

Newsletter

April 2023

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2023 pension scheme update

The arrangements in our pension scheme - the pension rules - are designed such that a number of fixed components change every year. These are the state pension offset, accrual rate, maximum pensionable salary, small pension commutation limit, flexibility factors and commutation factors. The 2023 pension rules can be found on the Pension Fund's website under the heading 'current'. Here are the main changes for this year:

1. The state pension offset is the part of the salary on which you do not accrue a pension. The state pension offset increases according to the trend-based increase in salaries. The state pension offset increases from EUR17,000.00 in 2022 to EUR18,173.00 in 2023. The accrual rate for 2023 is 1.39 % (was 1.41 %). The state pension offset and the accrual rate determine the amount of pension accrued in 2023. The post '[Changes to pension 2023](#)' on W+B Connect uses calculation examples to show the effect of the change in the state pension offset and accrual rate combined with the trend-based salary increase.
2. The maximum pensionable salary for 2023 is set at EUR128,810.00. Do you earn more than this amount? Then you will not accrue pension above this amount.
3. The commutation limit for a small pension is EUR594.89. Did you work for Witteveen+Bos for a short time and your accrued pension is lower than the commutation limit? Then your pension will be automatically transferred to your new pension. This may not always be possible, for instance, when you start working as a self-employed person, or you do not have a new job within 5 years. If this is the case, the small pension will be paid out in a lump sum when you retire.

4. The new flexibility and commutation factors are included as an appendix in the new rules. These factors matter if you want to bring your pension forward, convert it or, if allowed, commute it.

From profit-sharing to indexation

Another important change in the rules is the change from our profit-sharing policy to an indexation policy, better known as indexing. The board reviewed this policy last year and concluded that an adjustment was necessary and desirable. Changed regulations, increases in the coverage ratio and participants' wishes were taken into account in the review. Based on the review, it was decided, in collaboration with the board of directors and the Works Council (OR) to adjust the indexation policy.

The adjustment to the indexation policy implicates that if we have sufficient reserves, we can index earlier than in the past. Indexation is now possible at a policy coverage ratio (the average of the past 12 months) above 110 %. In doing so, we must adhere to the legal rules of future-proof indexation. In practice, it amounts to spreading the room available for indexation over several years. We will review every year whether indexation is indeed possible.

Apart from this structural policy adjustment, we made use of the one-off option to index at a coverage ratio of 105 %. By adjusting the indexation policy, pensions were increased by 5 % from 1 January 2023. All participants received a letter announcing this increase at the end of December last year.

A detailed [explanation](#) of the adjustment of the indexation policy can be found on the Pension Fund's website under the heading 'current'.

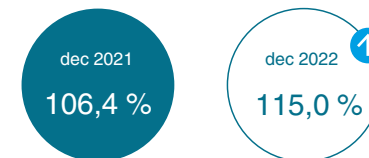
What is our position right now?

At the end of December 2022, our fund was in a better position than the year before, as is clear from the current coverage ratio. This increased over the past year from 106.4 % to 115.0 %. The coverage ratio on which the policy is based (the average of the past 12 months) increased from 102.6 % to 114.4 %. The coverage ratio increased mainly due to increasing interest rates, by approximately 2 % over the past year. Due to the increasing interest rates, our fund needs less money to pay all the pensions, now and in the future. We call these the liabilities. The increase in interest rates did, however, result in a sharp fall in the value of bonds and mortgages. The value of the shares has also fallen due to the turmoil in financial markets brought on by the war in Ukraine and the energy crisis.

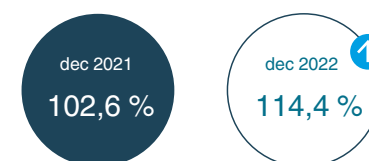
All in all, some 43 million euros of our assets evaporated last year. However, the impact of the rise in interest rates is greater. Our liabilities fell by about 50 million euros, which meant that at the bottom of the line, the coverage ratio increased by almost 9 %.

We publish the coverage ratios on our [website](#) every month. You can also read more background information here, as well as details on our financial position and coverage ratios.

Increase in current coverage ratio



Increase in policy coverage ratio



Results of the pension survey Works Council survey 2022

The Works Council conducted its 3-yearly survey among the current employees in 2022. A number of questions were about pension. The more than 600 responses show that around 60% of respondents (371) are aware that the pension system in the Netherlands is undergoing a rigorous overhaul. Some 40% (237) do not (yet) feel adequately informed about the changes. The graphs below show this distribution among the different groups. In addition, the Works Council survey asked to what extent current employees are confident that they will soon receive a good pension. This is proportionate (50-50).

The survey also reveals that a large proportion of employees are supplementing their pensions. The pension fund board stresses the importance of regularly looking into your personal pension situation. We are currently exploring options to give our participants more insight into this.

The Pension Fund has informed its members about the upcoming changes at various times and through various channels. If you are not yet or insufficiently informed and want to know how the pension scheme will change, please check the new pension scheme page at pensioenfonds.witteveenbos.nl.

