetgeving betreffende de pensioenhervorming geaccordeerd. De nieuwe pensioenregeling zal per 1 juli 2020 ingaan en één van de belangrijke punten hiervan is dat de onvoorwaardelijke indexatie omgezet wordt een voorwaardelijke indexatie, beginnend bij een dekkingsgraad van 105%.

Voor de overgangsregeling is er geen sprake van indexatie binnen het fonds. Er wordt geïndexeerd via de duurtetoeslag, dit gaat buiten het fonds om.

18 juni 2020  
Referentie: SWy/666777/A200437

In het boekjaar is er geen toeslag verleend.

### Kanssystemen

De VPV is bepaald met overlevingskansen op basis van de overlevingstafels GBM/V 2005-2010 met daarbij een leeftijdsterugstelling van één jaar voor mannen en twee jaren voor vrouwen. Aangezien de levensverwachting op Sint Maarten lager is dan in Nederland worden niet de meest recente overlevingstafels gehanteerd. Daarnaast wordt er een opslag van 3% op de factoren gehanteerd voor de toekomstige stijging van de levensverwachting.

Bij de gehuwdheidsfrequenties wordt verondersteld dat 90% van de actieve en gewezen mannen en 75% van de actieve en gewezen vrouwen voor de pensioendatum gehuwd zijn en tot deze datum gehuwd zullen blijven. Als blijkt dat een deelnemer bij pensionering daadwerkelijk ongehuwd is, ontstaat een vrijval in de voorziening. Als blijkt dat een deelnemer bij pensionering daadwerkelijk gehuwd is, neemt de voorziening toe.

### Toekomstige uitvoeringskosten

In de VPV is een opslag van 3,0% begrepen voor toekomstige uitvoeringskosten. Deze voorziening is bestemd voor toekomstige kosten die nodig zijn voor het afwikkelen van de opgebouwde verplichtingen indien er geen verdere premie-inkomsten zouden zijn.

## Premie

De financiering van de uit de pensioenregeling voortvloeiende verplichtingen geschiedt volgens het kapitaaldeckingsstelsel.

Voor de pensioenregeling worden zowel bijdragen door deelgenoten als bijdragen door de werkgevers betaald. De totale bijdrage bedraagt voor 2019 25% van de bijdragegrondslagen<sup>1</sup>. De bijdragegrondslag is het ambtelijk inkomen voor dat jaar. De bijdragen van de deelgenoten in de pensioenregeling bedragen 8% van de bijdragegrondslag verminderd met de franchise. Dit deel wordt door de werkgever ingehouden op de inkomsten van de overheidsdienaar. Na pensionering wordt een bijdrage van 3% voor het weduwe-, weduwnaars- en wezenpensioen geheven over het eigen pensioen (alleen voor mensen in de overgangsregeling). Verder zijn door de deelgenoten extra bijdragen verschuldigd over vervulde diensttijd vóór de aanvang van het deelgenootschap.

De financiering en reservering van de duurtetoeslag en VUT-regeling vindt buiten het pensioenfonds plaats. Derhalve is hiermee geen rekening gehouden.

### Betaalde premie versus actuariële kosten

De premie is bedoeld voor de opbouw van de actieven en dient daarom de volgende kosten te dekken:

- **Coming service:** het betreft de kosten van de jaarlijkse opbouw van actieve deelnemers. Het benodigde bedrag is overgenomen uit het verloop van de VPV.

- **Backservice:** het betreft de kosten van de additionele opbouw van actieve deelnemers over verleden dienstjaren als gevolg van looninflatie en individuele salarisstijgingen.
- **Opslag voor overlijdensrisico:** indien een deelnemer in actieve dienst overlijdt, wordt het nabestaandenpensioen gebaseerd op de diensttijd tot pensioendatum. De kosten hiervan zijn begroot op 4% van de coming service.
- **Opslag voor arbeidsongeschiktheidsrisico:** bij arbeidsongeschiktheid dient de pensioenopbouw door te lopen, terwijl de premie-inkomsten dan stoppen. Bovendien komt per direct een arbeidsongeschiktheidspensioen tot uitkering. De kosten hiervan zijn begroot op 0,5% van de bijdragegrondslag.
- **Opslag voor uitvoeringskosten:** beschikbaar voor kosten uit de premie is 2,75% van de bijdragegrondslag.

<sup>1</sup> Op grond van de Pensioenlandsverordening (artikel 56, lid 3) is de bijdrage 25% van de som van de bijdragegrondslagen.

