



## 2017 Review: good financial basis, confidence in the fund

Many members find the subject of pensions and everything associated with it to be complex. In this review we want to show the status of the pension fund in simple key figures. We want to provide you with details of the topics that received the Board's special attention during 2017. After all, the pension fund is for you and for your financial future.

2017 was a fairly calm year, without any major changes. That doesn't mean that nothing happened. In 2017 the policy funding ratio increased from 112% to 118.1%. This means that, averaged over the whole year, we had 1.18 euro in funds for every euro accrued in the pension pot – a comfortable starting point for 2018. Because of the 118.1% policy funding ratio we were able to provide a partial indexation for pensions this year of 0.7%, compared to price inflation of 1.34%.

An important decision was to keep the target retirement age at 67. That decision was taken in conjunction with the Board of IFF and means the pension scheme did not need to be changed, which is a good thing.

We are pleased that we still have managed to find sufficient people who are interested in joining the Board and the committees. We have an active recruitment policy and a small pool of candidates and the level of knowledge required is maintained via internal and external training.

A members' opinion survey about the IFF Pension Fund was conducted in autumn and it showed your confidence in the fund, for which we are grateful!

On behalf of the Board of the IFF Pension Fund,  
Kees Wisse, Chairman

You can read the 2017 Annual Report at [www.iffpensioenfond.nl](http://www.iffpensioenfond.nl)

## Pension Update

August 2018

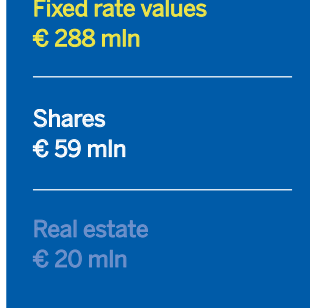
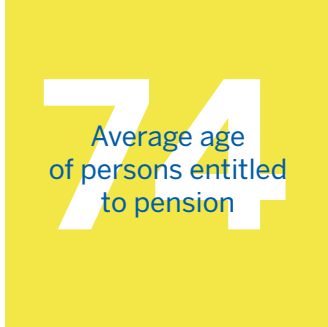
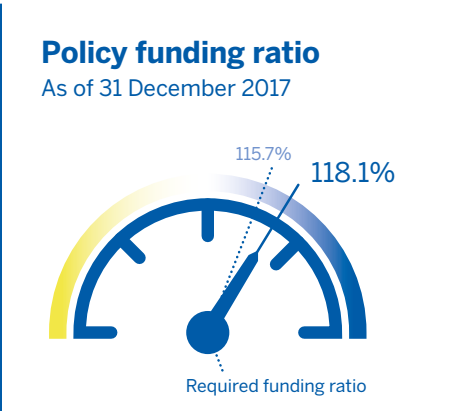
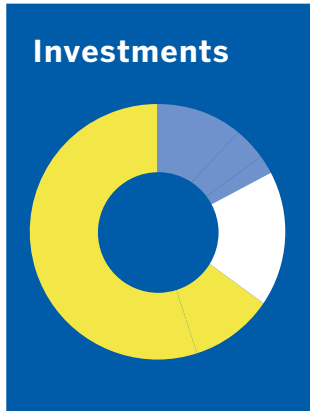
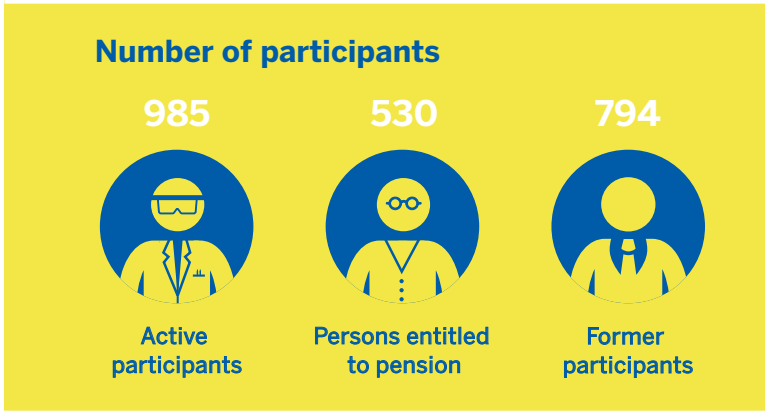
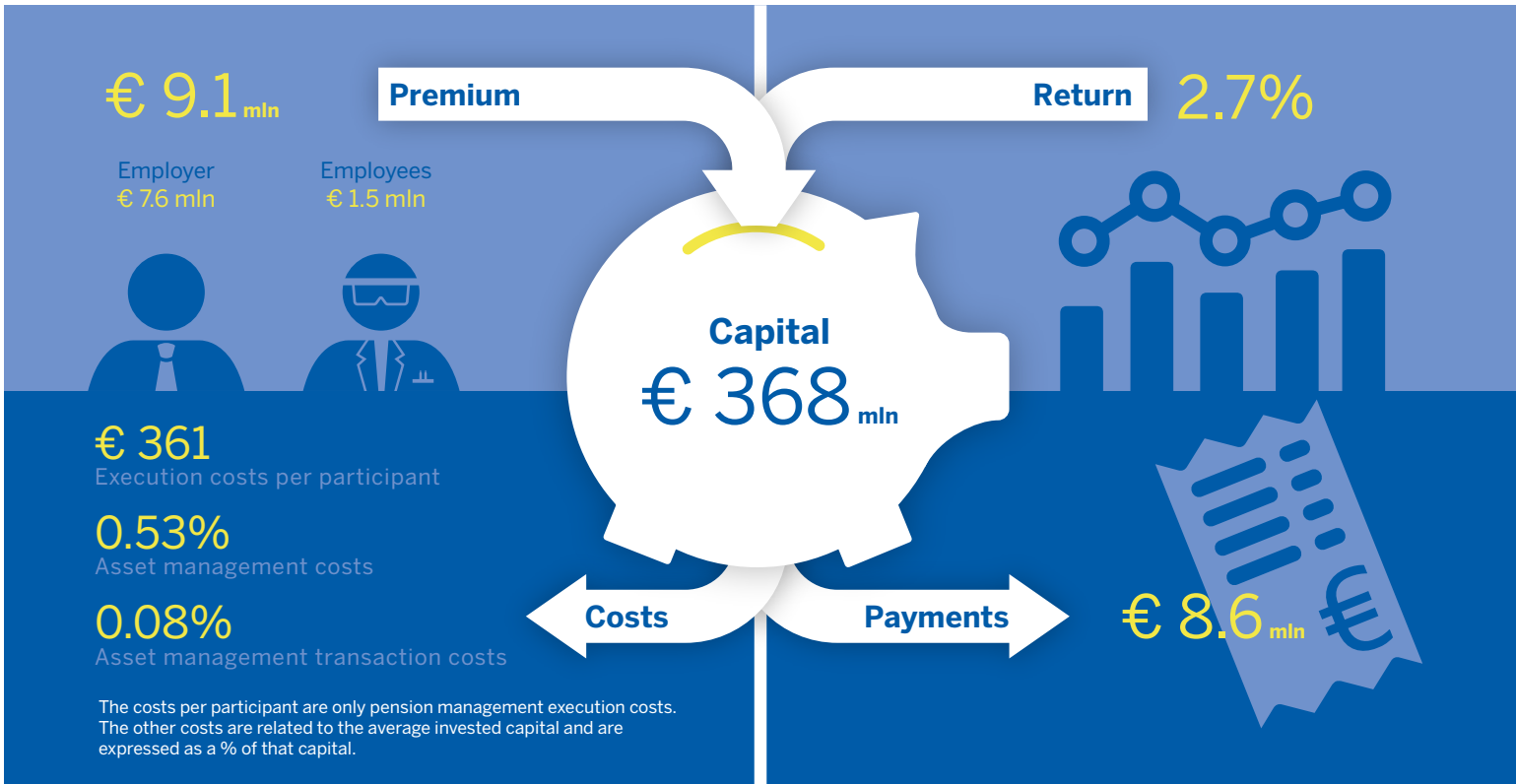
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# Review of 2017

How did your pension fund perform last year?





