

General

Why do we need a new pension system?

The new pension system is better suited to our society and labour market. A lot has changed over the years. We no longer work for the same boss all our lives. We are living longer and also enjoying our pension for longer. And, for a long time, pensions did not grow at the same pace as the economy.

Don't we have the best pension system in the world? Why does it have to change?

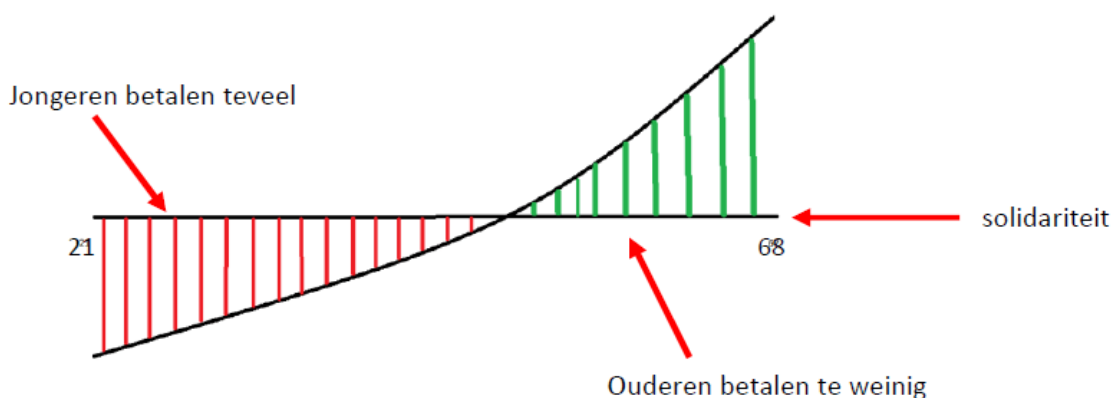
We do have a good system. And we can be proud of it! We want to keep it that way. And that is exactly why we are changing our system. The rules for the current system date back to the last century. But society has changed a lot over the years. Hardly anybody works for the same boss for their whole life now. And we live much longer than we did 50 years ago. This means we get a pension for much longer. Our pension system no longer matches our current society.

As a pension fund, we are looking far into the future. We promise you an amount of money you will get in 40 or even 60 years' time. Because of changes in society, we can no longer make that firm promise over such a long period. There are too many uncertainties.

Why does our current pension system no longer fit in well with the current labour market?

You are building up a pension based on an 'average contribution'. Everybody pays the same contribution percentage.

Regardless of your age, you build up the same amount of pension for every euro that you contribute. The consequence of this average contribution is that you actually pay too much contribution at the start of your career in relation to the pension you build up.



Jongeren betalen te veel	Young employees pay too much
Ouderen betalen te weinig	Older employees pay too little
Solidariteit	Solidarity

Because we invest the contribution, it yields a return for a long time. So as a young participant, you could actually build up more pension with the contribution you pay. At a later age you pay relatively too little. After all, your contribution can only be invested for a short period, and yields a return for a shorter period. For an employee who participates in a pension fund throughout their working life, this averages out nicely.

But nowadays people change jobs more often. They sometimes decide to work more hours, or fewer, or to start their own business. In the current pension system, if you leave the pension fund well before you reach retirement, you will get too little value for your money. You have paid 'in advance' for pension you will no longer accrue.

In the new system, young and old still pay the same contribution percentage. This is comparable to the average contribution. All employees in a company still pay the same contribution, but that contribution will only go to your own pension. Every participant will have their own pension fund into which their contribution is paid and then invested. So you build up the pension that you have actually paid for.

Who determines what my new pension scheme will look like?

Employers and trade unions determine what your new pension scheme will look like. They are also called the social partners. Social partners are employers and employees who work together in employers' and employees' organisations (the trade unions). Together they make agreements for a sector or industry about terms of employment. Your pension is one of these terms of employment.

Can I participate in the decision-making on the choice of a new pension system? After all, it's about my pension.

No, you cannot. However, as an employee, you are represented in the trade unions that help decide on your new scheme. The employers' organisation and the trade unions decide on your new pension scheme. The pension fund implements the scheme. The fund, your trade union and your employer will inform you, as an employee, of the progress of the introduction of your new pension scheme.

Do I have a choice, or is switching to the new pension scheme mandatory?

The idea is that your current pension at PME is transferred to your new pension scheme. Except if this is unfavourable for everyone who participates in the fund. But we expect that this will not be the case. So we assume that the new pension rules will apply to everyone who builds up, has built up or receives pension at PME.

Can I still make the same choices when my pension starts?

Yes, your choices remain the same. You can take early retirement, for instance, or exchange your own pension for pension for your partner.

After the introduction of the new system, will I still receive pension for as long as before the conversion?

Alle participants will get a pension for as long as they live. Both now and in the new situation. No matter how old you get.

Is a value transfer from the pension in my current scheme to the new pension scheme mandatory?

You will take the pension you have built up in your current pension scheme with you to the new pension scheme. No money remains behind. The value transfer from current pensions to the new pensions is a collective measure. You have no individual choice in the matter.

