



What do you think about risks?

One of the most important tasks of the pension fund board is to monitor the risks we can face. Earlier this year we conducted a survey to understand how IFF staff view the risks that the pension fund takes. A total of 270 people responded.

Did you take part in the survey? Are you interested in the result? The two most important questions we asked were:

Who do you think should be responsible for deciding the risks we take?

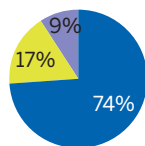
The choice was between the pension fund board, all of us together or no opinion. The majority replied that it was 'the pension fund board'.

What risk do you want the pension fund to take?

As you can see, the majority chose greater certainty rather than greater risk.

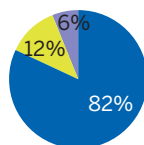
The pension fund board can now use this information to help determine the risk policy. We would like to thank everyone who took part in the survey!

Preference for deciding risk



- Board
- Together
- No opinion

Amount of risk



- Certainty
- Greater risk
- No opinion

Pension Update December 2018

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Three colleagues about their pension

‘You have to go for it, together’



Bert Lonterman (66) started work as an Invoicing Clerk with Shipping & Transport on 1 April 1973 and by the time he left in 2013, he was Senior Inventory Coordinator Flavors.

‘When I started work the pension accrual only commenced once you reached the age of 25. So, by 2013, I’d been working for 40 years but I hadn’t accrued 40 years’ worth of pension. I realised that if I wanted to retire early then I’d have to do something about that myself. When the life-course savings scheme came along in 2006, I made maximum use of it, together with the transition scheme for the abolished pre-pension. I was able to retire when I was 61.5 and had accrued a sufficient buffer for the years until my pension started when I reached the age of 65 years and 9 months. You have to make sure you’ve got the proper information so you can make the right choices.

I always say: it’s not a person who has a lot that’s wealthy but the person whose needs are little. We took things easy in the years we were saving, without having the feeling that we were running short. During a period like that you can’t of course buy an expensive new house, otherwise you won’t achieve your goal. You both have to make a plan and go for it, together. Now we’re enjoying our freedom to the full!’

‘I was 65 and had worked for 43 years: a good time to retire’



Jos Stelder (67) worked at IFF for a total of 15 years and left in 2001 when he was Managing Director. For the last 10 years of his working life, he was Executive Director with the worldwide sector organisation IOFI (International Organization of the Flavor Industry).

‘I retired in June 2016 and my IFF pension started in May 2017. For the last 15 years I’ve been personally accruing a pension with an insurer, in addition to the pension fund schemes. That allowed me to retire early. I understand that the horizon is far away for many people but you really do have to ensure you know the facts and take measures where necessary.

I didn’t aim to retire much earlier than when I did because I really enjoyed my work. The fact that I retired slightly earlier was not a long-held plan. At a certain moment I simply thought: now’s the time. I was 65 years old and had worked for 43 years so it was a good time to retire. The extensive travel started to get to me and it wasn’t going to get any better: the pressure, a lot of waiting around, all of the security measures. I never regretted it for a moment.’

‘I’ll take a look and see what the future has in store for me’



Angelique Stroombergen (29) has been working in the Evaluation & Preparation Group of Fragrances for 10 years, where she prepares tests.

‘Shall I tell you the truth? I’ve almost never thought about my pension. It’s so far away that I simply don’t think about it. I look at the information about the pension fund and I file it away neatly but that’s about it. So, I know that money is put aside for me each year but I wouldn’t know whether there will still be anything like a pension in 40 years from now. I think I’ll be more concerned about it when I’m around 50, but that’s still more than 20 years away. Now and again I hear people say that you can start enjoying life after you’ve retired but I’m already trying to achieve that now.

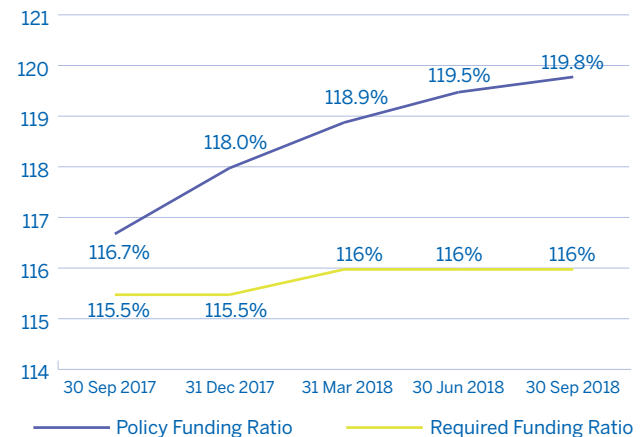
A colleague told me about the website mijnpensioenoverzicht.nl, which lists everything. So, I’ll take a look and see what the future has in store for me. I may decide to buy a house one day, so then it’s important to take the mortgage repayments into account when working out how much money you think you’ll be able to live on after your retirement.’

The pension fund's financial position

At the end of the third quarter, the pension fund's policy funding ratio was 119.8%. The funding ratio is the ratio between a fund's assets and its liabilities and is a measure of the financial health of a pension fund.

If there are precisely sufficient funds to be able to pay all pensions now and in the future, then the funding ratio is 100%. That would seem to be sufficient but it's not. A pension fund has to have extra money because the future is uncertain. We have to ensure that we can still pay a pension to everyone even in the event of financial setbacks.

According to the government rules, pension funds have to have extra funds to be able to pay pensions both now and in the future, and for us that means we have to have 16% extra in funds. This allows us to properly absorb any unexpected decrease in the amount of funds.



Our policy funding ratio is currently 119.8%, so we have 19.8% extra in funds, which is sufficient.

New rules for small pensions

If you change jobs and have only worked somewhere for a short period of time, then it's possible that you have small pension pots with various pension funds. These small pensions are often bought out and do not then form part of the subsequent pension. The government is therefore changing the rules for small pensions with effect from 1 January 2019.

What do the new rules mean?

If you leave your job on or after 1 January 2018, and have a small pension of between €2 and €474.11 gross per year, then from 1 January 2019 pension funds will no longer be able to pay this out as a lump sum. This means that the value of your pension with the IFF Pension Fund will be maintained. It is also possible that the pension you have accrued with your former employer will be merged

automatically with the pension of the pension fund with which you are accruing a pension.

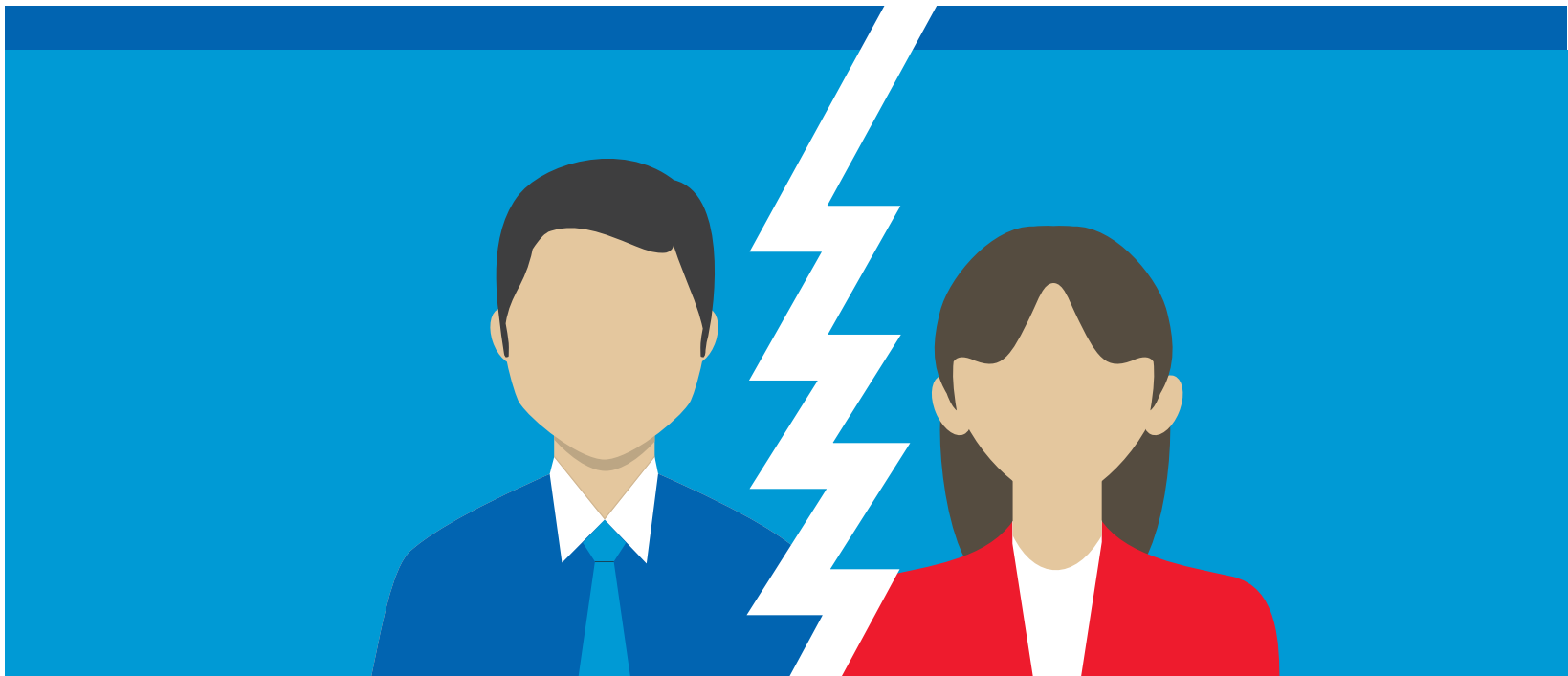
This is handy for you if you have accrued small pensions with multiple pension funds. For example, you will retain your pension and it will be spread over fewer pots. Very small pensions of € 2 gross per year or less will be cancelled with effect from 1 January 2019.

Have you or will you be moving to a new employer?

It will remain possible for you to personally transfer your pension to your new employer's pension administrator (value transfer).

For a total overview of the pensions you have accrued, please visit www.mijnpensioenoverzicht.nl.





Divorce and your pension: what do you need to arrange?

If you divorce, then both you and your former partner have a standard right to half of the retirement pension that the other partner has accrued during your marriage or registered partnership. That is called settlement and is governed by the law. However, there are still a few choices you can make. The statutory right to settlement does not apply when a co-habitation relationship ends.

Notification within two years

If you or your former partner notifies the divorce to the pension fund within two years, then the fund will ensure that your former partner receives payment for his or her share of the pension. If you don't notify the divorce within two years, then it will be your responsibility to arrange the payment to your former partner yourself.

Have you been divorced previously?

Your former partner is also entitled to a special partner's pension, which is the partner's pension you have accrued in the period up to the divorce. If you have been divorced previously, then it's possible that part of the accrued partner's pension has already been reserved in the form of a special partner's pension for your previous former partner. The special partner's pension is paid out to your former partner after your death.

Choosing an independent right to pension for your former partner

Following a divorce, the standard procedure is that the settlement pension for your former partner will commence at the same time as your own pension. However, there is also another possibility. You can also agree that following the divorce, the retirement pension to be divided and the special partner's pension are converted into an independent right to pension for your former partner.

This is called conversion but it does require the approval of the pension fund. The advantage of conversion is that you are no longer dependent on each other and your former partner's pension will start on his or her retirement date. The disadvantage of conversion is that if your former partner dies, then your former partner's settled part is not returned to your pension, which is what would happen under the standard situation.

New relationship?

If you start a new relationship then it's a good idea to investigate what part of your partner's pension has been reserved for your former partner, because this impacts on the partner's pension that your new partner will receive after your death.

Alternative arrangements

Most matters surrounding a divorce are regulated by law but you and your partner can jointly choose to make alternative arrangements, which are then recorded in a divorce agreement, for example. Alternative arrangements also require the approval of the pension fund.

Questions?

If you have any questions, please contact the Pension Service department on +31 (0)20 4266 360 or iffpensioenfonds@blueskygroup.nl.

Colophon

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