In onderstaande tabel worden de diverse componenten in bedragen getoond en vergeleken met de reguliere premie-inkomsten in 2019:

| Actuariële kosten versus reguliere premie-inkomsten  | 2019          | 2018          |
|--|---------------|---------------|
| Comingservice  | 22.417        | 22.203        |
| Backservice  | 3.716         | 5.295         |
| Opslag overlijdensrisico                             | 897           | 888           |
| Opslag arbeidsongeschiktheidsrisico                  | 790           | 782           |
| Opslag voor beheerskosten                            | 4.346         | 4.302         |
| <b>Totale actuariële kosten</b>                      | <b>32.167</b> | <b>33.470</b> |
| Reguliere premie inkomsten                           | 39.507        | 39.107        |
| -/- buitengewone bijdrage                            | -/- 68        | -/- 468       |
| <b>Overschot/(Tekort)</b>                            | <b>7.272</b>  | <b>5.169</b>  |
| Solvabiliteits opslag (15%)                          | 4.173         | 4.375         |
| <b>Overschot/(Tekort) incl. solvabiliteitsopslag</b> | <b>3.099</b>  | <b>794</b>    |

Tabel 4

De totale premie-inkomsten bedroegen 39.507. De kostendekkende premie bedroeg 32.167. Na correctie van de buitengewone bijdrage, die nodig is voor de risicoverzekering, ontstaat er een overschot van 7.272. De premie is daarmee kostendekkend.

Indien er geen rekening gehouden wordt met een solvabiliteitsopslag in de premie, zal de premie niet bijdragen aan de instandhouding van een eigen vermogen binnen het pensioenfonds of het herstel naar een dekkingsgraad van 115%.

Bij een dekkingsgraad van 115% kan gesproken worden van een gezonde financiële positie. Indien rekening wordt gehouden met een solvabiliteitsopslag van 15% bedraagt het overschot op premie 3.099.

Voor een aantal deelnemers zien wij een negatieve backservice in Maia door een verlaagde pensioengrondslag (anders dan als gevolg van de stijging van de franchise). Deze verlaagde pensioengrondslag ontstaat door (met terugwerkende kracht verwerkte) salarismwijzigingen. De negatieve backservice die in Maia onder de post Backservice wordt meegenomen maar eigenlijk door correcties worden veroorzaakt is onder de post correcties in het verloop meegenomen.

## Ontwikkelingen

De pensioenregeling zal per 1 juli 2020 aangepast worden naar een middelloonregeling met voorwaardelijke indexatie met een pensioentleeftijd van 65 jaar. De details van deze regeling, zoals bijvoorbeeld het indexatiebeleid, zullen nog nader ingevuld worden.

## Actuariële analyse van het resultaat

In het boekjaar is een resultaat behaald van 44.328 positief, zoals blijkt uit de staat van baten en lasten in bijlage D. Dit resultaat is gebaseerd op het verloop van het vermogen in vergelijking met de ontwikkeling van de VPV. Om de verschillende verlies- en winstbronnen die tot dit resultaat hebben geleid, inzichtelijk te maken, alsmede ter controle op de uitgevoerde berekeningen, is een actuariële analyse uitgevoerd. Daarbij worden posten uit het verloop van de VPV (zie bijlage C) vergeleken met de overeenkomstige posten uit de staat van baten en lasten (zie bijlage D).

Dit leidt tot het onderstaande overzicht. In deze tabel zijn de resultaten van afgelopen boekjaren niet aangepast aan eventuele wijzigingen die in de jaarrekening hebben plaatsgevonden voor de voorgaande boekjaren.

| Resultatenbron              | 2019          |            | 2018          | 2017          |
|-----------------------------|---------------|------------|---------------|---------------|
| Resultaat op beleggingen    | 32.503        | -/-        | 35.628        | 13.026        |
| Resultaat op pensioenopbouw | 7.272         |            | 5.169         | 2.469         |
| Risicoproces                | -/-           | 345        | -/-           | 31            |
| Kosten                      |               | 1.058      | -/-           | 359           |
| Uitkeringen                 |               | 386        |               | 226           |
| Mutaties                    | -/-           | 73         |               | 18            |
| Wijziging regeling          |               | 0          |               | 0             |
| Wijziging rekenrente        |               | 0          | -/-           | 14.258        |
| Overige                     |               | 3.526      |               | 7.967         |
| <b>Resultaat</b>            | <b>44.328</b> | <b>-/-</b> | <b>36.896</b> | <b>22.534</b> |

Tabel 5

De voornaamste oorzaken van het resultaat in het boekjaar zijn:

- Het resultaat op beleggingen, zijnde de behaalde beleggingsopbrengsten verminderd met de benodigde interest en de algemene loonstijging. Het rendement in het boekjaar was voldoende om de interesttoevoeging aan de VPV te dekken.
- Het resultaat op reguliere premies, zijnde de ontvangen premie minus de benodigde premie voor pensioenopbouw in het boekjaar en de benodigde opslagen. De ontvangen premie was toereikend.
- Het resultaat op risicoproces, zijnde de ontvangen premie beschikbaar voor arbeidsongeschiktheidsrisico minus de toevoeging aan de VPV door invalidering en het resultaat op sterfte. De ontvangen premie voor arbeidsongeschiktheidsrisico was ruim voldoende. Het resultaat op sterfte was 877 negatief.
- Het resultaat op overige: deze verzamelpost bevat onder meer de terugwerkende kracht mutaties, mutatie omtrent de voorziening voor onvindbare deelnemers, ontvangen premies uit voorgaande boekjaren, boeterente over te laat betaalde premies, de vrijval van de langlevensopslag over de uitkeringen en handmatige correcties van Maia. Deze post heeft een positief effect op de dekkingsgraad.

