

Newsletter

June 2024

Contents

When does your pension start?

Investing for retirement: why don't we save money?

Witteveen+Bos pension fund: a non-profit organisation

Meet Sophie: the youngest (prospective) board member!

How are we doing?

Current state of affairs regarding the new scheme: a brief update



When does your pension start?

In this newsletter, we will discuss various matters relating to pension at Witteveen+Bos and introduce our new (prospective) board member.

Pension is the second most important employment condition after salary for everyone who works. It concerns future income for you and your colleagues. But also, for example, the income your surviving relatives will receive if you die or an arrangement in case of incapacity for work. Yet, the employment condition of pension does not nearly get as much attention as, for instance, annual leave, a company car, travel expenses or flexible working. Strange, since it concerns a significant part of your salary.

A common misconception is that your pension automatically starts at a certain age. That is not the case. It is up to you to decide when your pension takes effect. With the Witteveen+Bos Pension Fund, this can be from the age of 55 at the earliest and 67 at the latest.

All kinds of terms

It does not help that the media uses all kinds of terms interchangeably. You often read about retirement date and retirement age. Sometimes, this refers to the age at which your first receive the state pension (AOW) (i.e. the state pension entitlement age). In other cases, it is about the prescribed pension age. This is the age at which the pension you accrue through your employer is calculated. In our case, this is at the age of 67. And sometimes, it refers to the age at which someone actually decides to retire. Which is something you decide for yourself. So always pay close attention to what a term actually means.

Some can stop working earlier than others

The moment you retire depends on your financial situation. The earlier you retire, the lower the monthly amount you receive will be. This makes sense, since we have to pay out the pension for longer. And you've accrued pension for a

shorter period of time. Are your expenses low and maybe you have some savings? Then you can retire earlier than someone who depends fully on the pension and has higher expenses.

Temporary extra pension until your state pension

Your state pension entitlement age, however, is fixed; it cannot be changed. Would you like to start receiving your pension before you receive the state pension? Then it may be convenient to receive extra pension until you receive the state pension. This is possible within our scheme. This way, you can ensure there is not that much of a difference between your total income before and after the state pension entitlement date. You pay for this extra pension yourself: the rest of your pension is reduced a little. Make sure you are well informed about what this means for your situation.

Investing for your retirement, why do we do that?

Every month, a significant amount goes to the pension fund for your retirement. You pay some of this, while your employer pays a large part of it. This money is invested.

We invest because saving does not yield enough. Were we to save all the money, pensions would be much lower. We need the return on investments to pay sufficiently high pensions.

This brings us to an advantage of joint investing: it is cheaper. All purchases and sales are made on behalf of all pension fund members. As an individual investor, you would face much higher costs. And it is also easier for us to spread the risks. We invest in both more and less risky investments. In different countries and different sectors. This way, we reduce the risk that the total value of investments will fall sharply all at once.

As a pension fund, we feel a responsibility to make well-considered investments. Therefore, we hire professionals who think along with us about a good mix of investments. This is how we ensure we don't take excessive risks for the pensioners and near-retirees. Their pensions should be as stable as possible. At the same time, young people's money can be used for long-term investments. So for this group, we can take a bit more risk. Is the stock market down for a few years? Then there is a good chance that this period is followed by good years so we can make up for the loss. On average, investing thus yields (much) more than saving.

Everyone will be able to see this principle clearly in the new scheme. We all receive a capital for pension that is invested. Young employees will notice that the capital (and the expected pension) fluctuates significantly. It follows the economy. The challenge will then be to see the big picture: the long-term development of the capital. This is ultimately what matters. We will do our best to keep everyone well up-to-date during the transition to the new scheme.

Witteveen+Bos pension fund: a non-profit organisation

Imagine an organisation whose sole purpose is to provide for your retirement. And does not make any profit for itself. In a nutshell, that is what the Witteveen+Bos pension fund does.

The pension fund is an independent foundation. This means we are fully focused on the interests of those for whom we administer the pension scheme. In other words, your interest. Pension funds were once established because 'doing it together' usually yields higher returns than doing something on your own. We administer the pension scheme according to the agreements made by the employer with the Works Council.

Some people think that the pension fund also has a self-interest. For example, that the fund receives a share of the profit, when the investments do well. Or that it profits from the premature death of an employee. That is not the case.

And if someone dies before or after they retire? Then we will pay a partner's pension to the surviving partner. Does an employee not have a partner? Then we pay out a higher pension.

What if the pensioner and his or her partner dies earlier than on average? Then the value of the pension is added to the total assets we manage for all employees. In other words, it goes to everyone else with a pension from the Witteveen+Bos Pension Fund. It may sound a bit blunt, but because some people die earlier than average, we can also pay out pensions to people who live much longer than average. Since the pension is arranged for everyone, we can be there for everyone.

Do you have a question about your pension? Do not hesitate to give us a call: +31 (0)6 39 87 57 10 (Anita van Dijk, pension fund secretary).

Sophie Vulink: the youngest (prospective) board member

Not everyone makes the choice to study to become a board member of a pension fund at a young age. What's more, Sophie is one of the youngest in the Netherlands.

Sophie is an area development project leader. About a year ago, she expressed interest in serving as a board member. After a selection process, the course to fill this role started. What motivates Sophie? And what is her opinion on pension?

'Currently, I am a prospective board member. I attend the meetings, and I'm following a course to become more knowledgeable about the topics being discussed. I have always found pension interesting. It may be in the family;

my sister also works in the pension industry. I want to know how the system works. How does it work? What are the arrangements to make sure that someone still has an income after he or she stops working, for the rest of their lives?'

Sophie continues: 'There are so many opinions when it comes to pensions. I want to know: which ones are true? And where does the reasoning become flawed? This means you need to understand the rules and know how pension works. Other employment conditions, which are much less important, are valued a lot more. A company car, for instance. A lot of people want money 'now'. Pension is also serious money, you just get it later in life. It is incredibly good that a pension has been set up. And that it is subject to rules. Many choices still have to be made within a pension fund, even if social partners (the employer and the Works Council) have already agreed on the scheme. This means that all kinds of trade-offs need to be made. When is something fair to everyone? And how to responsibly handle the money we manage?'

I want to give people leverage. I want to know what people think and what they consider important. What are the different perspectives to a topic? I want to know and understand all those perspectives. I include this knowledge when we consider trade-offs together.'



How are we doing?

At the end of May, the coverage ratio was 122.4%. The coverage ratio is an indicator of the financial health of the pension fund.

We calculate the coverage ratio by dividing the money we manage by the 'liabilities'. Liabilities are all the pensions we have to pay out now and in the future.

Current state of affairs regarding the new scheme: a brief update

Work is currently underway on fleshing out the new pension scheme.

During the pension fund's annual general meeting, attendees were given a presentation on the current state of affairs. The presentation can be found on our [website](#). For the time being, the scheduled date for making the switch remains 1 January 2026, so there is still a ways to go.

Keep an eye on the [website](#) for updates.

More information on your pension is also available on