



Investors should carefully consider the investment objective of a fund before investing. For more information about any fund, call the Chamber Pension Plan's Customer Relationship Manager at 345-949-8090.

You assume the responsibility for the investment choices you make for your AVCs with this type of plan. Investments are not guaranteed or insured and will fluctuate in value. While every effort has been made to ensure the accuracy of the information in this material, in the case of a discrepancy the official Plan document will govern.

This brochure provides general information about investing. It does not intend to provide investment advice. For further information about investing, you may wish to consult trusted, reputable investment advisors.

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CHAMBER PENSION PLAN



We're here for you

The Cayman Islands Chamber of Commerce Pension Plan exists for one reason only: to serve our members.

Every decision we make is for the greater benefit of our members. Our goals are to give you:

- Absolute confidence that your retirement assets are invested prudently
- Access to a well-run pension plan, where operational excellence is the standard
- Shrewdly managed investment options

The Cayman Islands Pension Plan reflects the Chamber's own values: *integrity, prudence* and *lawfulness*.

Count on us to be here for you – today, tomorrow, and the day after that.

For more information on how to become a member of the Chamber Pension Plan, see page 23.

For Our Members, By Our Members

The Cayman Islands Chamber of Commerce Pension Plan has been in operation since 1992. It is the largest multi-employer pension fund operating in the Cayman Islands.

A volunteer board of trustees, comprising some of the Islands' most experienced and respected businesspeople, oversees the Plan.

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How the Chamber Pension Plan works

The Pension Plan has two parts – Basic Contributions and Additional Voluntary Contributions (AVCs)

Basic Contributions

You and your employer make basic contributions by law. These amounts, called basic contributions, are automatically deposited into an account in your name and are invested into one of five Chamber Lifecycle Funds, based on your age on October 1, 2006 (the date the Lifecycle program was introduced), or your age on the date you join the plan, if later.

Once your Pension Plan contributions start flowing into a Lifecycle Fund specific to your age at the time of enrolment, your contributions continue to flow into that fund until you retire (or elect to transfer your assets, if eligible). The investment mix of each fund is automatically adjusted over time, to reflect your investment time horizon – that is, the number of years remaining before you're likely to need your retirement income.

Lifecycle funds take the guesswork out of investing because they automatically adjust the combination of assets they invest to reflect your evolving investment needs and goals. See page 12 for information about the Chamber Lifecycle Funds and the Plan's world-class investment managers.

Additional Voluntary Contributions (AVCs)

- With AVCs, you contribute as much – or as little – as you like. There's no maximum and no minimum. Plus, you can save a different amount each month if you want, based on what you can afford.
- You decide how to invest your AVCs. Choose from one of the Chamber's five Lifecycle Funds, all run by world-class investment managers.
- Save through your employer by payroll deduction, or set up a Chamber AVC account and send in your contributions as you're able.
- We're the only plan in the Cayman Islands that's open to everyone. You need not be a Chamber Pension Plan member to make AVCs to the Chamber Pension Plan.

Pension Plan AVCs – Why now? Why you?

Paying for your retirement is likely to be the biggest expense you'll ever face. Bigger than your house. Bigger than college for the kids or the grandkids.

Yes, your employer already contributes. Yes, you contribute too. And that's important. Those mandatory basic contributions form a solid foundation.

To live a long and comfortable retirement, though, studies show you'll need more than a solid foundation. You'll need a house built on additional savings and smart investment strategies.

That's why the Chamber Pension Plan offers its members access to investments targeted to **your goals** and run by **world-class** investment managers.

Start now. Do it for yourself. Do it for your family. Do it for your future. Give yourself a head start on tomorrow. Read on to learn how.

The ABCs of AVCs

AVCs – Understand them before you make them

What are additional voluntary contributions (AVCs)? They're the savings that can make the difference between a basic retirement and a retirement that allows you to go beyond the basics.

Here's how AVCs work:

- You decide it's time to save more for your retirement.
- You realise that saving AVCs through the Chamber Pension Plan is the smartest way to do that.
- You complete an AVC Contribution and Investment Form.
- With the Plan's online account access (available after January 1, 2007), you keep track of your AVC investments month by month, if you want. (You can also track your AVCs semi-annually, when you receive your personalised Chamber Pension Plan statement).