Conversion and guarantees

Is the transition to a new pension system favourable or unfavourable for me?

The change of the pension system to age-related accrual is favourable for many participants, but roughly not for the group aged 40 to 50. For this group, we are looking into a form of compensation. This will be worked out in more detail. No one should have a worse pension prospect after switching to the new pension scheme.

Do we get guarantees that the accumulated pension entitlements will not be lower after conversion?

The starting point is that the current pension scheme is transferred to the new pension scheme. There should be no disproportionate disadvantages for groups of participants or for the pension fund. If there are, your current pension scheme will not be converted. The aim is not to let any group be worse off than they are now.

Will my pension contribution increase in the new system?

In the new pension scheme, young and old pay the same contribution. Whether this will be higher or lower than the contribution you are currently paying is hard to tell right now. In the new system, the contribution you pay will go to your own pension fund. We do know that young people get a return on the same contribution for longer. So on the same amount in contribution, young people will ultimately get a higher pension. The contribution you pay when you are young yields a return for longer and results in a higher pension. The older you get, the shorter the period during which your contribution yields a return.

Where and when can I see the consequences of the new pension scheme for my future pension?

As soon as we have chosen a new pension scheme, we can tell you more about what this will mean for your pension. Roughly at first, but the more detailed the pension scheme becomes, the more accurate information we will have on your future pension amount. We will keep you informed via this website, PME magazine and meetings. Once we have worked out the new pension scheme in more detail, you can see in the portal what this means for your pension. Your annual pension overview shows how much pension you will get in normal, fair or bad weather. It will tell you more about what the transition means for you. This overview is updated periodically based on the new pension accrual and economic developments.

Will I be compensated for the missed indexations in the past before we switch to a new pension scheme? And what about the reductions in 2013 and 2014?

The past ten years have not been easy. Our funding ratio tells us how we are doing in the current system. It has been very low for several years. We even had to lower the pensions in 2013 and 2014.

In 2019, it looked like we would have to do that again. Fortunately, due to the relaxation of the rules, PME did not have to do that. The relaxed rules in the run-up to the new pension system meant that we were able to increase pensions as of 1 July 2022. And so we did.

Inflation has risen sharply in recent months. As such, we understand pensioners' call for indexation very well. And we appreciate that people demand compensation for all the years that we were unable to offer indexation. But unfortunately, we cannot do that. It might sound strict, but there is no right to catch-up indexation or compensation of pension reductions.

Retired or about to retire and the new pension system

I have already retired. Will the new pension rules also apply to me?

Yes, in principle the new pension system will apply to everyone.

I will retire around the date of introduction of the new system. What would be more favourable for me? To take retirement under the existing scheme, or to retire after introduction of the new system?

That makes no difference. The new pension system applies to everyone. It doesn't matter whether you have already retired when the new rules are introduced.

Surviving dependants' pension

How will the transition to the new pension system affect the partner pension?

All accumulated pensions will be transferred to the new PME pension scheme, including the partner pension. However, the partner pension structure will be simpler in the new situation. Under the new system, partner pension may not be more than 50% of the last earned salary. It no longer depends on the number of years you have worked. Your partner pension is insured for as long as you work for the same employer. Are you changing jobs and will you be working outside the sector? Then the partner pension will be re-insured with your new employer. Do you continue to work within the sector? Then nothing will change.

What happens to the amount of partner pension I have built up?

What exactly will happen with the accrued amounts is yet to be agreed. The starting point is and remains that no-one will be worse off in the new situation.

I am getting partner pension What happens to my benefit after the transition to a new pension system?

All pension payments will be transferred to the new pension scheme of PME pension fund, including the partner pension. We cannot tell you yet what exactly this will mean for your benefit. You will be informed as soon as we know more.

Costs

What will the transition to the new pension system cost? Who will pay this?

The costs of the new pension system will be paid by the pension industry. PME will also contribute. It is expected that our administration costs will be lower after the transition. That way, we will earn back the costs we are incurring now. We are transparent about the costs and account for them at least once a year, in our annual report.

Where we go from here

Where are we in the process of change? How far are we?

We are now preparing the transition to the new pension scheme. We are exploring the options and what they would mean for our participants. But we have not made any substantive choices. It is up to the employers' organisations and trade unions to make a move first.

As a pension fund we are looking into what we need to do to switch to the new pension system. We are drawing up a plan for this, so that our pension board can take the right decisions.

The new pension system must be implemented by 1 January 2027 at the latest. At that time, everyone in the Netherlands will have a new pension scheme. This is based on the assumption that the new act providing for this takes effect on 1 January 2023. That is not entirely certain yet, because the proposal to change the pension rules, the Future of Pensions Act, was only discussed in the House of Representatives for the first time on 12 September.

Do I need to do anything?

No, you do not need to do anything. When the time comes, your current pension scheme will be transferred to your new pension scheme. Your employer, the trade unions and PME will keep you informed of developments. If you have any questions, don't hesitate to contact us. We do not have all the answers yet, but will be pleased to tell you what we do know.