# The five most important developments in 2017

## 1. Policy funding ratio increased to 118.1%.

### No longer a shortfall

In 2017 the policy funding ratio increased from 112% to 118.1%. This means that, averaged over the whole year, we had 1.18 euro in funds for every euro accrued in the pension pot. Our funds therefore exceed the level required by the Dutch Central Bank (De Nederlandsche Bank). Consequently, our fund no longer has a reserve shortfall and we no longer need a recovery plan.

## 2. Pensions increased by 0.7%.

The financial position of the fund was sufficient to allow us to provide a partial indexation for pensions. Pension indexation is important because it preserves the value of the pensions. Without indexation you will receive a fixed amount of pension, but you can buy less in the future because products become more and more expensive. The pensions were increased by 0.7%. Price inflation was 1.34%. The ability of a pension fund to provide indexation depends on its financial position, whilst also taking into account the future.

## 3. Return on investments 2.7%.

### Increased focus on sustainable investments

The investment strategy of the IFF Pension Fund is aimed at achieving sufficient return without taking unnecessary risks. Sustainable investments are playing an increasingly important role in that. That is also the reason why the fund chose to place its investments with the asset manager Northern Trust. This asset manager is better capable to help us with sustainable investments (you can discover more about sustainable investments overleaf).

In 2017 the fund achieved a return of 2.7%. All investment categories (shares, fixed-interest securities and property) contributed towards the positive result.

## 4. Retirement aged remains at 67.

### Accrual percentage also remains unchanged

Our social partners have decided to keep the retirement age at 67. We were also able to keep the accrual rate the same at 1.875% because the pension scheme has sufficient fiscal space to do so. Nothing has therefore changed for members of the pension scheme or for members of the Lifesight top-up pension scheme.

## 5. Pension fund is appreciated by members and retirees.

The extensive members' survey that was conducted in 2017 showed that the pension fund is appreciated by both active members and by retirees. Active members gave the fund a score of 7.2. Retirees even gave it a higher score of 7.9. The fund is pleased with these results, which reveal a positive impression of and confidence in the fund.

### To do 2018:

- Privacy legislation
- Comprehensive risk management
- Governance/ IORP 2



## Q&A: sustainable investing

The pension fund invests the money from contributions in order to achieve the best possible return. It's not all about return because the Board also believes it is important to make sustainable investments. The abbreviation ESG (Environment, Social & Governance) is often used when referring to sustainable investing.

### What does sustainable investing mean?

Sustainable investing involves analysing whether companies in which the pension fund invests have a good performance with regard to environmental-friendliness, social conditions (for example working conditions) and good governance. Pension funds are often major investors and can therefore exert influence in order to improve the business operation of the companies in which they invest.

### How does it work?

The pension fund does not select specific shares itself. That is the responsibility of the asset manager and in the case of the IFF Pension Fund the asset manager is Northern Trust. A pension fund can instruct its asset manager to exclude certain companies, for example those that trade in armaments or those involved in the tobacco industry.

Pension funds can also exert influence by voting during the shareholders' meetings of the companies in which it invests. They can vote for or against certain policies if, for example, those policies are good or bad for the environment. Voting is also something that the pension fund does not do itself; the asset manager does that on behalf of the pension fund.

### Is sustainable investing at the expense of return?

The pension fund focuses primarily on achieving the best possible return for members' pensions. A focus on sustainable investing is not necessarily at the expense of return. The long-term expectation is that companies with a sympathetic approach towards sustainability will also become healthier companies in which to invest. A company that has a high score for all sustainability aspects is less vulnerable because, for example, there is less chance of corruption and environmental scandals. Consequently, there is less risk associated with investing in such companies.

## Questions?

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

### Colophon

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