Pension update

Retirement becomes more personal, because you build up your own pension capital. This will ultimately be used to pay out your monthly pension. The amount of your pension will fluctuate with the economy. The final pension will depend on life expectancy, interest rate developments and the returns on investments.

CHOICES WITHIN THE NEW PENSION SYSTEM

Within the new pension system, employers and unions can choose from two types of scheme. In the process of choosing a new pension plan, a lot is happening in the background. That's why we'd like to explain a few things to you.

WHAT ARE THE SIMILARITIES BETWEEN THE SCHEMES?

Both schemes are contribution schemes: employees and employers jointly contribute an agreed premium. In both schemes you build up personal pension capital. The investment risk during your working life is adjusted to your age. The closer you get to retirement, the less risk is taken. The pension for your partner is insured when you are employed. Are you retired? Then the partner's pension depends on your choices at retirement.

WHAT ARE THE DIFFERENCES BETWEEN THE SCHEMES?

Solidarity premium scheme

1. We invest jointly and the risk that we take in doing so depends on the average risk attitude per age group.
2. There is one asset for pension accrual and benefits.
3. You have no choice in different investment profiles.
4. We use a reserve to share windfalls and setbacks. We do this according to set rules for different age groups.
5. Solidarity applies to all participants.
6. The solidarity reserve can be filled from pension contributions, returns and a one-off payment when the current pension scheme is transferred to the new one ('consolidation').
7. The pension benefits are variable.
8. You cannot have your pension paid by another pension provider or insurer. You cannot have your pension paid out by another administrator or insurer.

Flexible premium scheme

1. You build up your own pension capital. The investments you make are geared to your age group (life cycles).
2. Your pension accrual is separate from your pension benefit.
3. You can choose from various investment profiles to carry more or less investment risk.
4. Windfalls or setbacks depend on the investment mix that is right for your age group. You can see that directly in your individual pension capital whether or not spread over several years.
5. As long as you are accruing pension, you do not share any investment risks with those entitled to a pension. Once you retire, you together do share windfalls or setbacks with other retirees.
6. There is an option to share a number of non-investment risks with each other via a reserve.
7. You can choose from a variable or fixed benefit.
8. If you choose fixed benefits, you can have your pension paid out by another administrator or insurer.

Solidarity premium scheme
The solidarity reserve is intended to jointly absorb large shocks in the financial markets. The solidarity reserve is initially (partially) filled with resources from the fund and is kept up to date by part of the contributions and part of the returns achieved. This is therefore deducted from the pension assets.

We invest the personal pension assets within the solidarity contribution scheme jointly. And we divide the returns over the pension pots of all participants. The return a participant receives depends on your age. You cannot choose for yourself what to invest in and at what risk. The pension fund decides this after asking participants for their preference for risk when investing. As is the case now, you will receive a lifelong pension benefit. The amount of this benefit will vary from year to year.

Flexible premium scheme
In the flexible premium scheme without a shared reserve, you have more freedom of choice when it comes to investing. Investments are made via age groups that are associated with a certain risk: so-called life cycles. Younger members have a higher risk profile. As you approach retirement, the risks are reduced. But you can make even more choices. You can also opt yourself for more or less risk. Hence the name flexible premium scheme. Even with flexible plans, investment returns may be better or worse.

The social partners have yet to consider whether there will be a scheme with a risk-sharing reserve. If the risk-sharing reserve is not set up in the flexible scheme, more premiums and returns will be available for your individual pension accrual.

When you retire, you can choose from a fixed or a variable lifelong pension benefit. The variable benefit can vary from year to year because your pension capital remains invested. With a fixed benefit, you are no longer dependent on investment returns and the benefit is fixed in advance.

Finally: Your (expected) pension will move more in line with the economy. In addition, you will be able to see how your pension is performing, how much you are accruing and what the expected pension is.

If you would like to read more about the new pension system in the meantime, please visit our website or **the government.**

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