

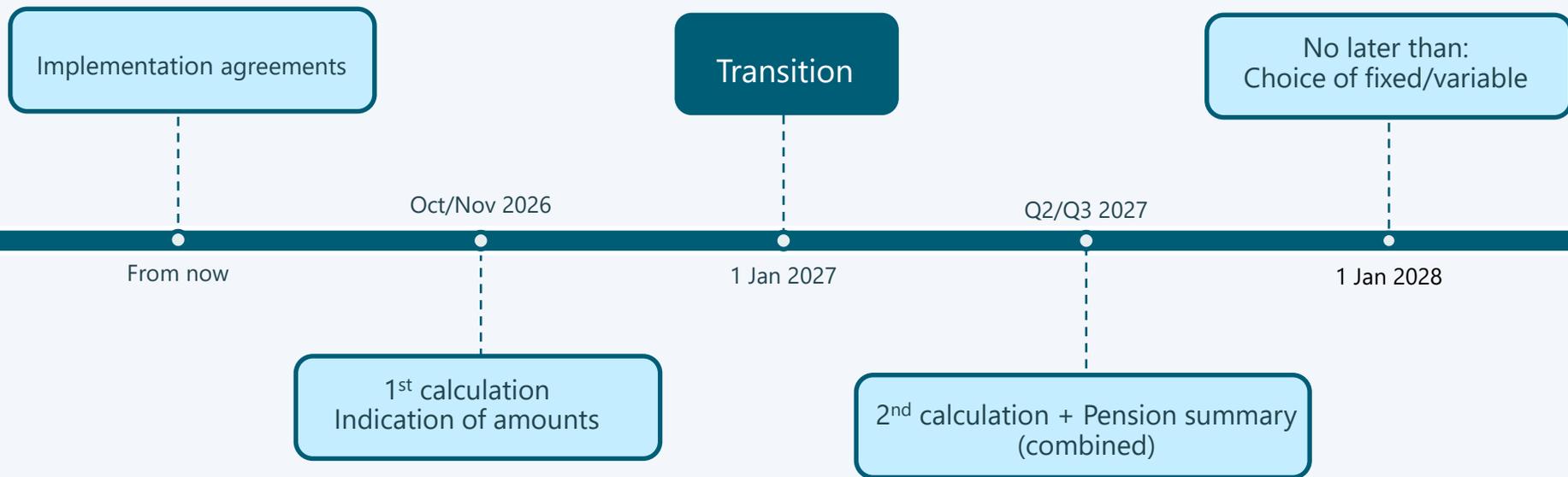
# Details of the new pension scheme

**Pension fund board – WBRi board of directors – WBRi works council**

## Who will speak today?

- Member of the Witteveen+Bos's pension fund board
- Representative of the board of directors
- Representative of the works council

## What is the current situation?

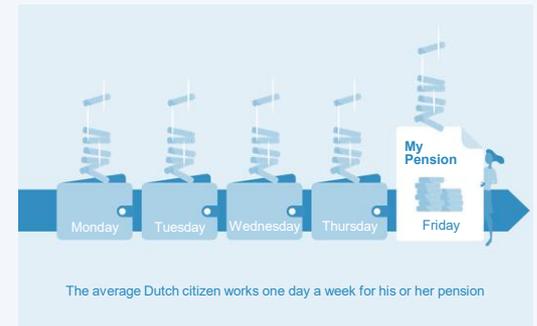


## What will we talk about today?

- The basics of the pension + the pension fund.
- The details of the new scheme + differences with the current scheme.
- Distribution of the money managed by the pension fund.
- Your questions.

## The basics of the pension + the pension fund

- You and your employer set aside money for your pension.
- We invest that money.
- Your contributions + the revenue on the investments > capital for your pension.
- That capital pays for your pension for as long as you live.



## The basics of the pension + the pension fund

Your contributions pay for:

- A pension for yourself.
- +
- Benefits paid to your partner after your death (for as long as he or she lives).
- Benefits paid to your child or children after your death (until they are 25).
- Pension contributions if you are unable to work.

## The basics of the pension + the pension fund

How does 'receiving your pension' work?

- You decide when your pension starts (no later than your 67<sup>th</sup> birthday).
- You can make several other choices (for example changing the level).

You will also receive a state pension (AOW) from the government (you can't choose the age you receive this).