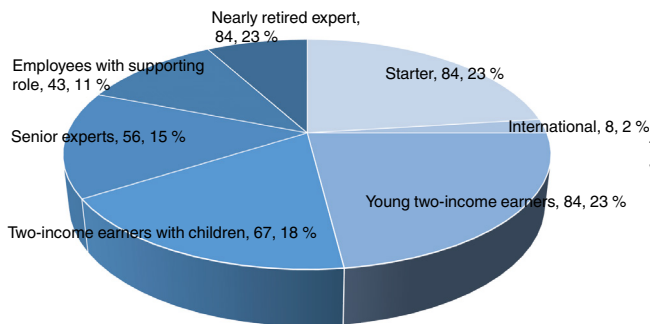
SAVE THE DATE: 27 JUNI GENERAL MEETING OF PARTICIPANTS

The General Meeting of Participants of the Witteveen+Bos Pension Fund Administration will be held on Tuesday 27 June from 12.00 pm to 1.30 pm. The agenda includes an explanation of:

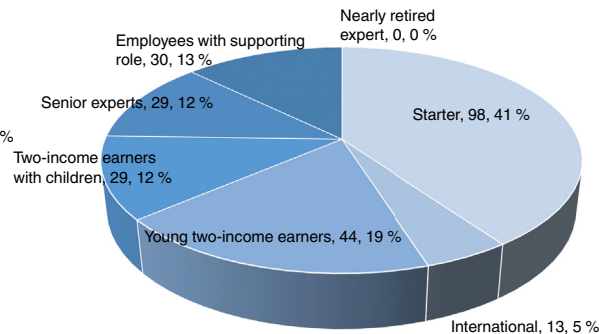
- the 2022 annual report;
- the work of the accountability body over the past year;
- the current financial situation of the pension fund;
- the implementation of the Socially Responsible Investment policy;
- developments of the new pension scheme.

The meeting can be attended both physically and online. More detailed information will follow with the formal invitation to the meeting.

Per persona insight into the number who indicated that they DO know that a major pension system change is coming



Per persona insight into the number who indicated that they DO NOT know that a major pension system change is coming



PENSION FACT



With the Witteveen+Bos Pension Fund, you do not only accrue pension for yourself. You also accrue pension for your partner. If you enter into a cohabitation agreement, you must actively register your partner with the pension fund. Registering your partner applies to both employees, former employees and pensioners.

You can register your partner by sending an email to pfwitteveenbos@apppensioen.nl along with a copy of the cohabitation agreement. The conditions the cohabitation agreement must meet can be found in Chapter 1 of the pension rules under the heading 'partner'. If you are married or in a registered partnership, information about your partner will be exchanged automatically through the Municipal Personal Records Database (BRP).

Adjusting policy for socially responsible investment

Based on the participant survey (2021), the Witteveen+Bos Pension Fund Administration decided to stop investing in the fossil industry, in companies that have a negative impact on ecosystems, forests, biodiversity and climate change. Discussions on this matter have been conducted with various asset managers. Meanwhile, we have found funds to invest our assets in that exclude companies involved in:

- controversial, nuclear, civilian and conventional military weapons;
- tobacco, alcohol, cannabis, gaming and sex industries;
- fossil fuels and nuclear energy;
- violation of UN Global Compact standards on human rights, labour standards, environment and anti-corruption.

In doing so, we made the choice to exclude more rather than fewer companies. We apply the same exclusion policy to all funds.

Corporate bonds

Last year, we decided to add a new asset class to our investments: corporate bonds. By investing not only in government bonds but also in corporate bonds, we increase diversification in investments. Moreover, we expect to earn slightly higher returns on corporate bonds than on government bonds. For corporate bonds, we also found a mutual fund that excludes the companies mentioned above. During 2023, we will implement investments in these new mutual funds.

New pension contract steering committee

The Future Pensions Act is expected to take effect on 1 July 2023. Before the Pension Fund can move to the new system, a number of choices must be made. The steering committee is working on having those choices ready in time. Those choices require commitment from all parties involved: employer, Works Council (OR), pension fund and the Accountability Body (VO). In the coming months, the steering committee will start working on initial thinking about compensation for the abolition of the average contribution rate. This month, a workshop has been scheduled for the board of directors, Works Council, Accountability Body and Pension Fund Board on the preliminary contract choice and the choice of including/not including the current pensions in the new scheme.

The risk appetite will be discussed in May, when we will consider how much investment risk we are willing and able to take to achieve the objectives. The results of the 2021 participant survey will be taken into account when determining the risk appetite.

When the law takes effect from 1 July 2023, the pension fund board will consider a first draft of the fund policy, which will define the risk appetite and investment policy. The intention is to take a preliminary decision on this, which, if all goes as planned, will culminate in a final decision in January 2024. Therefore, during 2023, the board of directors and the Works Council will sit down to issue a final contract selection and a final request for whether or not to participate in January 2024.

Once the (preliminary) choices have been made, the pension fund will be able to give a clearer picture of what the changes mean in concrete terms.

Newsletter survey

Since last year, the design and layout of our newsletter has been revamped. We would love to hear what you think about it. You can let us know by completing this short survey. Scan the QR code with your mobile phone or enter this [URL code https://forms.office.com/e/AkRb3tzjvS](https://forms.office.com/e/AkRb3tzjvS) on your web browser. Completing the survey will take less than 5 minutes and the answers are sent anonymously. If you are curious about the Pension Shorties, you can find them on Spotify.



Stay informed of the developments regarding pensions:

