

# Newsletter

December 2022

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## New pension system

**Together with employees' and employers' organisations, the cabinet has reached a pension deal with new agreements about pensions and the state pension (AOW). This means that the Dutch pension system will be reformed. Pensions will become more individual: you will save in your own pension pot and returns will not be stored up to such an extent but used to increase your pension. However, poor results on the stock exchanges will also mean a reduction in your pension.**

The cabinet wants to introduce the new Pensions Act as of 1 July 2023. The House of Representatives and the Senate still need to approve the new legislation. The pension scheme of Witteveen+Bos will also need to be adjusted. Preparing this takes time. We now expect our new pension scheme to come into force in 2025 at the earliest, but it could be later.

A steering committee, comprising representatives from the Board of Directors, the Works Council, the pension fund board and a retiree will make the initial choices within several months. These choices will be submitted to the Board of Directors, the Works Council, the Accountability Committee and the New Pension System sounding board group. Obviously, the choices that the Pension Fund makes need to be the right ones for Witteveen+Bos members.

The two most important choices are:

### 1. Choice between two pension contracts

There will be two contracts: the solidarity contribution scheme and the flexible contribution scheme. The solidarity contribution scheme is characterised by collective investment, whereby the investment results, the returns, are shared between younger and older members. If the solidarity contribution scheme is chosen, agreements will need to be made about how the investment returns are shared.

In the flexible contribution scheme, you can choose your own investment profile (defensive, neutral or offensive). The investment results are processed one by one in your own pension pot. When you retire, you can choose between a lower but more certain payment, or a higher but less certain payment.

### 2. Does the new pension scheme apply to already accrued pensions?

If yes is chosen, the currently accrued pensions at Witteveen+Bos Pension Fund Administration will be moved to the new scheme. This is called the transfer of accrued pension rights. All the pension assets will then be divided over the individual savings of all employees, former employees and retirees. For this, a fair distribution must be agreed on. All (former) employees and retirees will then have a pension based on the new pension system. Depending on the choice of pension contract mentioned above, everyone will then have a solidarity contribution scheme or a flexible contribution scheme.

If no is chosen, then the currently accrued pensions will remain in the current pension scheme. Nothing will change for retirees and former employees. Their pension will remain in the old scheme.

Employees currently working at Witteveen+Bos and who are still here when the new scheme is introduced will then be covered by the existing and the new scheme. The currently accrued pension will remain in the existing scheme. The pension to be accrued will be in the new scheme. When these people retire, they will receive two pensions from the Witteveen+Bos Pension Fund.

## NEW PENSION SYSTEM SOUNDING BOARD GROUP STARTS

After the call in the last newsletter, 19 people applied to join the New Pension System sounding board group. These include current employees, retirees and former employees. The first meeting was held in Deventer on 20 September. This was mainly about introductions and the intended role of the sounding board group.

Chairperson Jaap de Koning from Witteveen+Bos Pension Fund Administration and Stephan van der Biezen (Board of Directors of Witteveen+Bos N.V) briefly explained the transition to the new pension system. That new system is expected to be implemented on 1 July 2023. The last date on which pension funds must have transitioned is 1 January 2027.

After this, we discussed the role of the sounding board group as the pension fund moves towards the new pension system. What is important in this? Is the communication to the members clear enough? These might be information questions to the whole group or to several members of the sounding board group.

## Prospective board member to represent retirees

In June, the board of the Witteveen+Bos Pension Fund Administration called on all retirees to nominate a candidate for the vacancy on the board for a member to represent retirees. Unfortunately, no responses to this invitation were received within the allotted time.

The board subsequently brought the vacancy to the attention of members who would be retiring in 2022 and 2023. Peter de Jong responded positively to this call. Because no other candidates came forward, there is no need for an election. Peter has not yet retired, so will only be able to join the board on his retirement. For that reason, Peter has been appointed prospective board member. Over the coming period, he will complete the required training courses, and the registration process is still with De Nederlandsche Bank.