For more information in plain language, please see our website:

<https://pensioenfond.witteveenbos.nl/en/>

Witteveen+Bos's pension fund

I work at W+B →

I used to work at W+B →

I have almost reached retirement →

I receive a pension →

## The basics of the pension + the pension fund

The pension fund is a non-profit organisation:

- Dedicated to giving you a good pension.
- Protects all interests, both young and old.
- Carefully considers all risks.
- Implements agreements made by social partners (board of directors + works council).
- Entirely independent of W+B.



How is a pension scheme established?

# Elements of a pension scheme

## Basic elements

- Framework: Pensions Act.
- Board of directors and works council agree basic elements.
- These are the foundation for the new pension scheme.

## Policy elements

- The board of the W+B's pension fund decides these.
- Before doing so, the board asks the board of directors and the works council for input.
- The participant survey also provides input.

## Explanation of arrangements based on the following topics

- Your pension contributions.
- We accrue pensions together.
- A pension that is right for you.
- Arrangements for your partner and children.
- What if you are unable to work?
- A variable pension from the W+B's pension fund.

## Example employees

The social partners have defined six example employees (see table below).

These example employees are used to compare various variants of the new scheme with the current scheme.

Standard employee	Age	Income	Part-time	Accrued	Career
1	25	40000	100 %	0	Low
2	25	40000	100 %	0	High
3	40	40000	100 %	2000	Low
4	40	60000	100 %	5000	High
5	60	40000	100 %	6000	Low
6	60	70000	100 %	18000	High



## Your pension contributions

## The contribution arrangements will not change

You start paying contributions when you turn 18.

The contribution level is set so you accrue an adequate pension:

- The aim is a pension (+ state pension (AOW)) that is: 70 % of your average salary.
- Lower limit = 60 %.

### Contribution

- Your pension contribution is 24.1 % of your pensionable earnings\* (the salary that counts for your pension).
- Plus approx. 3.5 % for insurance.

Your employer pays most of this. You also pay a share.

\* Your pensionable earnings take account of the state pension offset.



## Accruing pension together

## Current scheme

### Defined benefit plan

- Contribution arrangements + the pension you can expect to accrue based on your contributions.
- Risks are borne collectively (death, becoming unable to work, long life).
- The combined funds are invested collectively.

## New scheme

### Flexible contribution scheme

- Contribution arrangements.
- By paying contributions, you accrue capital.
- The capital grows thanks to the revenue on the investments (which can also be negative).
- The capital is used to pay your pension.
- Risks are borne collectively (death, becoming unable to work).
- The money is invested for you with a mix that is appropriate for your age.
- Once you retire, the money of everyone who receives a pension is invested collectively.



A pension that is right for you

# Choices

- 1. The moment you start receiving your pension
- 2. Choice of 'high-low pension'

Choice doesn't change (no later than your 67<sup>th</sup> birthday).  
Choice doesn't change.

- 3. New:

### Investment strategy

You can (provided you haven't started receiving your pension) choose a lower risk than the pension fund does for you as standard (depending on your age).

- 4. New:

### Fixed or variable pension

Fixed pension: certainty about amount, no adjustment if prices rise.  
Variable pension: no certainty about amount, possibility of adjustment if prices change.

## Fixed or variable pension

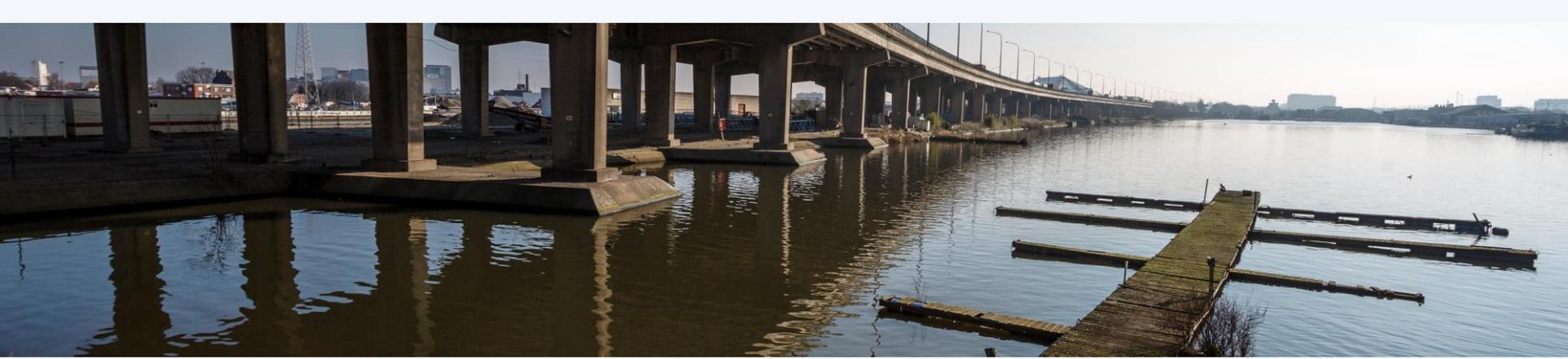
You choose a fixed or variable pension when you reach the age of 57, but you can change your mind later.

