

Newsletter

January 2024

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New pension system

On 1 July 2023, the new pensions act came into force. This act makes pensions more individualised, with everyone accruing a pension in their own pension pot. Returns are also stockpiled to a lesser degree and more readily used to increase the amount of your pension. Poor results in the stock market, however, will result in your expected pension being lower. With regard to the new system, there are two important choices we need to make:

1. Group scheme or flexible scheme?

In 2021, a steering group was launched to prepare a new pension scheme in connection with the new act. The group included members from the board of directors, the Works Council (OR) and the pension fund board, as well as a number of pensioners. For the new scheme, the board of directors and the OR can choose from two types: a group contribution scheme or a flexible contribution scheme. In the group scheme, all pension contributions are invested together. Younger members receive a larger share of returns, whether positive or negative; older members receive a smaller share. In the flexible scheme, you choose your own investment profile (defensive, neutral or offensive). Investment returns are processed on an individual basis and added to individual pension pots. When you retire, you choose between a variable or more secure benefit. On average, the variable benefit payments are higher – after all, security comes at a price.

The board of directors and the OR have expressed their preference for a flexible scheme. This preference includes investing the accrued pensions of retirees collectively. This gives you more security once you retire. It also means that all benefits are increased or reduced by the same percentage. The board of directors and the OR, as well as the other parties in the steering group, also see it as a key advantage of the flexible scheme that you can influence how contributions are invested for as long as you accrue pension: you can indicate whether you want to invest with greater or less risk. Finally, the steering group considers the choice available at retirement to be a

valuable feature: do you want a lower but more secure benefit or a variable benefit with greater chance of higher payments?

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

The board of directors and the OR intend to move already accrued pensions over to the new scheme. This ensures that employees do not end up with two Witteveen+Bos pension schemes. The fund's total assets, including the buffer, will be distributed among the individual pension pots of all employees, former employees and pensioners.

What next?

The plan is for the new flexible scheme to take effect on 1 January 2026. On that date, all pensions that have been accrued up to that point will be moved over to the flexible scheme. Employees can choose the level of risk with which they want to invest. Pensioners can choose whether they want a variable benefit from the pension fund that will vary over time, or a lower but more secure benefit from an insurance fund.

In preparing for the new flexible scheme, much needs to be done over the next two years. Different investment profiles, for example, need to be developed. An investment profile can be thought of as an approach to investing that incorporates relatively greater or less risk. The riskier investments are, the higher the potential return. The chance exists, however, that things do not go to plan and your pension ends up being lower than desired. The details of the new pension scheme still need to be worked out too. The matter of a survivors' pension, for example, needs to be addressed. Also, do we want to have a buffer or not? And agreements need to be made regarding the distribution of the fund's assets: How can the money be distributed in the fairest way possible among everyone with a pension? Finally, there is the question of how to compensate employees who are disadvantaged by the new scheme. More on these topics will follow in subsequent newsletters.

Why are pensions changing?

Around ten years ago, talk of a different kind of pension system began to emerge. People were particularly unhappy with the fact that indexation was not possible due to interest being too low. Also, the rate of interest was used to determine how much cash pension funds needed to have to pay its pensioners (its liabilities). In other words: the lower the interest rate, the higher the liabilities. In the years that followed, stock markets performed well and pension funds had well-stocked savings, but indexation was still not possible because liabilities were rising faster than assets. Another development is that we no longer stay with one employer for life.

For these reasons, the new system works differently. Everyone has a personal pension pot and, at the end of your career, you use the money in it to 'buy' a pension benefit. You are no longer given a promise regarding your pension (as is the case now), but rather a forecast of what your benefit could be, based on your pension pot. When the markets perform well, your pot will grow, but it will decrease in value when results are poor. Your pension will therefore more directly reflect the state of the economy than it does now.

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REAPPOINTMENT OF LOEWIE STEENS

Effective from 30 October 2023, Loewie Steens has been reappointed as representative of the employees of Witteveen+Bos on the pension fund's board. His initial term of office, which began in 2019, expired in October of this year. Loewie was more than happy to stand for re election for another four-year term.



DID YOU KNOW?



Complete overview of your pension

In September, everyone received a pension overview (UPO) in the post. The UPO provides an overview of your pension at Witteveen+Bos. It includes, for example, your personal details, your accrued and expected pension and, where relevant, the benefit your partner and/or children would receive if you were to die. A downside of the UPO is that it only provides an overview of your pension at Witteveen+Bos and that only gross amounts are listed.

The [Mijnpensioenoverzicht.nl](https://www.mijnpensioenoverzicht.nl) website, on the other hand, offers a complete overview. To access this overview, log in securely using your DigiD. The calculations shown on the website take into account your state pension (AOW) and any pensions you have accrued with other employers. You also see monthly net amounts, which are easier to compare with your salary payments.

We update the data on [Mijnpensioenoverzicht.nl](https://www.mijnpensioenoverzicht.nl) four times a year to ensure it is up to date. This [video](#) explains the different amounts visible on [Mijnpensioenoverzicht.nl](https://www.mijnpensioenoverzicht.nl).

NEW 'BEDRAG INEENS' OPTION POSTPONED AGAIN

In the December 2022 newsletter, we discussed the 'bedrag ineens' lump-sum option. This is one of the agreements of the pension deal. It makes it possible for you to withdraw up to 10 % of your accrued pension in one go. The commencement date of this option has again been delayed. It will now be available from 1 July 2024 at the earliest. If you would like to know more about the 'bedrag ineens' option, read our [website's](#) FAQ on the topic.

The new scheme – what, essentially, will change?

The new scheme – what, essentially, will change?

The most important changes at a glance:

- pensions will be more individualised. Everybody accrues pension capital in their own pot;
- your accrual is the result of your deposit (i.e. your contributions) plus the investment returns achieved;
- the coverage ratio will disappear. Buffers are no longer necessary (but still allowed). Good results will mean that expected pensions are more likely to go up; poor results will see expected pensions likely go down;
- the board of directors and the OR intend to move already accrued pensions over to the new scheme.

Pensions as they are now

In our current pension scheme, you accrue a small portion of your pension each year. Every month, you and your employer contribute towards your pension. The amount of these contributions is calculated by first deducting a fixed amount (the 'state pension offset') from your gross monthly salary, and then subtracting a percentage – which is the same for everyone – from what remains. The amount subtracted is what goes towards your pension. The pension fund invests your contributions, and your ultimate pension consists of the amounts accrued each year. When you retire, you receive a fixed monthly payment. The amount of this payment may be increased or decreased depending on the coverage ratio. As well as for yourself, you also accrue pension for your partner.

Pensions as they soon will be

The new scheme is a contribution scheme. Your monthly contributions towards your pension go into a personal pot. The contributions are age-dependant and increase as you get older. The pension fund still invests your contributions, and each year the return on these investments is added to your pot. The amount of your pension is determined by the investment results. A benefit for your partner, which they receive in the event that you die, is also included. When you retire, you can choose to switch to another pension fund (or to an insurer), but there are conditions for doing this.

The choices available to individuals for investing their contributions are yet to be finalised. Our intention is to invest the pots of all retirees in the same way. Whether we will be able to arrange the partner's pension in the same way as now is not yet known.

What will not change?

- you and your employer will continue contributing to your pension together;
- your contributions will be invested, just as they are now;
- you decide yourself when you want your pension to commence;
- once you have retired and your pension has commenced, you receive monthly payments for as long as you live;
- in the event that you die, your partner receives a lifelong partner's pension.

More general information on the new pension rules can be found on the www.pensioenuidelijkheid.nl website.



Pensions increased again

On 1 January 2024, your pension increased by 5.3 %. This increase was the same for everyone in our fund. Each year, we look at whether we can increase pensions in line with prices. To do so, we need to have sufficient cash available. For a long time, it was not possible to increase pensions, but fortunately that is no longer the case. In January 2023, we increased pensions by 5 % and, as mentioned, at the beginning of this year that was 5.3 %. In the same period, prices rose by 14.3 %.

What made it possible to increase pensions?

Because interest rates rose over the past year, less cash is required to pay out pensions now and in the future. This improves our financial situation and increases our coverage ratio. That is why it was possible to increase pensions.

We consider everyone's interests

In setting the level of increase, we take into account the interests of everyone. We look, for example, at the interests of both young and old. Relaxed rules on increasing pensions are already available to us, making the increase higher than it would otherwise have been.

Pension fund website

Behind the scenes, we are working on a new website for the pension fund. The current website is outdated and no longer meets requirements.

A communications working group began by devising an action plan. Much of the functionality of the new website will resemble that of the current one and will take on the same or a similar form. The website will primarily focus on:

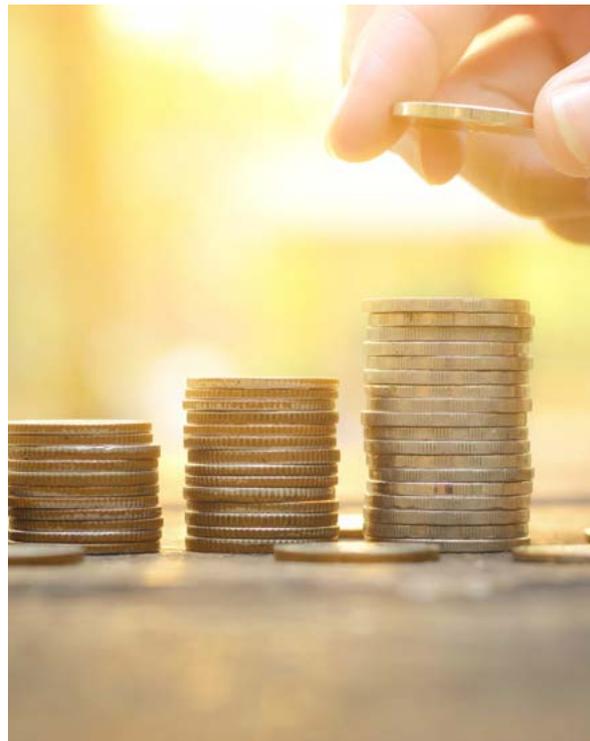
- information;
- presentation;
- knowledge, learning and news;
- support (help in making choices).

We divided the technical specifications into absolutely necessary, nice to have, and not really necessary.

It was a very enlightening process!

Our colleagues at DEX then began executing the action plan, which included conducting a small user survey in the form of short 'coffee corner interviews'. This effectively revealed user needs for the new website but also the areas for improvement on the current website. In any case, it is clear that the new website needs to be more communicative and include sections where people can ask questions and easily find important documents and links.

The new website is a work in progress; we will keep you up to date on its progress.



SAVE THE DATE: ANNUAL GENERAL MEETING

The pension fund's annual general meeting will be held on **Tuesday 11 June 2024** from 12:00pm to 1:30pm. The following topics will be covered:

- the 2023 annual report will be presented;
- the accountability body will give a presentation on its work over the past year;
- the chairperson of the pension fund will discuss the fund's financial situation as at 31 May 2023;
- in addition, the new pension scheme will be a key talking point.

Participating in the meeting is possible both physically and online. Further information will follow together with the formal invitations. These are expected to be distributed in mid-May 2024.

More information on your pension is also available on