Peter de Jong

The board is delighted with Peter's enthusiastic response and looks forward to working with him. Check out the pension fund [website](#) where Peter introduces himself.

## INDEXATION POLICY PENSION SCHEME

The Witteveen+Bos pension scheme has an indexation policy. This indicates when and how much pensions can be increased if our buffers are sufficiently well filled. The indexation policy at Witteveen+Bos involves profit-sharing. This means that the indexation supplement only depends on the investment results. The supplement is therefore not dependent on inflation.

Witteveen+Bos Pension Fund Administration may only grant the supplement from a policy coverage ratio of 125 %. This year, the policy coverage ratio increased strongly from 103 % at the start of this year to 111 % in September but is well below 125 %. And this year, inflation (consumer price index all households) has risen from 5.7 % to 14.5 % in September.

The Pension Fund has received many questions from retirees about applying the indexation policy. This and the current situation with high inflation led the Board of Directors and the Works Council to consider a possible adjustment to the indexation policy. This includes the possibility of paying the supplement from a lower policy coverage ratio. It is also being considered whether to make the amount of the indexation supplement dependent on inflation. Once a decision has been made, we will inform you via the website and newsletter.

There has been a lot of attention in the media for pension funds which have raised or plan to raise pensions in 2023, even from a coverage ratio of 105 %. We explain it all in this news article on our [website](#).

## What's the pension situation?

Do you know how many times you receive the pension contribution that you pay when you retire? Or what happens to the money that the pension funds earn on the investments they make? On [Instagram](#) and [Facebook](#), the pension funds in the Netherlands explain how the pension is organised in the Netherlands and what the advantages are.

Want to know more? Follow the 'Pension Funds' account for concise information. Or check out [pension fund.nl](#), a joint initiative of the Dutch pension funds.



## Lump sum payment

One of the agreements in the Pension Deal concerns the possibility to have part of your pension paid out as a lump sum. To this end, legislation has been approved by the House of Representatives and the Senate. With the 'lump sum payment', it is possible to withdraw a maximum of 10 % of your accrued pension at once. The planned introduction of this new option is 1 July 2023.

When the law comes into force, anyone who will be retiring can use this option. If you have already retired by 1 July 2023, this option is not available to you. The following ground rules apply:

- the option is only for your own old-age pension
- you may withdraw a maximum of 10 % of your accrued pension at once
- you may also withdraw less, for example 5 %
- you may spend the money as you wish
- you may not combine the 'lump sum' with choosing a temporarily higher or lower pension (high-low).

By choosing the 'lump sum payment', will your lifelong pension be lower than a certain amount? In that case, you cannot choose a 'lump sum payment'. Every year, the government determines that amount. In 2022, this is EUR 520.35 per year.

### Payment

It is important to realise that withdrawing a 'lump sum payment' means that you will receive a lower monthly pension payment. When the 'lump sum' is paid out, your income rises in that year. This means that you may be required to pay more tax and/or that allowances no longer apply.

More information about the 'lump sum payment' is available on the pension fund [website](#).



How will you organise your life when you are soon done working and get to organise your free time the way you want? The pension Checker introduces 'Who am I ... later?' Play the [quiz](#).

## Adjusting policy for socially responsible investment

The Pension Fund wants to secure good returns by investing in a way that takes the world around us into account. In doing so, we carefully consider the risks and returns. Taking environmental, social and governance considerations into account is an integrated part of the investment policy. In 2018, for example, we decided not to invest in the arms industry, tobacco industry and in countries where human rights are violated or where child labour is used.

In last year's members' survey, we asked your opinion about socially responsible investment (see also the article about the member survey in April's newsletter). Following up on the results of this survey, the Pension Fund decided to stop investing in the fossil fuel industry, in companies which have a negative impact on ecosystems/forests/biodiversity and climate change.

The next step is to look for investment funds which are in line with our policy. Discussions are currently being conducted with various asset managers. If there are no funds which can fully endorse our exclusion policy, the asset manager may embark on a dialogue with companies to draw attention to the topics which are not sufficiently considered.



Stay informed of the developments regarding pensions: