



## Moderately positive, despite the corona crisis

The corona crisis has now been raging for about eight months and holds the Netherlands firmly in its grip. How is this affecting the pension fund? We asked **Hanneke Niekus**, board member of IFF Pensioenfond.

### What is currently the most challenging feature for the fund?

'The fund is suffering more from an interest rate that remains very low than from the pandemic. Given the circumstances, I'm moderately positive. There are two sides to the current situation. With a funding ratio of 109.1%, we are doing less well than in February, when it was 113.4%. But in relative terms it could be worse. For every euro we have to pay out in pension we have almost 1.10 euros in cash.'

### How does this affect next year's pensions?

'It means that we will almost certainly be unable to index in January, and of course that's the last thing we want. But we also know for sure that there will not be any reductions. The fact that we doing less well than we were six months ago has more to do with the low interest rates than with the corona crisis. Just compare the pensions we have to pay out with saving for a major future purchase: the lower the interest rate, the more you have to put aside now to have enough in the

future. As a result, our commitments are growing faster than what we earn from our investments, even though the investments are doing relatively well.'

### How are the investments doing?

Up to and including August, we achieved a return of 4 percent on our shares. Not spectacular, but certainly not bad either. We have achieved a decent return by investing calmly and robustly, with sufficient variation, and by focusing on the long term. That's why we haven't needed to make any adjustments in the last few months.'

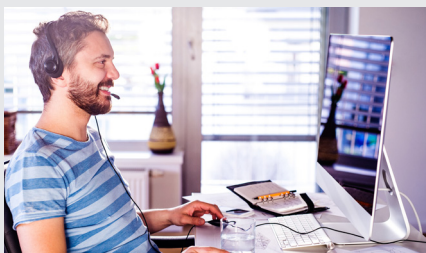
### What was managing a pension fund by remote like?

Of course, we had to get used to the special new circumstances, such as having to work from home. Fortunately, modern technology made it possible for our asset managers to carry on working, just as we did ourselves. 'I personally found that very impressive.'

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## What choices do I have when my pension starts and how do I make the right choices?

**Will you retire soon? That's something to look forward to! But before you start enjoying this new phase of your life, you will need to make a few choices. They are important choices, because you make them once only when you retire and they determine the pension that you will receive for the rest of your life. What are those choices? We have set out below the choices you will need to make.**

### 1. Earlier or postponed retirement

In our pension scheme you can retire between your 55th birthday and your AOW retirement age. If you are retiring before your AOW age, this will have financial consequences for you. Not only will you receive a lower pension, but you will also have an AOW gap to bridge. Are you planning to continue working after reaching the age of 67? In that case you will accrue more pension and will also receive a higher lifelong pension. Agree on your retirement start date with your employer so they can inform us in good time.

Six months before you retire, the pension fund will send you a letter and several forms that you can use to inform us on the choices you have made. What is best for you depends on your personal situation. You will therefore need to prepare well for your retirement by finding out all about your pension situation. You can do this by viewing your UPO (Uniform Pension Statement) 2020 and the Pension 1-2-3 on our website, for example. More information about these choices is given in Pension 1-2-3.

### 2. Starting with a higher or lower pension

When your pension starts you can also choose how you want your pension to be paid. Are you opting for one fixed life-long monthly benefit that starts on your retirement date? Or do you prefer to vary the amount of your pension? By temporarily receiving a higher pension first and a lower one later, for instance. This could be an option if you retire before your AOW age and want to compensate for the lack of AOW benefit. You can also start with a temporarily lower benefit and then a higher one.

### 3. Exchanging retirement pension for partner's pension (or vice versa)

Your partner will receive the partner's pension when you pass away. The standard amount of partner's pension is 70% of your retirement pension. When you retire, you can choose on a one-off basis whether you want to set aside more or less than 70% for a partner's pension. For example, you can choose to exchange retirement pension for extra partner's pension if your partner has little or no income. Your retirement pension will then be lower. This also works the other way around. If your partner already has sufficient income of his or her own, you can decide together to exchange partner's pension for an extra retirement pension.

If you still have any questions about the choices at retirement or about your pension, please contact the Pension Service department on telephone number 020 4266 360 or send an e-mail to [iffpensioenfonds@blueskygroup.nl](mailto:iffpensioenfonds@blueskygroup.nl)

# 5 frequently asked questions about pensions in the Netherlands

Although the Netherlands has an internationally acclaimed pension system, it is also one that can raise many questions among colleagues who have not lived in the Netherlands for long. How do pensions work in the Netherlands? We have set out below five frequently asked questions from English-speaking colleagues.

## 1. How do I accrue a pension in the Netherlands and how do pension schemes work?

In the Netherlands, you accrue pension in three ways: Via the government in the form of **AOW**; via your employer, for example as a member of a **pension fund**; and the pension that you **arrange yourself**, for example by means of an annuity.

You accrue pension with the IFF Pensioenfondss\* through membership of an **average earnings scheme**. The pension you receive from an average earnings scheme is based on your average earnings during your career at IFF. You and your employer pay a contribution towards your pension accrual. The contribution is invested in order to earn a return and pay out the pensions.

When you become a member of a pension scheme, you therefore accrue a pension entitlement during your career, which is converted into a pension benefit upon your retirement. The pension entitlement remains with the pension fund until you retire. If the financial position of the fund allows, your entitlement is increased annually in line with prices and wages (inflation).

## 2. Am I obliged to join the IFF Pensioenfondss pension scheme?

Membership of your employer's pension scheme is compulsory: you cannot opt out. You also automatically accrue 2% AOW pension a year for as long as you live or work in the Netherlands.

## 3. Where can I find more information about the laws and regulations concerning pensions in the Netherlands?

Would you like to know exactly what legislation and regulations apply to pensions in the Netherlands? If so, visit the government website at <https://www.rijksoverheid.nl/onderwerpen/pensioen>. You will also find information about European rules for pensions.

## 4. What happens to my pension benefit abroad if the retirement age is different there than in the Netherlands?

We cannot make any statements about the consequences of your membership of our pension scheme for your pension abroad. The best thing to do is ask your pension provider abroad. Conversely, receiving a pension benefit abroad does not affect your pension accrual or benefit in the Netherlands. Bear in mind that both your pension benefit from abroad and that in the Netherlands will be regarded as income and you will have to pay taxes on it.

## 5. How do I keep the pension fund informed of my life events such as marriage, divorce, having children etc. after I move abroad?

If you are moving abroad, please let us know. Information about the events you need to report to us is given on our English-language website: <https://www.iffpensioenfondss.nl/en>. We will respond by discussing the implications with you and register your correct home address. It is important to note that moving abroad will affect your accrual of AOW pension. More information can be found at [www.svb.nl](http://www.svb.nl).

\* depending on your salary, you can also accrue part of your pension with Lifesight

# What do we do in the field of responsible investment?

Our primary investment objective is to achieve sufficient returns to pay out and, if possible, increase pensions. We invest (70%) in bonds (government and corporate loans), (15%) in equities and (15%) in real estate, constantly looking at how we can make our investment portfolio more sustainable.

Our sustainable approach is reflected in two Northern Trust equity funds, for example. One fund invests globally and the other only in emerging markets. We also invest in bond funds at Robeco and M&G. Both Northern Trust and M&G conduct extensive sustainability screenings when selecting investments.

## What else do we do?

As a committed shareholder, we exercise our voting rights at shareholder meetings. We do not do this ourselves but have outsourced it to Northern Trust. They enter into talks on our behalf with companies in which we invest or which we finance if they do not meet certain sustainability criteria.



In August 2020, the sustainability aspect was tested in the board's knowledge session. The outcome has shown that it is desirable to further tighten up our policy on how we invest responsibly. This will be further addressed in a working group set up for that purpose.

**Ilse Brundel, member of the board of IFF Pensioenfonds**

## Number of excluded companies



## Talks that Northern Trust holds with companies on sustainability



## Do you have any questions about your pension?

Contact the Pension Service department on 020 4266 360 or send an e-mail to [iffpensioenfonds@blueskygroup.nl](mailto:iffpensioenfonds@blueskygroup.nl). More information on your pension is available at [www.iffpensioenfonds.nl](http://www.iffpensioenfonds.nl).

### Colophon

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