If you choose 'variable', you can still change your mind when you start receiving your pension.

You make a final decision when you start receiving your pension.

- Variable: from Witteveen+Bos's pension fund.
- Fixed: from a provider of your choice.





What your partners and children will receive if you die

## Current scheme

You accrue a pension for your partner.

- What happens if you die while you are still working?
- Your partner will receive 70 % of the pension paid out if you had not died + an extra amount until the state pension (AOW) age.
- Partially insured.
  
- Once retired: 70 % of your pension as standard.
  
- Surviving children's pension: 14 % of the pension paid out if you had not died (until the age of 25).
  
- What if you leave the company?  
The insurance stops. The amount already accrued remains.

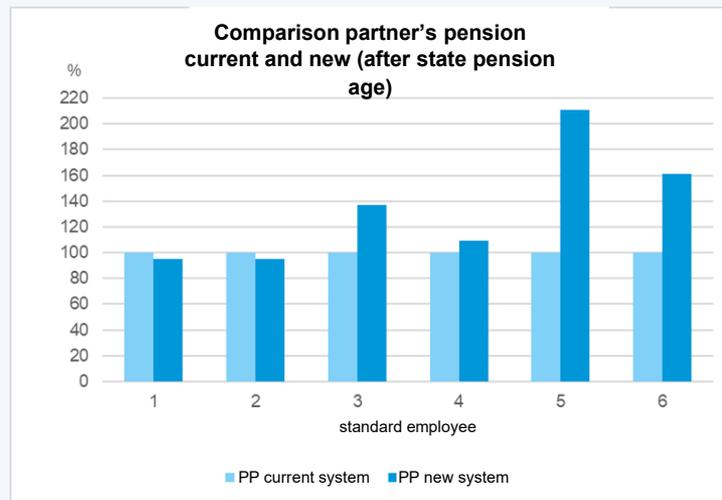
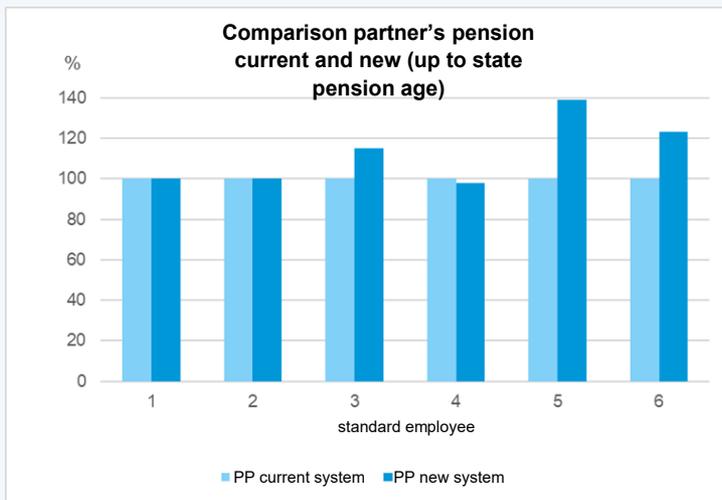
## New scheme

A fully insured survivors' pension.

- What happens if you die while you are still working?
- They will receive 28 % of your last pensionable salary + a fixed amount until the state pension (AOW) age.
  
- Once retired: 70 % of your pension as standard.
  
- Surviving children's pension: 10 % of your last pensionable salary (until the age of 25).
  
