

# Answers to your key questions

## When will the pensions be increased?

Every year, the pension board reviews whether pensions can be increased. An increase is only possible if the fund's financial situation and the rules allow it. [Read more about it here.](#)

## How do the rules for relaxation affect the pension increase?

The government sets strict rules for increasing pensions. But for the time being, those rules are a little less strict. Are a fund and the social partners planning to convert the current pensions to the new pension system? Then the fund is allowed to increase pensions at a policy funding ratio of only 105%. Normally this is only allowed at 110%.

PME used this opportunity in mid-2022, when it increased pensions by 1.29%. Now, PME again opts for the relaxed rules. That means we can index-link pensions for the second time in a year, this time with 6.2%. Together the two increases total 7.5%.

## PME applies the relaxed rules. Does that mean you are in favour of the new pension system?

Yes, we are preparing for the introduction of the new pension system. We assume that all pensions will be transferred to the new system, including yours. If we did not use this as a starting point, we would not have been allowed to increase pensions this year.

It is not certain yet that the new system will really be implemented. The government still has to decide on that. We will inform you in due time what this means for your pension.

## How does PME determine my pension increase?

We always look at the inflation between July and July. In this case: between July 2021 and July 2022. We would prefer increasing your pension at the same rate as inflation. Then your pension would keep its value. But this is only possible if our funding ratio allows it.

The funding ratio is an indication of how a fund is doing financially. Is the funding ratio higher than 105 per cent? Then we can increase pensions. The higher the funding ratio, the more scope we have for doing this. [Read more about the funding ratio.](#)

## Investments are not yielding good results at the moment. Is it wise to increase pensions by so much?

It is true that most pension funds have lost a lot of money in the financial markets this year. This came after years of capital growth. At the same time, the interest rate increased. This means we can reserve less money for later. The increase in the interest rate had a significant effect. So much so that our funding ratio improved and we can now increase pensions.

Good to know: we're not spending everything all at once. We will be careful. Because there is no telling how the economy will develop. Will we be hitting hard times? Then it's good to have a buffer. This reduces the chance of having to lower your pension again in the future.

## Will you also increase pensions retroactively?

Pensions at PME were not increased for a long time. Fortunately, we were able to increase the pensions in July 2022, for the first time in 14 years. We are happy that we can do so again. But we also understand that people had hoped for more. Especially now that prices are rising and life is becoming more and more expensive. PME's financial health is sufficient to be able to increase pensions. But we cannot look beyond that, no matter how much we would like to.

But there is a little ray of hope. In a few years' time, the Dutch pension system will change. That means we will need less of a buffer, which in turn means there will be more money for pensions. Expectations are that this will allow us to increase pensions more often. [Read more about the new pension system.](#)

It is not certain yet that the new system will actually be implemented. The government still has to decide on that. We will inform you in due time what this means for your pension.

## How does this increase impact young and old in the short and long terms?

We want the increase to be as favourable as possible for everybody. For all participants, for every generation, now and in the future. At the moment, PME pensioners are experiencing a historic loss of purchasing power. They themselves can do little or nothing to improve this. Working more hours, changing jobs, demanding a higher salary - these are all options that most pensioners no longer have. That is why PME has opted for a significant indexation of 6.2 per cent. This comes on top of the indexation we applied earlier this year, and together they total 7.5%.

When we take any decision, we consider the consequences in the short as well as the long term. We weigh the interests of all participants. Increasing the pensions now is positive for everyone, as everyone's pension will increase by 6.2 per cent.

However, increasing the pensions will lower our funding ratio. And that funding ratio is important when we switch to the new pension system. With a lower funding ratio, younger participants will receive relatively less capital at the moment of transition. For older participants, a lower funding ratio is relatively favourable. The graph below shows the expected effect of the increase on future capital. For a 45-year-old, this capital decreases by 1.3 per cent. For a 75-year-old, it increases by 1.6 per cent.

**Effect of this pension increase on capital in the new pension system**  
(age of participant in 2022)