In bijlage E is de analyse van het resultaat voor het boekjaar nader toegelicht.

Bijlagen



## Bijlage A: Actuariële grondslagen

Voor de waardering van de TV wordt uitgegaan van de volgende veronderstellingen.

### Berekeningsmethoden

De VPV is gelijk aan de actuariële contante waarde per 31 december 2019 van de tot en met die datum opgebouwde pensioenaanspraken en pensioenrechten.

### Waarderingsgrondslagen

De waarderingsgrondslagen zijn opgenomen in de tabel rechts.

Voor de overige gehanteerde methoden en overige verzekeringstechnische grondslagen ter vaststelling van de TV, verwijzen wij naar de abtn van het pensioenfonds.

| Grondslagen                            |   |
|--|---|
| Overlevingstafels                      | Voor mannen de tafel GBM 2005-2010, met één jaar leeftijdsterugstelling.<br>Voor vrouwen de tafel GBV 2005-2010, met twee jaar leeftijdsterugstelling.<br>De wezensterfte is verwaarloosd.<br>Ter dekking van de verwachte toekomstige stijging van de levensverwachting is een opslag van 3,0% op de VPV meegenomen  |
| Leeftijd en duren                      | Er is verondersteld dat alle deelnemers en overige belanghebbenden zijn geboren op de eerste van de maand samenvallend met of volgend op hun daadwerkelijke geboortedatum.  |
| Gehuwdheid                             | <b>Actieve en gewezen deelnemers</b><br>Er wordt verondersteld dat 90% van de mannen en 75% van de vrouwen voor de pensioendatum gehuwd is en tot deze datum gehuwd zullen blijven.<br><b>Gepensioneerde deelnemers</b><br>Voor gepensioneerde deelnemers wordt de werkelijke burgerlijke staat gebruikt. Er wordt gereserveerd op basis van het bepaalde partnersysteem. |
| Rekenrente                             | Vaste rekenrente van 3,75%.   |
| Leeftijdsverschil voor partnerpensioen | Het leeftijdsverschil tussen man en vrouw is op drie jaar gesteld (man ouder dan vrouw).  |
| Hertrouwen                             | Met hertrouwen is geen rekening gehouden.   |
| Kosten                                 | Ter dekking van de uitbetalingskosten zijn de netto koopsommen met 3% verhoogd  |
| Driemaands slotuitkering               | De driemaands slotuitkering is voor alle deelnemers in de factoren meegenomen   |

Tabel 6

## Bijlage B: Samenstelling van de TV

| Samenstelling TV                      |                  | 31 december 2019 |                                |                |
|---------------------------------------|------------------|------------------|--------------------------------|----------------|
|                                       |                  | Aantal           | Totaal rechten /<br>aanspraken | TV             |
| <b>Actieve deelnemers<sup>1</sup></b> |                  |                  |                                |                |
| Mannen                                | Ouderdompensioen | 935              | 10.367                         | 115.346        |
|                                       | Partnerpensioen  | 0                | 8.266                          | 27.214         |
|                                       | Slotuitkering    | 0                | 2.945                          | 1.056          |
| Vrouwen                               | Ouderdompensioen | 1.757            | 16.505                         | 194.538        |
|                                       | Partnerpensioen  | 0                | 12.961                         | 11.563         |
|                                       | Slotuitkering    | 0                | 4.634                          | 1.332          |
| <b>Subtotaal</b>                      |                  | <b>2.692</b>     | <b>56.678</b>                  | <b>351.049</b> |
| <b>Gewezen deelnemers<sup>2</sup></b> |                  |                  |                                |                |
| Mannen                                | Ouderdompensioen | 311              | 2.194                          | 16.238         |
|                                       | Partnerpensioen  | 0                | 1.084                          | 3.456          |
|                                       | Slotuitkering    | 0                | 437                            | 149            |
| Vrouwen                               | Ouderdompensioen | 565              | 3.988                          | 30.000         |
|                                       | Partnerpensioen  | 0                | 1.761                          | 1.573          |
|                                       | Slotuitkering    | 0                | 712                            | 204            |
| <b>Subtotaal</b>                      |                  | <b>876</b>       | <b>10.176</b>                  | <b>61.620</b>  |

Tabel 7a

<sup>1</sup> De bijzondere nabestaanden met status 45 zijn opgenomen bij actieve deelnemers.  
<sup>2</sup> De bijzondere nabestaanden met status 46 zijn opgenomen bij gewezen deelnemers.