- What if you leave the company?  
The insurance continues for 3 months. After that you can choose to continue the insurance. You pay the contributions yourself (from the capital you have accrued).

# Calculations for example employees

Standard employee	Age	Income	Accrued
1	25	40000	0
2	25	40000	0
3	40	40000	2000
4	40	60000	5000
5	60	40000	6000
6	60	70000	18000





What happens if you are unable to work?

## This part will not change

- What happens if you are 80 % or more unable to work?
  - The W+B's pension fund will pay your contributions for you.



Receiving a variable pension: what does this mean?

## With the new scheme, all benefits paid by the W+B's pension fund will be 'variable'

- Everyone who receives pension benefits has accrued capital to pay for their pension ('under the hood').  
This capital is invested collectively.
- The pension benefit level is determined each year.  
You will also receive information about the benefit level.
- You always receive a pension for as long as you live.

## The benefit collective in brief

- Benefit collective
  - The benefit collective is a collective of pension recipients.
  - The collective shares the risks during the benefit payment phase.
  - The pension administrator invests the collective pension capital of the benefit collective.
- Most important characteristics
  - Gradual introduction of benefit collective 10 years before pension.
  - Sharing investment risk.
  - Benefit levels will rise/fall by the same amount each year (in %) for all retirees.
  - Rise or fall in benefit level spread over 3 years.
  - Risk of rise/fall in life expectancy shared collectively (benefit levels fall/rise).
  - Risk that someone lives longer than the life expectancy is covered by the capital of the collective.



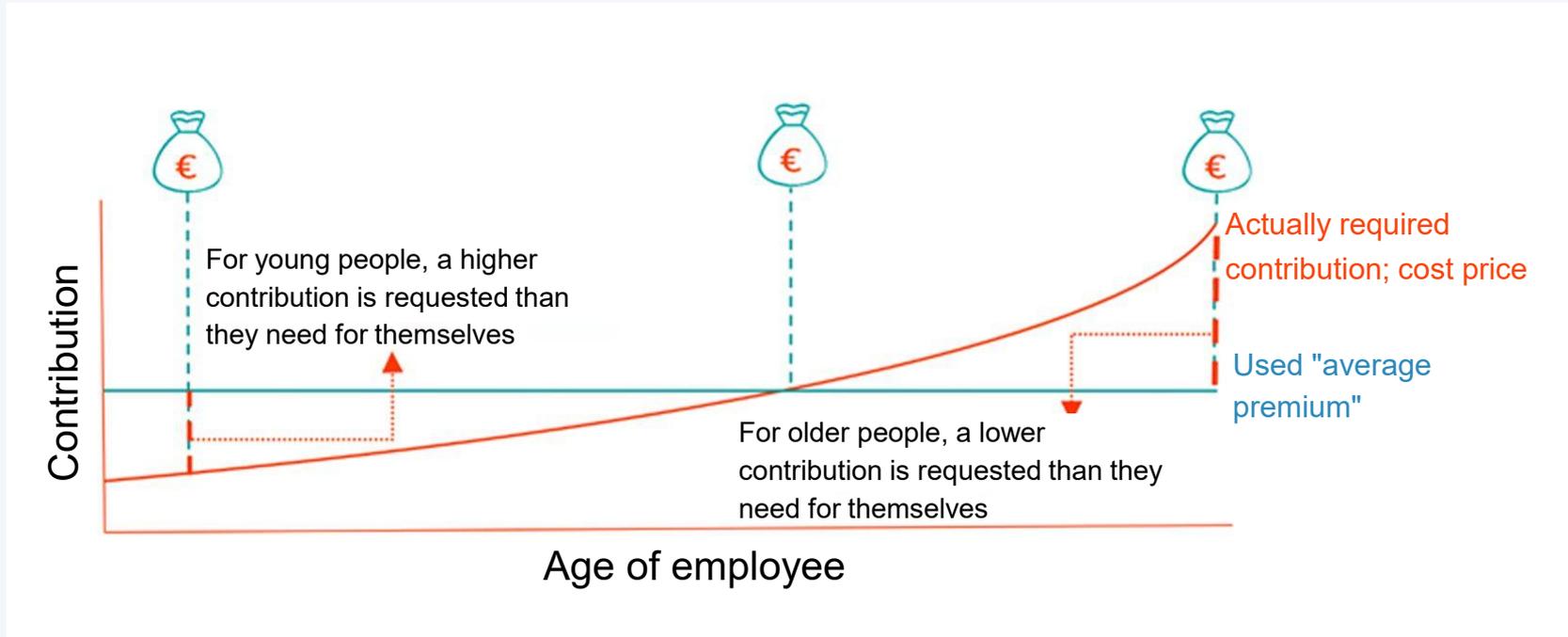
How will we switch?