- To start, stop or change the amount of your AVCs, or to change the way you invest your AVCs, complete a new AVC Contribution and Investment Form, available online at www.lifecyclefunds.ky or by calling 345-949-8090.

It's pretty simple, but it's also pretty important. Learn about AVCs and how saving and investing now can make a difference in your retirement.

Longer life = \$\$\$

People are living longer, healthier lives than in the past.

Fact is, if you retire at age 60, you may spend more than 25 years in retirement. That's a long time to live on a "basic" retirement income.

By starting to save today, you'll be better prepared to grow your future income and enjoy more security during all those years after you stop working.

Getting started with AVCs

To get started, or, if you're already contributing, to increase the amount of your AVCs, follow these steps:

Decide how much you'd like to save. Remember: there's no minimum and no maximum, and you can change or stop your AVCs at any time.	How much is enough? That depends. Go to page 18 to learn more.
Think about how you'd like to invest your AVCs. On page 6 of this brochure, you'll find some investment basics.	Which investment options are right for you? See page 10 for help.
Complete an AVC Contribution and Investment Form.	You're ready to act. Great! Contact the Chamber Pension Plan Customer Relationship Manager at www.chamberpension.ky or call 345-949-8090.



Growth and Security

They're the watchwords of retirement planning. That's because, when it comes to planning for retirement, you're looking to grow your savings during your working years so that you can count on a secure income when you're no longer working.

By saving AVCs through the Chamber Pension Plan today, you're giving yourself a head start on a future grounded in these basic financial principles.

Learn

On the next pages, you'll learn about some basic investing concepts, so you can make the most of your savings.

This section is designed to help cut through the financial confusion and explain - in plain English - some investing basics.

Follow these simple steps.

Step 1: Learn some basic investment terms

You want to speak the language if you're going to do this right. Take a few minutes to become familiar with some key terms and you'll find the trip a whole lot easier. You'll also feel much more comfortable talking and thinking about your investments. And the more comfortable you become, the more active you'll be in planning for your future.

Key investment terms appear on page 20.

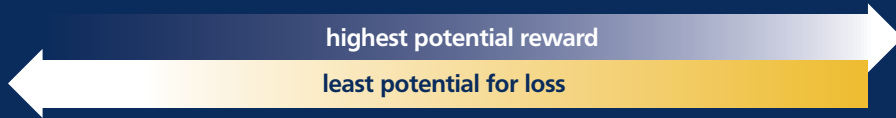
Step 2: Understand Risk and Reward

When choosing your investments, it is important to understand the relationship between "risk and reward." It's a common investing phrase - it means that every investment has the potential to grow or to lose value.

In a nutshell, risk and reward are generally considered to have an inverse relationship:

Investments with the **least potential for loss** - the lowest risk investments - also tend to provide the **lowest potential return** - the lowest reward.

On the other hand, investments that are more likely to fluctuate up and down tend to provide the **highest return over time**.

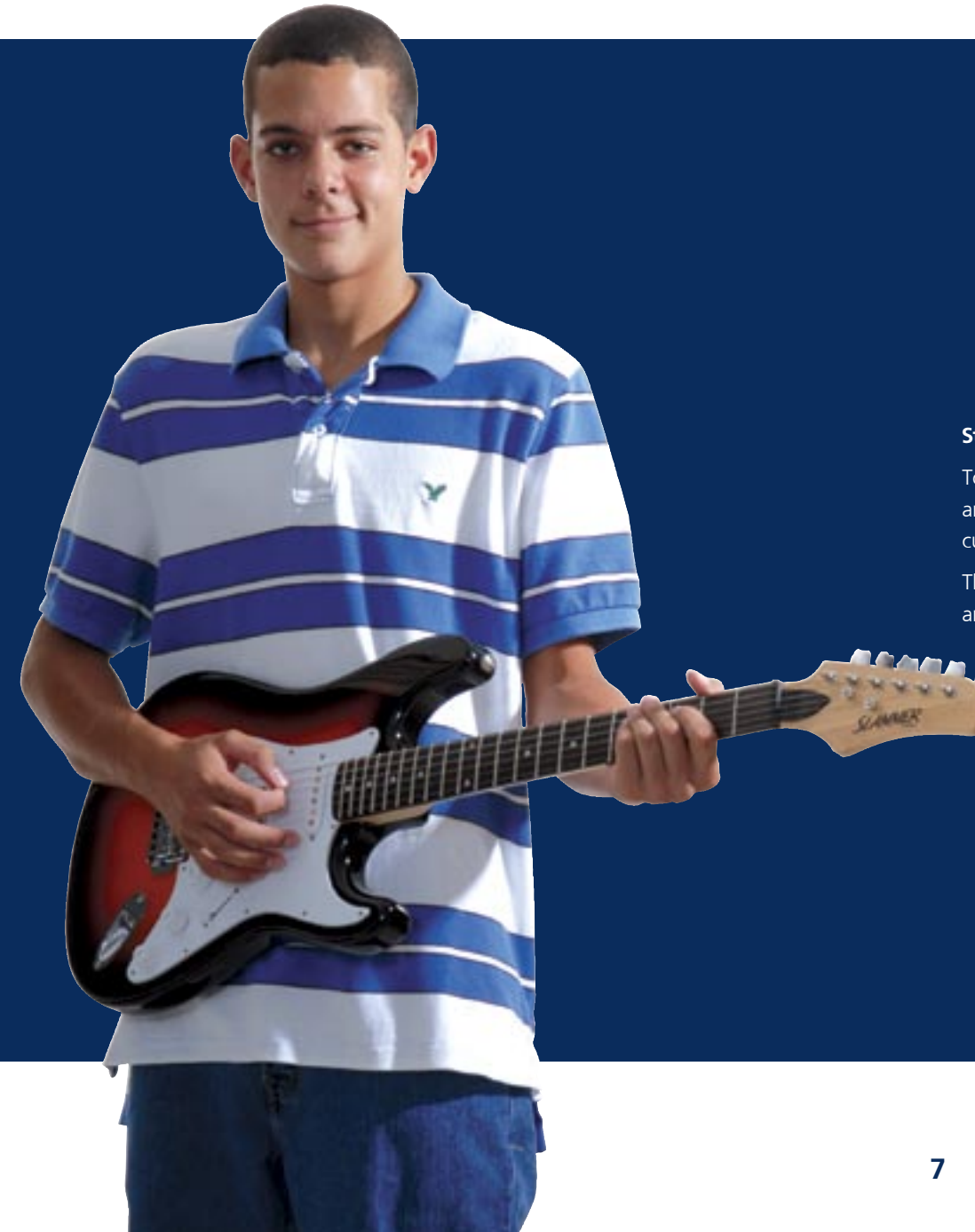


That's it. It's simple, really, and once you grasp this basic concept, you're on your way.

Step 3: Decide what kind of investor you are and determine your time horizon

To invest wisely, you should decide what type of investor you are. How comfortable are you with risk? Do you have many years until retirement or just a few? What is your current financial situation?

The way you answer these questions will help you determine what type of investor you are and where you should invest your AVCs.



Plan

How much will you need when you retire? That depends.

Experts estimate that most people will need between 70% and 85% of their pre-retirement income to live comfortably in retirement. Your retirement income needs will depend on what your expenses are likely to be.

It's important to take just a few minutes to estimate your future expenses. That short exercise alone can help you get a real idea of the amount of income you'll need when you retire. The closer you are to retirement, of course, the easier it may be for you to estimate this figure.

You should think about:

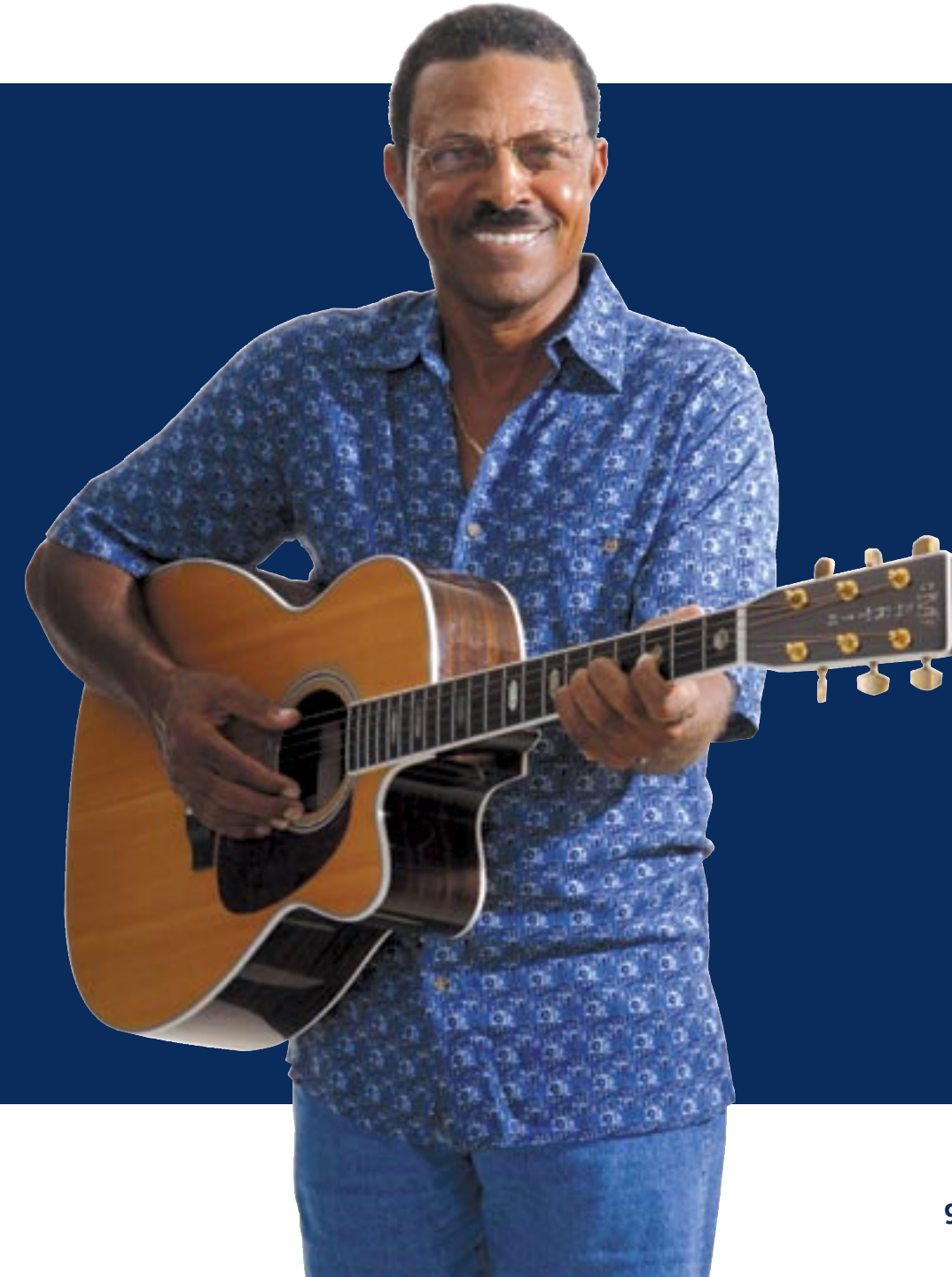
- How much you have saved so far
- How you have invested your savings
- When you'd like to retire
- Other income you expect to receive in retirement, such as income from basic Pension Plan contributions (your own and your employer's)

- How long you think you'll live; and
- Your spouse or partner's situation - does he or she have a source of retirement income?

Whether you're planning to retire next year or many years from now, it's never too soon to start planning so that you can invest for growth when you're younger and for security when you're older.

Need help calculating how much you'll need?

Visit www.lifecyclefunds.ky or call 345-949-8090.



It's time to make your retirement a priority – start saving more today

To get started, complete an AVC Contribution and Investment Form, available upon request from your employer, from Butterfield Bank, or online at www.lifecyclefunds.ky.

Once you complete and submit your form, your contributions may be deducted from your pay-check each pay period. Or you may make an AVC deposit at any branch of Butterfield Bank. The AVC will be invested in the Chamber Lifecycle Fund(s) you select when you enroll.

If you wish, you can change the way you invest your AVCs as often as once per month. To make a change contact the Chamber Pension Plan at 345-949-8090.

Invest

What's your investment time horizon?

The Chamber Pension Plan makes it easy for you to choose the right investment option for your AVCs. You decide on your investment time horizon, meaning how much time remains before you'll need to start spending your retirement savings. Then, choose the investment option that most closely matches your time horizon.

Here are some common investment time horizon scenarios.

Early career – About 30 to 35 years before you'll need your money

Being young has lots of advantages, and that's true of saving for retirement too. With a good 30 years until you reach retirement age, you have plenty of time to save and take advantage of the long-term potential that stocks offer and to ride out any short-term dips in your account value.

Early mid-career – About 25 to 30 years before you'll need your money

You're a little older and a little wiser. You also have a little less time to ride out any short-term dips in the market. At the same time, you're probably making more money than you did when you first started out. Keep in mind, too, that you still have a long time to go before using the money you're investing, so you can probably continue to absorb some risk. Chances are, you've also built up a meaningful pool of savings by now, and every extra percentage of return on those savings has greater impact on your ultimate nest egg... compared to when you were younger and had a smaller asset pool.

Mid-career – About 15 years before you'll need your money

You're in the thick of it. Maybe your income level has peaked. Family debts, like the house mortgage and college tuition, are still taking a bite out of your pay-check – believe it or not. You should start reducing the amount of investment risk you're taking with your AVCs, since you're getting closer to your retirement years.



Late-career – About 5 years before you'll need your money

This is when you're beginning to think more about retirement. You should be saving more than ever now. This is the time to begin to insulate your savings as much as possible from a market downturn, while keeping a prudent balance of higher potential reward investments in your portfolio.

Close to or after retirement – You need your money soon - or now!

Congratulations! You never thought you'd make it, did you? If you're already there, you're probably finding that retirement is very different from what you thought it would be – in some ways much better, and in some ways more challenging. Even after you retire, you may not need all of your savings all at once. You want your investments to be relatively risk free, but chances are good you'll live for many more years, so you also want to be able to continue to keep pace with inflation.

Chamber Lifecycle Funds

GROWTH when you're younger **SECURITY** when you're older

You've learned some basic investment terms and concepts. You know you need to start saving more money for your retirement, and you know AVCs are the way to go. You understand the relationship between risk and reward. You've thought about your time horizon.

Now you're ready to decide how to invest your AVCs.

You may choose to invest your AVCs in any one of, or in any combination of, five Chamber Lifecycle Funds, which are described in this section.

Remember: if you're a Chamber Pension Plan participant, your basic contributions are automatically invested in the Lifecycle fund appropriate to your age at enrolment.

What's a Lifecycle Fund?

As you age, your risk tolerance, time horizon and investment goals change. Lifecycle Funds reflect your changing needs throughout your working life because they automatically adjust the combination of assets they invest in based on your age, to reflect your evolving investment needs and goals.

Chamber Lifecycle Funds

Each of the five funds available under the Plan contains a mix of investments linked to a specific target retirement year, and each target retirement year corresponds to a specific investment time horizon.

The Plan's five investment funds are called Lifecycle Funds, because they're designed to match where you are in your life - the amount of time left before you'll need to start using your savings and the way your investment goals change over time.

The five Chamber Lifecycle Funds are:

- Chamber 2045
- Chamber 2025
- Chamber Income
- Chamber 2035
- Chamber 2015

Five funds

AllianceBernstein Global Equity Fund Manager

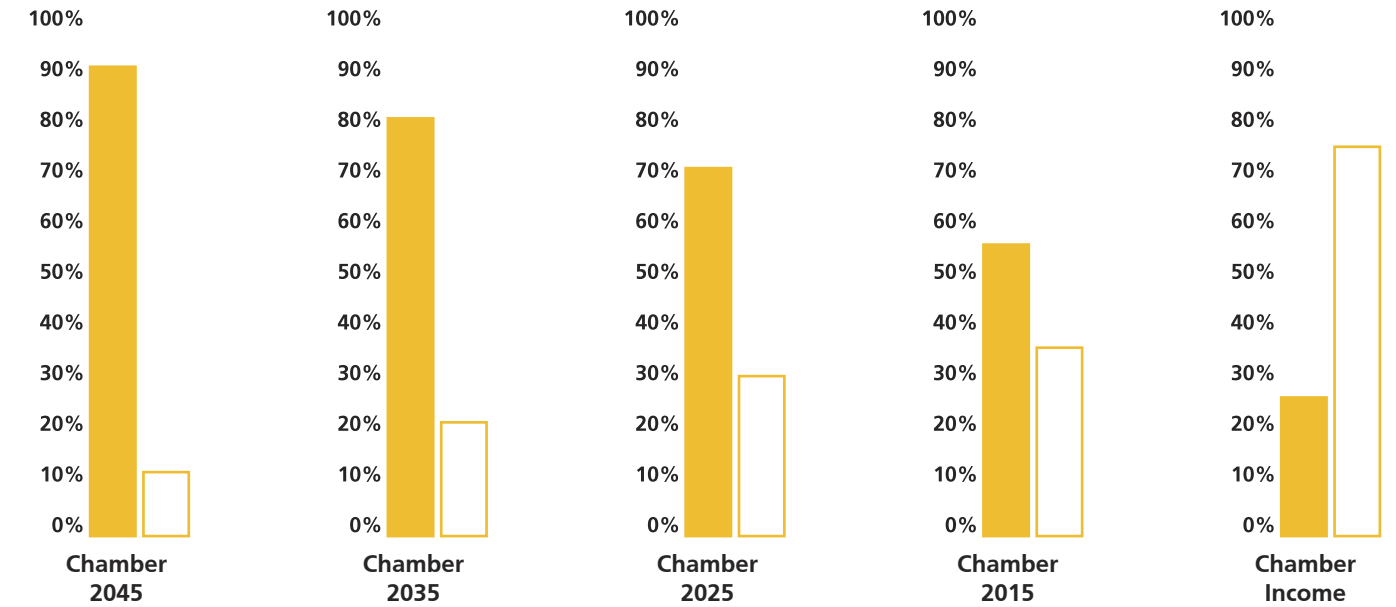


% Equities Investment

Butterfield Bank Bond Fund Manager



% Fixed Income Investment (Bonds)



Equities and bonds

The Chamber has hired two world-class investment managers to oversee the two types of assets that make up each of the five Lifecycle Funds:

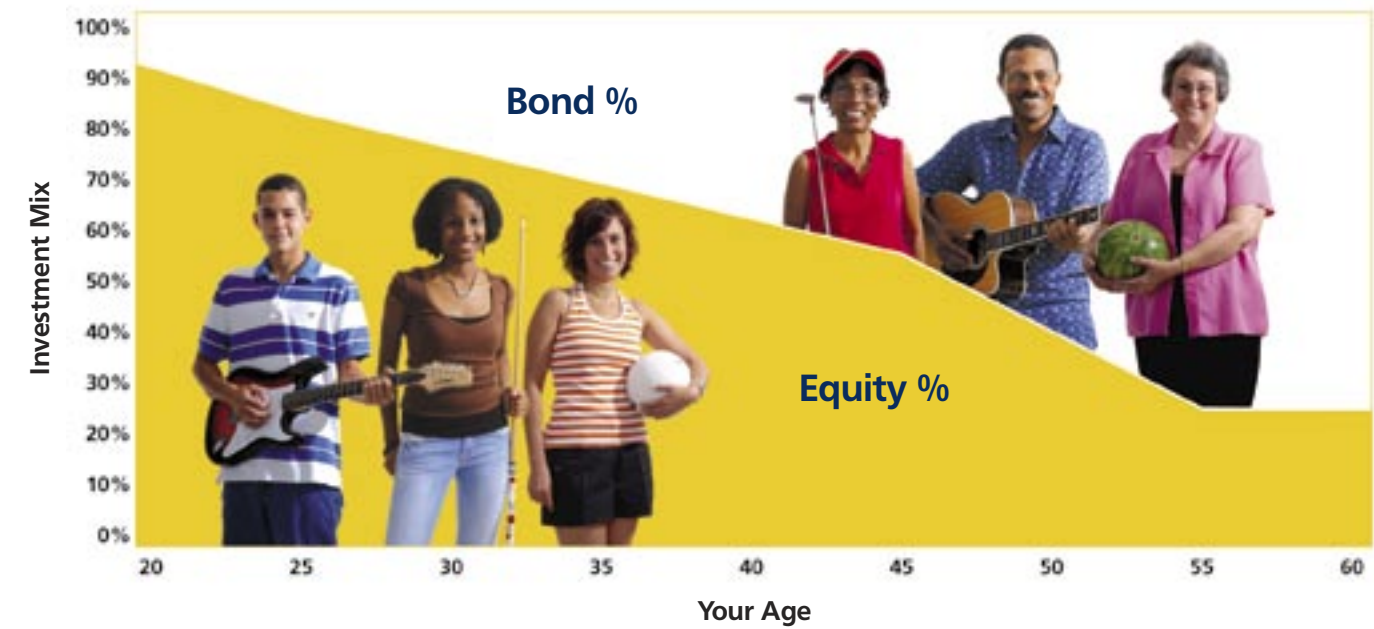
Equities (stocks): AllianceBernstein is a world-class global equity manager with experienced and stable investment teams. They've achieved superior historical investment performance balanced by prudent risk control. To learn more about AllianceBernstein go to www.alliancebernstein.com.

Bonds or fixed income: Butterfield Bank has been the Plan's bond manager since July 1992. Their fixed income performance has consistently outperformed the benchmark since then. For more information about Butterfield Bank go to www.butterfieldbank.ky.

Historical Investment Performance

Both Butterfield Bank and AllianceBernstein offer superior historical investment performance balanced by prudent risk control.

Lifecycle Funds investment mix



An investment mix that changes with you.

Equities generally provide more return, while bonds generally provide more security. As you get older, your Lifecycle Fund will invest in more bonds and fewer equities.

Five funds explained

Chamber Lifecycle Fund	Investment Objective	Investment Mix <i>(the balance between stocks and fixed income investments)</i>
Chamber 2045 If you were born in 1980 or later	Maximise savings growth Diversify to reduce risk without sacrificing return	The investment mix in these funds adjusts over time. For example, the 2045 fund begins with an investment mix of 90% stocks and 10% fixed income investments but is rebalanced every year to slowly include more fixed income investments and fewer stocks.
Chamber 2035 If you were born in the 1970s		
Chamber 2025 If you were born in the 1960s	Seek strong growth Reduce risk over time	
Chamber 2015 If you were born in the 1950s		
Chamber Income If you were born in 1949 or earlier	Avoid sharp market declines Preserve real spending power Minimise annuity purchase risk	
Each fund has a different asset allocation strategy. Here's how it works: <ul style="list-style-type: none"> • Longer time horizon funds invest more heavily in equities to allow for greater long-term appreciation potential. • Shorter time horizon funds invest more heavily in fixed income to reduce short-term volatility. 		



Letting the numbers do the talking: AVC example

They say that money talks. On these pages, the numbers and the pictures tell the story. Follow this example to see what a big difference a small AVC contribution can make over time.



Nigela Watson, *typical plan member*
 Age: 20
 Annual salary: \$30,000
 Years to retirement (at age 60): 40
 Pension Plan balance: \$1,000

Bottom line? If Nigela gets with the programme, she'll start saving as much as she can as soon as she can. With just a small regular AVC investment of \$25 a month, Nigela will stand a better chance of retiring with a much larger nest egg.

Maybe you don't have \$50 a month. But you probably could find an extra \$25 a month. Isn't it time you decided to get with the programme too?

	Mandatory contributions only	Mandatory contributions + \$25/month AVC	Mandatory contributions + \$50/month AVC
Starting amount	\$1,000	\$1,000	\$1,000
Years	40	40	40
Monthly contribution (10% basic contribution amount, 5% from Nigela, 5% from her employer)	\$250	\$275	\$300
Estimated rate of return	6% compounded annually	6% compounded annually	6% compounded annually
Total amount Nigela will have contributed at the end of 40 years	\$121,000	\$133,000	\$145,000
Total at end of investment	\$489,527	\$537,451	\$585,375
The AVC difference	\$0	\$47,924	\$95,848

Notes and assumptions:

This example is for illustrative purposes only. Investment returns are not guaranteed, and your returns may differ from what is assumed here. Assumes there is no change in Nigela's annual salary or basic contribution amounts over time, and that she continues making the same AVC contributions continuously for 40 years.

Key investment terms

Asset allocation Dividing amounts among different kinds of investments, or assets, which are called asset classes.

Asset classes Broad categories of investments with varying levels of risk and return opportunities. Examples include stocks, bonds and short-term investments.

TIP: The Chamber's AVC investment options include all asset classes, but in varying combinations, to suit each fund's objective.

Benchmark (also called index) An industry standard way to measure the overall performance of specific types of investments. Used to compare the performance of different funds with a particular investment category.

Bonds A way for a corporation or a government to raise money. When you buy a bond or invest in a bond fund, you are loaning money to the bond issuer (the corporation or the government that issues the bond) in exchange for fixed interest payments over a specified period of time. Because this kind of security is a legal obligation of the issuing company or government body, it is typically less risky than stock and offers less potential for high returns.

Bond Fund A group of bonds that is managed by a professional investment manager and offered as a single investment.

TIP: The Chamber's AVC bond funds are managed by Butterfield Bank, a well-known local company whose investment performance in this asset class has consistently outperformed the benchmark since 1992.

Diversification Dividing your investments among different types of securities, industries, risk categories and companies within a given asset class so that you don't have all your eggs in one basket. For example, if you were to invest all of your money in the stock of one company, your investment would not be diversified. When you invest your money among different kinds of investments, you reduce your investment risk because your overall investment return does not depend on the performance of just one investment.

TIP: The Chamber's investment options are designed and managed by world-class investment companies who actively diversify the investments in each fund.

Dividend A payment declared by a company's board of directors and given to its shareholders out of the company's current or retained earnings, usually quarterly. Dividends are usually paid in cash, but they may be paid in the form of stock or other property.

Equity Another term for stock.

Fixed Income Another term for bond investment.

Investment Objective Each of the Chamber's five AVC investment funds has a specific goal (objective) and policy (strategy) that determines how it will achieve its goals.

Funds with a *growth objective* try to make money from gains in the prices of the investments (usually stocks) that they hold, rather than from dividends or interest.

Funds with an *income objective* earn most of their returns from interest income or dividends, rather than from appreciation in the value of their earnings.

Investment Fund A pool of money contributed by individual investors like you that is managed by a professional money manager. The fund's manager invests your money, together with money from other investors, into a portfolio usually made up of stocks, bonds, or a combination of both, depending on the fund's investment objective.

Portfolio A combination of securities or funds. The purpose of combining assets is to adjust and manage risk and achieve diversification.

Risk The degree of uncertainty of return on an investment.

Security A general term for any kind of investment such as stocks or bonds.

Stock A share of stock represents ownership (called equity) in a corporation, and a claim on its proportional share in the corporation's assets, liabilities and profits. Stock investments generally carry higher risk than fixed income investments, but stocks also offer the potential for a higher rate of return over time.

Stock Fund A group of stocks that are managed as a single investment by a professional investment company.

TIP: AllianceBernstein, a world-class investment company, manages the Chamber's stock funds.

Volatility refers to the ups and downs of the price of an investment.

The Fine Print

Each Lifecycle fund’s asset allocation becomes more conservative as the target-year approaches. That means you don’t have to actively transfer your money from more aggressive to more conservative funds as you near retirement. The fund’s professional manager does that for you automatically.

Over time, the asset allocation of each fund is automatically adjusted, so that, over time, each of these funds in effect becomes the new Chamber Income Fund. Unless your circumstances change, you never have to change your investment selection since it is automatically adjusted over time.

What the numbers mean

The percentages shown in the chart on page 13 refer to the proportion of each fund that is made up of equity investments (stocks) and the proportion of each fund that is made up of fixed income investments (mostly bonds).

As you can see, the longer time horizon funds, such as Chamber 2045 and Chamber 2035, hold a larger proportion of equity investments than the shorter time horizon funds. That’s because amounts in the longer time horizon funds will likely remain invested in those funds for many years – which allows those amounts to ride out any short-term dips in investment performance. This formula also allows the longer time horizon funds to benefit from the generally higher returns that higher risk investments tend to yield.

The shorter time horizon time funds, such as Chamber Income and Chamber 2015, hold more of their assets in fixed income investments. That’s because amounts in these funds will likely be paid out sooner, leaving less time for these amounts to ride out any short-term dips in performance. These formulas also allow the shorter time horizon funds to benefit from the more predictable return offered by lower risk investments.

The diagram shows how the asset classes in each of the five Chamber Lifecycle Funds are mixed, using a combination of equity and bond funds managed by the Plan’s two investment managers.

Got questions?

For more information about	Go to
The Plan and your investment options	The Cayman Islands Chamber of Commerce Pension Plan Web site at www.lifecyclefunds.ky
Making AVCs, or changing or stopping your AVCs	Chamber Pension Plan Customer Relationship Manager at 345-949-8090
Choosing a new investment option for current balances or for future AVCs	Chamber Pension Plan Customer Relationship Manager at 345-949-8090
Your Chamber Pension Plan account or administrative issues	Chamber Pension Plan Customer Relationship Manager at 345-949-8090 or Butterfield Bank Pension Hotline at 345-815-7599
Financial planning and investments	Chamber Pension Plan Customer Relationship Manager at 345-949-8090 or Butterfield Bank at 345-815-7599 www.lifecyclefunds.ky