| Samenstelling TV   |                  | 31 december 2019 |               |                |
|--|------------------|------------------|---------------|----------------|
| <b>Pensioengerechtigden – VUT</b>                          |                  |                  |               |                |
| Mannen   | Ouderdompensioen | 1                | 32            | 448            |
|  | Partnerpensioen  | 0                | 23            | 88             |
|  | Slotuitkering    | 0                | 8             | 4              |
| Vrouwen  | Ouderdompensioen | 0                | 0             | 0              |
|  | Partnerpensioen  | 0                | 0             | 0              |
|  | Slotuitkering    | 0                | 0             | 0              |
| <b>Subtotaal</b>   |                  | <b>1</b>         | <b>63</b>     | <b>538</b>     |
| <b>Pensioengerechtigden – Ouderdompensioen<sup>1</sup></b> |                  |                  |               |                |
| Mannen   | Ouderdompensioen | 524              | 10.862        | 125.156        |
|  | Partnerpensioen  | 0                | 6.662         | 30.472         |
|  | Slotuitkering    | 0                | 2.595         | 1.663          |
| Vrouwen  | Ouderdompensioen | 473              | 8.603         | 123.839        |
|  | Partnerpensioen  | 0                | 3.931         | 4.748          |
|  | Slotuitkering    | 0                | 1.956         | 1.033          |
| <b>Subtotaal</b>   |                  | <b>997</b>       | <b>34.609</b> | <b>286.911</b> |
| <b>Pensioengerechtigden – Partnerpensioen</b>              |                  |                  |               |                |
| Mannen   | Partnerpensioen  | 23               | 352           | 4.692          |
| Vrouwen  | Partnerpensioen  | 119              | 1.449         | 19.144         |
|  |                  | <b>142</b>       | <b>1.801</b>  | <b>23.836</b>  |

Tabel 7b

<sup>1</sup> De bijzondere nabestaanden met status 55 zijn opgenomen bij pensioengerechtigden met ingegaan ouderdompensioen.

| Samenstelling TV                                |                                | 31 december 2019 |                |                |
|---|--------------------------------|------------------|----------------|----------------|
| <b>Pensioengerechtigden – Wezenpensioen</b>     |                                |                  |                |                |
| Wezen   | Wezenpensioen                  | 32               | 113            | 319            |
| <b>Pensioengerechtigden – Invalidenpensioen</b> |                                |                  |                |                |
| Mannen  | Arbeidsongeschiktheidspensioen | 7                | 179            | 531            |
|   | Ouderdompensioen               | 0                | 118            | 1.469          |
|   | Partnerpensioen                | 0                | 61             | 232            |
|   | Slotuitkering                  | 0                | 35             | 16             |
| Vrouwen   | Arbeidsongeschiktheidspensioen | 6                | 97             | 265            |
|   | Ouderdompensioen               | 0                | 91             | 1.316          |
|   | Partnerpensioen                | 0                | 31             | 30             |
|   | Slotuitkering                  | 0                | 18             | 7              |
| <b>Subtotaal</b>                                |                                | <b>13</b>        | <b>630</b>     | <b>3.866</b>   |
| <b>Extracomptabel</b>                           | correctie onvindbaren          |                  | 0              | 1.561          |
| <b>Totaal</b>                                   |                                | <b>4.763</b>     | <b>103.070</b> | <b>719.700</b> |

Tabel 7c

## Bijlage C: Verloop van de TV

In de onderstaande tabel is het verloop van de VPV opgenomen. Wij merken hierbij op dat de wijziging van de overlevingstafels en de gehuwdheidsfrequenties per ultimo 2018 niet in het administratiepakket Maia zijn verwerkt en zodoende de VPV per ultimo 2018 en ultimo 2019 door ons handmatig zijn aangepast en tevens de analyseposten in 2019 zijn aangepast. In de analyse in 2019 zijn de backservice, coming service en interesttoevoeging door ons berekend en de overige posten waarop de overlevingstafels en de gehuwdheidsfrequenties invloed hebben met een vaste schalingfactor aangepast.

| Verloop VPV                                    | 2019           |     | 2018           |
|--|----------------|-----|----------------|
| <b>Beginstand</b>                              | <b>696.399</b> |     | <b>663.579</b> |
| TWK mutaties verhoging pensioenleeftijd        | 0              | -/- | 563            |
| TKWK mutaties overig                           | -/- 5.371      | -/- | 1.017          |
| <b>Toename</b>                                 |                |     |                |
| - Benodigd backservice                         | 3.716          |     | 5.295          |
| - Benodigd voor pensioenopbouw (comingservice) | 22.417         |     | 22.203         |
| - Interesttoevoeging                           | 26.439         |     | 24.891         |
| - Pensionering                                 | 72             | -/- | 19             |
| - Ontslag                                      | 1              |     | 1              |
| - Overlijden                                   | 1.842          |     | 2.059          |
| - Invalidering                                 | 258            |     | 110            |
| <b>Afname</b>                                  |                |     |                |
| - Afkoop                                       | 81             |     | 18             |
| - Correcties                                   | 3.957          |     | 3.762          |
| - Uitkeringen                                  | 21.076         |     | 20.209         |
| - Vrijval excassokosten                        | 651            |     | 624            |
| - Vrijval langlevensopslag                     | 632            |     | 606            |