## We will all switch at the same time

- Everyone with a pension at W+B has accrued pension entitlements
- These will be converted into personal 'initial capital'
- The capital managed by the fund includes buffers, which will become available
- This capital will be used to:
  - ✓ Maintain statutory reserves (mandatory)
  - ✓ Compensation where necessary
  - ✓ Top up the initial capital
- Everyone will switch to the new pension scheme with this initial capital at the same time



## Some will receive compensation (if possible)



## We aim for a balanced transition

- We have taken account of the interests of everyone with a pension at W+B
- We believe that compensation is important, but we also want to keep some capital to distribute more widely
- This is why we have used an allocation formula that takes account of the available pension capital when we switch to the new scheme
- We have assessed how to balance these interests based on the situation now and expected future developments.



- We will prioritise compensation:
  - 30 % of the compensation entitlement if the initial coverage ratio is 105 %.
  - 40 % of the compensation entitlement if the initial coverage ratio is 108 %.
  - 50 % of the compensation entitlement if the initial coverage ratio is equal to or greater than 110 %.
- The rest of the available capital will be divided 50/50 between compensation (up to full compensation) and the transition bonus.

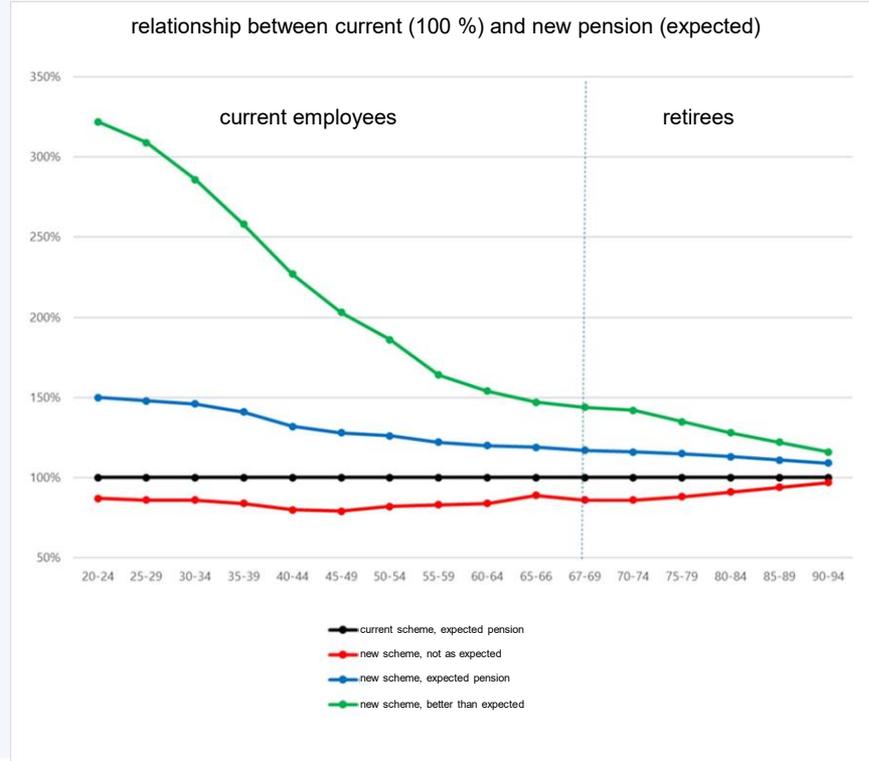
## The situation after the transition

- The mandatory reserves will be filled and everyone will have their own initial capital
- The initial capital consists of:
  - the accrued pension entitlements
  - + full or partial compensation (if applicable)
  - + a supplement from the buffers that are no longer maintained
- The expected pension benefits (median) will improve for everyone, although there is greater uncertainty (because the buffers have been eliminated)
- With the new scheme, it is more likely that pension benefits will rise or fall

# Expected relationship between current and new pension

- Coverage ratio at transition is 115 %
- Expected current pension is 100 %
- The calculation takes account of the state pension (AOW)

Age (years)	current scheme expected pension	new scheme, expected pension		
		5 % perc. not as expected	Median expected	95 % perc. better than expected
20-24	100 %	87 %	150 %	322 %
25-29	100 %	86 %	148 %	309 %
30-34	100 %	86 %	146 %	286 %
35-39	100 %	84 %	141 %	258 %
40-44	100 %	80 %	132 %	227 %
45-49	100 %	79 %	128 %	203 %
50-54	100 %	82 %	126 %	186 %
55-59	100 %	83 %	122 %	164 %
60-64	100 %	84 %	120 %	154 %
65-66	100 %	89 %	119 %	147 %
67-69	100 %	86 %	117 %	144 %
70-74	100 %	86 %	116 %	142 %
75-79	100 %	88 %	115 %	135 %
80-84	100 %	91 %	113 %	128 %
85-89	100 %	94 %	111 %	122 %
90-94	100 %	97 %	109 %	116 %

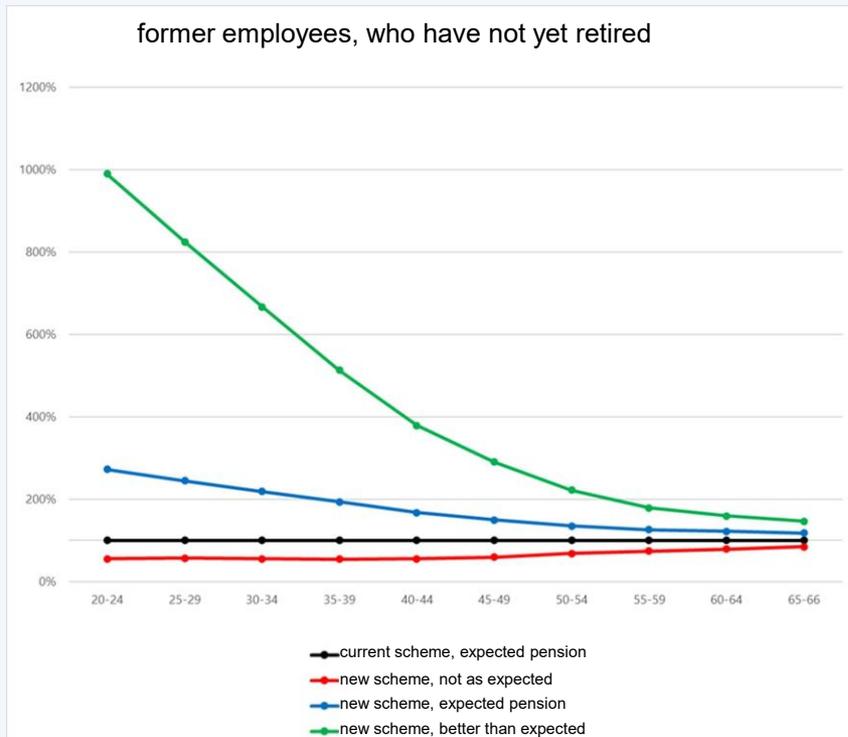


# Expected relationship between current and new pension

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(AOW)

Age (years)	current scheme Expected pension	new scheme, expected pension		
		5 % perc. not as expected	Median expected	95 % perc. better than expected
20-24	100 %	56 %	273 %	990 %
25-29	100 %	57 %	245 %	825 %
30-34	100 %	56 %	219 %	667 %
35-39	100 %	55 %	194 %	513 %
40-44	100 %	56 %	168 %	379 %
45-49	100 %	60 %	150 %	291 %
50-54	100 %	69 %	135 %	222 %
55-59	100 %	74 %	126 %	179 %
60-64	100 %	79 %	122 %	160 %
65-66	100 %	85 %	118 %	147 %

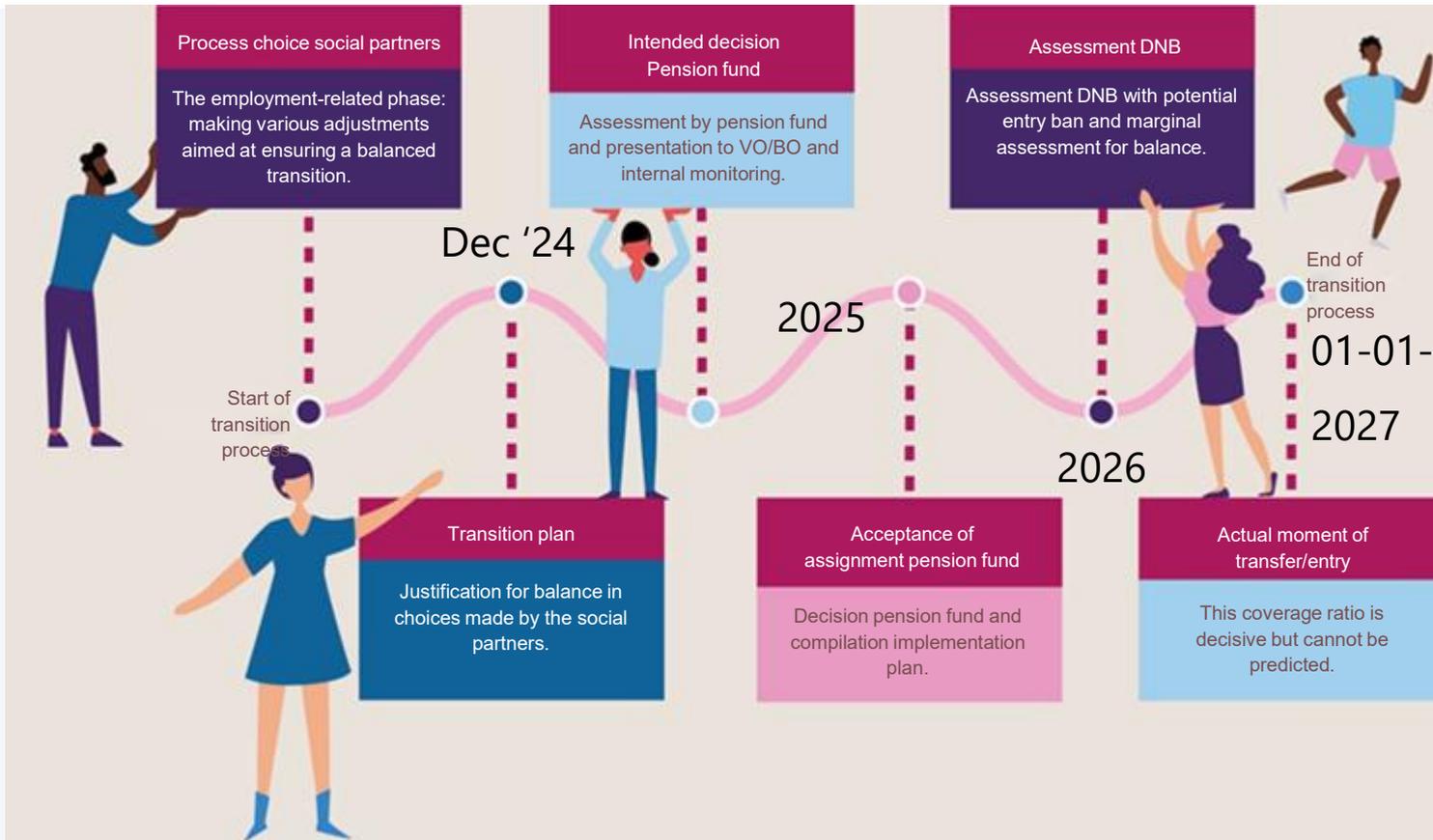




## QUESTIONS



[www.pensioenfondswitteveenbos.nl](http://www.pensioenfondswitteveenbos.nl)