Tabel B*a*

| <b>Verloop VPV</b>                 | <b>2019</b>    | <b>2018</b>    |
|------------------------------------|----------------|----------------|
| <b>Wijziging</b>                   |                |                |
| - Extracomptabele correcties       | 324            | 821            |
| - Wijziging overlevingstafel       | 0              | 22.060         |
| - Wijziging gehuwdheidsfrequenties | 0              | -/- 7.802      |
| <b>Toename per saldo</b>           | <b>23.301</b>  | <b>42.820</b>  |
| <b>Eindstand</b>                   | <b>719.700</b> | <b>696.399</b> |

Tabel 8b

## Bijlage D: Balans en staat van baten en lasten

In de onderstaande balans is de positie per 31 december 2019 en 31 december 2018 opgenomen.

| Balans (in ANG 1.000)      | 2019           | 2018           |
|----------------------------|----------------|----------------|
| <b>Activa</b>              |                |                |
| - Vaste activa             | 505.951        | 443.504        |
| - Voorraden                | 22.430         | 9.214          |
| - Debiteuren               | 38.479         | 55.218         |
| - Kortlopende activa       | 20.000         | 20.000         |
| - Overige vlottende activa | 185            | 237            |
| - Liquide middelen         | 167.251        | 157.431        |
| - Overige vorderingen      | 0              | 0              |
| <b>Totaal activa</b>       | <b>754.296</b> | <b>685.604</b> |
| <b>Passiva</b>             |                |                |
| - TV                       | 719.700        | 696.399        |
| - Leningen                 | 0              | 0              |
| - Vlottende passiva        | 7.231          | 6.155          |
| - Resultaat huidig jaar    | 44.328         | -/-            |
| - Eigen vermogen           | -/-            | 19.946         |
| <b>Totaal passiva</b>      | <b>754.296</b> | <b>685.604</b> |

Tabel 9

Onderstaand is de staat van baten en lasten van het APS opgenomen:

| Staat van baten en lasten                     | 2019           | 2018              |
|---|----------------|-------------------|
| <b>Baten</b>                                  |                |                   |
| - Pensioenpremies                             | 39.507         | 39.107            |
| - Pensioenpremies voorgaande jaren            | 428            | 1.237             |
| - Beleggingsopbrengsten                       | 63.772         | -/- 7.004         |
| - Boeterente te laat betaalde pensioenpremies | 842            | 1.603             |
| <b>Totale baten</b>                           | <b>104.549</b> | <b>34.943</b>     |
| <b>Lasten</b>                                 |                |                   |
| - Uitkeringen (incl. afkoop)                  | 20.771         | 20.001            |
| - Beleggingskosten                            | 5.305          | 4.123             |
| - Operationele kosten                         | 3.939          | 5.285             |
| - Toename/ (afname) VPV                       | 23.301         | 42.820            |
| - Afboeking vordering APC                     | 0              | 0                 |
| - Financiële baten/(lasten)                   | -/- 475        | -/- 390           |
| - Buitengewone baten/(lasten)                 | 7.380          | 0                 |
| <b>Totale lasten</b>                          | <b>60.221</b>  | <b>71.839</b>     |
| <b>Resultaat</b>                              | <b>44.328</b>  | <b>-/- 36.896</b> |

Tabel 10

## Bijlage E: Actuariële analyse van het resultaat

In onderstaande tabel is het verloop van de VPV (zie bijlage C) verwerkt in kolom 'Actuariel' en de staat van baten en lasten (zie bijlage D) in kolom 'Financieel'. Door deze twee kolommen met elkaar te confronteren, kan het resultaat per onderdeel worden vastgesteld.

|   | Actuariel      | Financieel     | Resultaat      |
|---|----------------|----------------|----------------|
| <b>Beginstand VPV / Vermogen / Eigen vermogen</b> | <b>696.399</b> | <b>679.449</b> | <b>-16.950</b> |
| <b>Beleggingsopbrengsten en Inflatie</b>          |                |                | <b>32.503</b>  |
| - Directe en indirecte beleggingsopbrengsten      |                | 58.942         |                |
| - Benodigde interest                              | 26.439         |                |                |
| <b>Pensioenopbouw</b>                             |                |                | <b>7.272</b>   |
| - Bijdragen                                       |                | 39.507         |                |
| - Buitengewone bijdragen                          |                | -/- 68         |                |
| - Benodigd voor backservice                       | 3.716          |                |                |
| - Benodigd voor pensioenopbouw (comingservice)    | 22.417         |                |                |
| - Beschikbaar voor beheerskosten                  |                | -/- 4.346      |                |
| - Beschikbaar voor arbeidsongeschiktheidsrisico   |                | -/- 790        |                |
| - Opslag tbv overlijden in actieve dienst         |                | -/- 897        |                |

Tabel 11a

|   | Actuarieel | Financieel | Resultaat      |
|---|------------|------------|----------------|
| <b>Risicoproces (sterfte)</b>                   |            |            | <b>-/- 877</b> |
| - Door overlijden ingegaan partnerpensioen      | 1.251      |            |                |
| - Risicopremie langlevens                       | 5.496      |            |                |
| - Door overlijden vrijgevallen                  | -/- 2.753  |            |                |
| - Risicopremie kortlevens                       | -/- 2.151  |            |                |
| - Buitengewone bijdragen                        |            | 68         |                |
| - Opslag tbv overlijden in actieve dienst       |            | 897        |                |
| <b>Risicoproces (invalidering)</b>              |            |            | <b>532</b>     |
| - Invalidering                                  | 258        |            |                |
| - Beschikbaar voor arbeidsongeschiktheidsrisico |            | 790        |                |
| <b>Kosten</b>                                   |            |            | <b>1.058</b>   |
| - Kosten (met uitzondering van beleggingen)     |            | -/- 3.939  |                |
| - Beschikbaar voor beheerskosten                |            | 4.346      |                |
| - Vrijval excassokosten                         | -/- 651    |            |                |

Tabel 11b

|  | Actuarieel     | Financieel     | Resultaat     |
|--|----------------|----------------|---------------|
| <b>Uitkeringen</b>   |                |                | <b>386</b>    |
| - Verwachte uitkeringen (exclusief afkoop)                               | -/ 21.076      |                |               |
| - Werkelijke uitkeringen (exclusief afkoop)                              |                | -/ 20.696      |               |
| - Afkoop   | -/ 81          | -/ 75          |               |
| <b>Mutaties</b>  |                |                | <b>73</b>     |
| - Ontslag  | 1              |                |               |
| - Pensionering   | 72             |                |               |
| <b>Overige</b>   |                |                | <b>3.526</b>  |
| - Mutatie VPV zwevenden  | 324            |                |               |
| - Terugwerkende kracht mutaties  | -/ 5.371       |                |               |
| - Ontvangen premies voorgaande jaren                                     |                | 428            |               |
| - Boeterente te laat betaalde pensioenpremies                            |                | 842            |               |
| - Overige correcties   | -/ 3.957       |                |               |
| - Vrijval langlevensopslag over uitkeringen                              | -/ 632         |                |               |
| - Buitengewone baten/lasten  |                | -/ 7.380       |               |
| - Afboeking vordering APC  |                | 0              |               |
| <b>Toename VPV/ Vermogen/ Resultaat</b>                                  | <b>23.301</b>  | <b>67.629</b>  | <b>44.328</b> |
| <b>Eindstand VPV / Vermogen / Eigen vermogen</b>                         | <b>719.700</b> | <b>747.078</b> | <b>27.378</b> |
| <b>Correcties ultimo jaar</b>  |                |                | <b>13</b>     |
| - Immateriële activa   |                | -/ 13          |               |
| <b>TV / Vermogen / Eigen vermogen per 31 december 2019 na correcties</b> | <b>719.700</b> | <b>747.065</b> | <b>27.365</b> |

Tabel 11c

### Het resultaat op beleggingsopbrengsten en inflatie

Het resultaat op beleggingsopbrengsten en inflatie is gelijk aan de behaalde netto beleggingsopbrengsten (58.942 positief) verminderd met de technisch benodigde interest (26.439).

- Het rendement op beleggingen (uitgedrukt in het gemiddelde pensioenvermogen) bedroeg in 2019 circa 8,3% positief.
- De instresttoevoeging bedroeg 3,75% op jaarbasis.

Voor gepensioneerde deelnemers uit de APNA 1998-regeling geldt een onvoorwaardelijke toeslagverlening. Deze toeslagverlening wordt gefinancierd uit beleggingsopbrengsten voor zover de opbrengsten uitgaan boven een jaarlijks rendement van 3,75% (de overrente). In 2019 is geen indexatie verleend.

Het resultaat op beleggingsopbrengsten is gestegen ten opzichte van het resultaat van vorig jaar. Dit wordt vooral veroorzaakt door een hoger behaald rendement. Per saldo bedroeg het resultaat op beleggingsopbrengsten en inflatie 32.503 positief (2018: 35.628 negatief).

### Het resultaat op pensioenopbouw

De opbouw van de pensioenaanspraken in het boekjaar, als gevolg van de toename van de doorgebrachte diensttijd, dient in beginsel te worden gedekt door ontvangen bijdragen.

Het resultaat op pensioenopbouw is het verschil tussen de feitelijk ontvangen premie beschikbaar voor pensioenopbouw en het voor de tijdsevenredige opbouw van de pensioenaanspraken benodigde bedrag. Daarbij is naast de backservice door individuele salarisstijgingen ook de backservice door algemene looninflatie inbegrepen.

De feitelijk ontvangen premie kan als volgt uit de jaarrekening worden afgeleid:

| Bepaling bijdragen beschikbaar voor pensioenopbouw |               |
|--|---------------|
| Bijdrage werkgever beschikbaar voor pensioenopbouw | 30.235        |
| Bijdrage werknemer beschikbaar voor pensioenopbouw | 9.417         |
| <b>Premiebijdrage BB</b>                           | 68            |
| <b>Premiebijdrage WW</b>                           | 18            |
| <b>Premie teruggave</b>                            | -/- 231       |
| <b>Totale pensioenbijdragen</b>                    | <b>39.507</b> |

Tabel 12

In 2019 bedraagt de feitelijke premie 25% van de bijdragegrondslag, conform artikel 58, lid 3 van de Pensioenlandsverordening.

Per saldo bedroeg het resultaat op pensioenopbouw 7.272 positief (2018: 5.169 positief). De reguliere pensioenpremie was hiermee voldoende om de kosten van pensioenopbouw in het boekjaar te dekken, rekening houdend met de backservice.

### Het resultaat op risicoproces (sterfte)

Hieronder verstaan wij de invloed van sterfte op de hoogte van de voorziening. Hierbij komt het verschil tussen werkelijke en veronderstelde sterfte tot uiting. Aan de berekening van de VPV liggen overlevingstafels ten grondslag. Op basis van die overlevingstafels wordt door overlijden bij verzekeringen met een risico van langlevens (ouderspansioen) een zekere vrijval uit de VPV verwacht. Deze vrijval vanuit de VPV wordt de risicopremie langlevens genoemd. Als in werkelijkheid niemand overlijdt, treedt deze risicopremie als verlies op. Bij deze verzekeringen (langlevens) is dus de risicopremie het maximale verlies. Bij verzekeringen met risico van kortlevens (latent partnerpensioen) wordt juist verwacht dat door overlijden de VPV moet worden verhoogd. Dit wordt de risicopremie kortlevens genoemd. De risicopremie geeft dus de gemiddelde verwachte stijging van de huidige VPV door overlijden aan. De toekenning van de ingegane invaliditeitspensioenen en ingegane partnerpensioenen wordt ook onder het resultaat van kortlevens verondersteld. Daarnaast bevat de kostendeekkende premie een component voor dekking van het nabestaandenpensioen bij overlijden waarvoor nog geen VPV is opgebouwd. Deze is beschikbaar voor financiering van het ingaande nabestaandenpensioen. Het sterfteresultaat is bepaald op basis van de overlevingstafel GBM/V 2000-2005, omdat de nieuwe overlevingstafel nog niet in het administratiepakket Maia is ingeregeld.

In de volgende tabel staat een uitsplitsing weergegeven van het resultaat op sterfte.

| Resultaat op sterfte                      | Actuariel    | Financieel | Resultaat     |
|---|--------------|------------|---------------|
| <b>Langlevens</b>                         |              |            |               |
| - Risicopremie langlevens                 | 5.496        |            |               |
| - Door overlijden vrijgevallen uit de TV  | -/-          | 2.395      |               |
| <b>Kortlevens</b>                         |              |            |               |
| - Risicopremie kortlevens                 | -/-          | 2.151      |               |
| - Door overlijden vrijgevallen uit de TV  | -/-          | 358        |               |
| - Toekenning partnerpensioen              |              | 1.251      |               |
| <b>Financiële bijdragen</b>               |              |            |               |
| - Buitengewone bijdragen                  |              | 68         |               |
| - Opslag tbv overlijden in actieve dienst |              | 897        |               |
| <b>Totaal</b>                             | <b>1.842</b> | <b>965</b> | <b>-/ 877</b> |

Tabel 13

Evenals voorgaande jaren hebben wij ook de bijzondere bijdragen van de pensioengerechtigden onder het risicoproces geboekt. De gehuwde pensioengerechtigden betalen voor de verzekering van hun nabestaandenpensioen 3% premie over hun ouderspansioen, zijnde 68. In feite is deze premie bedoeld ter dekking van het risico van overlijden. Daarom is de bijzondere bijdrage een bron om het sterfterisico te dekken. Samen met de opslag voor overlijdensrisico in de premie bedraagt het verlies op sterfte 877 negatief (2018: 703 negatief). Zoals aangegeven is deze analyse nog gebaseerd op de overlevingstafel GBM/V 2000-2005. Wij verwachten dat op basis van de overlevingstafel GBM/V 2006-2010 het sterfteresultaat beter is. Met APS is afgesproken om na afronding van het jaarwerk een nadere analyse uit te voeren naar de overlevingstafels in de laatste vijf boekjaren.

### Het resultaat op risicoproces (arbeidsongeschiktheid)

De opboeking van de voorziening als gevolg van invalidering bedroeg in het boekjaar 110. Vanuit de premie kwam een bedrag van 790 beschikbaar voor invalidering. Per saldo resulteert dit in een positief resultaat op invalidering van 532 (2018: 672). Al een aantal jaren wordt er een positief resultaat op invalidering behaald. Het resultaat is in de afgelopen jaren wel iets afgenomen.

### Het resultaat op kosten

Hierbij wordt bekeken in welke mate de werkelijk gemaakte kosten worden gedekt door de veronderstelde kostenopslag (in de voorziening en premie).