## Replacement rate at entry coverage rate of 115 %

Compensation excluding likelihood of dismissal, 1-year distribution period

### Active participants

Cohort	5 % perc.	Median	95 % perc.
20-24	87 %	150 %	322 %
25-29	86 %	148 %	309 %
30-34	86 %	146 %	286 %
35-39	84 %	141 %	258 %
40-44	80 %	132 %	227 %
45-49	79 %	128 %	203 %
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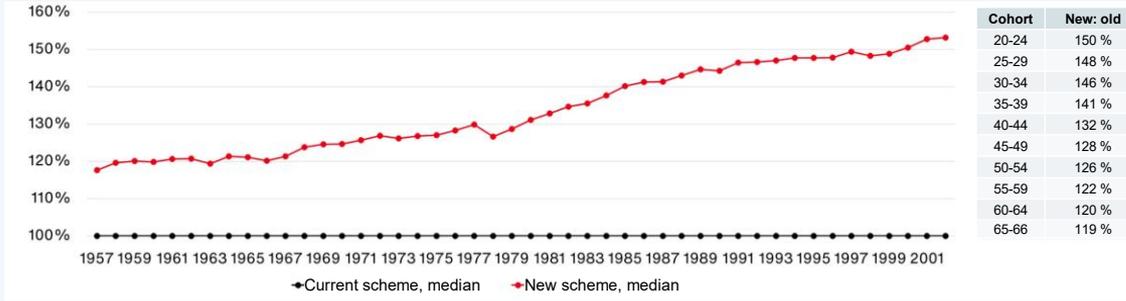
### Premium-free participants

Cohort	5 % perc.	Median	95 % perc.
20-24	56 %	273 %	990 %
25-29	57 %	245 %	825 %
30-34	56 %	219 %	667 %
35-39	55 %	194 %	513 %
40-44	56 %	168 %	379 %
45-49	60 %	150 %	291 %
50-54	69 %	135 %	222 %
55-59	74 %	126 %	179 %
60-64	79 %	122 %	160 %
65-66	85 %	118 %	147 %

### Retirees

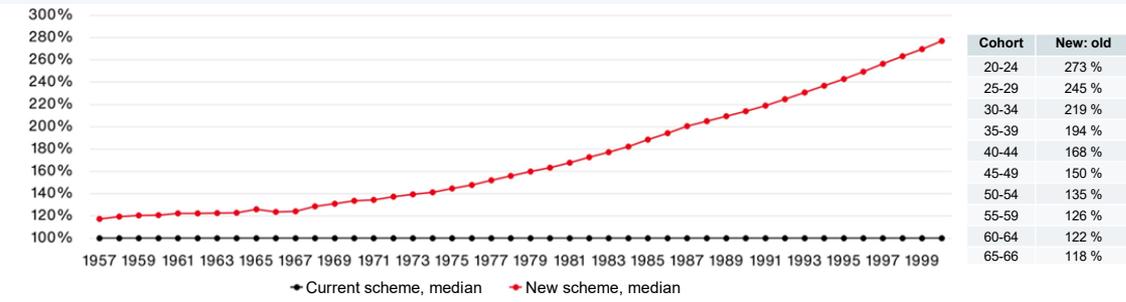
Cohort	5 % perc.	Median	95 % perc.
67-69	86 %	117 %	144 %
70-74	86 %	116 %	142 %
75-79	88 %	115 %	135 %
80-84	91 %	113 %	128 %
85-89	94 %	111 %	122 %
90-94	97 %	109 %	116 %

# Relationship between current and expected new pension

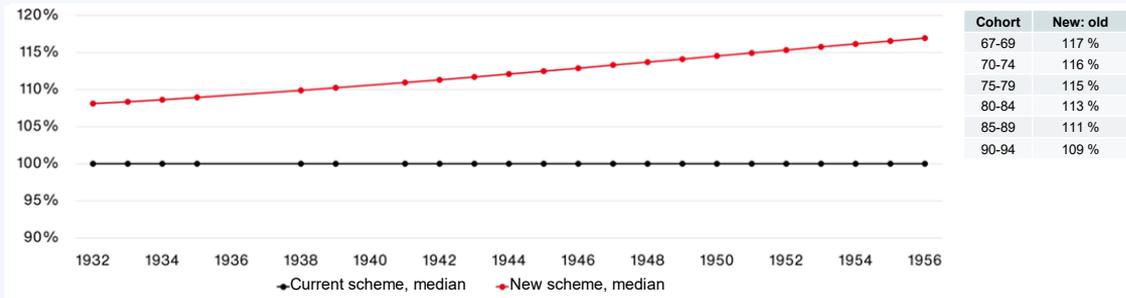


- Current scheme is 100 %
- Initial coverage ratio of new scheme is 115 %

Expected pension current employees



Expected pension former employees who have not yet retired



Expected pension retirees