Het resultaat op kosten is het verschil tussen de opslag voor kosten zoals deze is opgenomen in de premie (4.346) plus de vrijval van de kostenopslag uit de VPV (651) minus de werkelijke kosten volgens de rekening van baten en lasten (3.939). Het resultaat op kosten bedraagt 1.058 positief (2018: 359 negatief).

De opslag voor kosten in de premie bedraagt 2,75% van de bijdragegrondslag. De in het verslagjaar gemaakte kosten kunnen niet gedekt worden uit de vrijval van de premie en de voorziening. Het resultaat op kosten is verslechterd ten opzichte van 2018. Overwogen kan worden om de uitvoeringskosten die gerelateerd zijn aan vermogensbeheerkosten (bijvoorbeeld Investment Commissie kosten) en personeelskosten van APS voor de lokale beleggingen in de toekomstige jaren op te nemen bij het resultaat op beleggingsopbrengsten en inflatie.

### Het resultaat op uitkeringen

Het resultaat op uitkeringen is het verschil tussen de verwachte vrijval uit de VPV voor uitkeringen (21.157, inclusief afkoop ad 81) en de werkelijk betaalde uitkeringen conform de staat van baten en lasten (20.771 inclusief afkoop ad 75). Het resultaat op uitkeringen in het boekjaar bedroeg 386 positief (2018: 226 positief).

Dit resultaat wordt grotendeels verklaard doordat er gepensioneerde deelnemers zijn die zich nog niet hebben gemeld bij APS (de "zwevendende"). In de werkelijke uitkeringen zijn de zwevendende in 2019 niet meegenomen.

Vorig jaar is een extracomptabele voorziening voor deze groep deelnemers opgenomen in de VPV ter grootte van 1.237. Ultimo 2019 bedraagt de extracomptabele voorziening voor de zwevendende 1.561. Zodoende is in de analyse onder overige de mutatie van 324 opgenomen (mutatie VPV zwevendende).

### Het resultaat op mutaties

Het resultaat op pensionering is een verlies van 72 (2018: 19 positief).

Tezamen met het resultaat op ontslag van 1 negatief, bedraagt het resultaat op mutaties 73 negatief (2018: 18 positief).

## Overige

Naast het resultaat op mutaties is er ook sprake van een resultaat op overige posten. De belangrijkste oorzaken van dit resultaat zijn als volgt:

- *Mutatie VPV zwevenden*  
Vorig jaar is een extracomptabele voorziening voor de zwevenden opgenomen in de VPV ter grootte van 1.237. Ultimo 2019 is deze voorziening met 324 toegenomen naar 1.561. Dit zorgt voor een negatief resultaat van 324.
- *Terugwerkende kracht mutaties*  
De mutaties die met terugwerkende kracht hebben plaatsgevonden zijn onder deze post geschaard.
- *Ontvangen premies voorgaande jaren*  
Deze post bedraagt de ontvangen premies in het huidige boekjaar die betrekking hebben op voorgaande boekjaren. Dit zijn premies die door het fonds zijn ontvangen voor deelnemers die met terugwerkende kracht bij het fonds zijn geregistreerd.
- *Boeterente te laat betaalde pensioenpremies*  
Over te laat betaalde pensioenpremies of andere uitstaande bedragen bij werkgevers wordt een wettelijke boeterente van 4,0% geheven. Deze boeterente zorgt in het boekjaar voor een resultaat van 842.
- *Overige correcties*  
Deze post bestaat uit diverse correcties, waarvan de voornaamste de volgende zijn:  
Salariscorrecties die door de werkgevers zijn aangeleverd. Deze salariscorrecties geven een resultaat van 2.457. Verval van rechten (resultaat van 433).

Daarnaast hebben wij de negatieve backservice die in Maia onder de post Backservice wordt meegenomen maar eigenlijk door correcties worden veroorzaakt, onder de post correcties meegenomen (impact op het resultaat is 1.068).

Tot slot worden onder overige correcties ook de correcties meegenomen die gedurende het boekjaar betrekking hebben op correcties van partnergegevens, deelnemersgegevens (waaronder correcties voor het dienstverband, geboortedata, geslacht, verval/afkoop en tariefomrekening) en correcties voor de pensioenbedragen van ingegaan pensioen.

- *Vrijval langlevensopslag over uitkeringen*  
De vrijval van de langlevensopslag (ad 3%) over de uitkeringen bedraagt 632.
- *Afboeking vordering APC*  
APS heeft met APC een onderzoek gedaan naar de openstaande vordering en als resultaat is de vordering met 7.380 afgeboekt.

## Correcties ultimo jaar

Tot slot is er een kleine correctie op het vermogen ultimo verslagjaar ad 13 opgenomen. Dit betreft het verschil in de immateriële activa tussen boekjaar 2018 en 2019, die volgens de richtlijnen van de CBCS niet in het pensioenvermogen worden meegenomen. Dit is als een correctie ultimo 2019 in het vermogen verwerkt, waardoor het totale pensioenvermogen daalt met 13.

## About Willis Towers Watson

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