

Page: Answers to your key questions

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. PME, employers and trade unions intend to apply the new pension rules to current pensions. Because of this, we are allowed to already increase pensions at a policy coverage ratio of 105%. Normally this is only allowed at 110%.

In 2022, PME used this option twice. On 1 July 2022, your pension was increased by 1.29 percent, on 1 January 2023 by 6.2 percent. Together the two increases total nearly 7.5%. This year, too, PME opts to implement the relaxed rules. This allows us to increase pensions by 3.26 percent as of 1 January 2024.

How does PME determine my pension increase?

We always look at the inflation between July and July. In this case: between July 2022 and July 2023. Inflation in that period amounted to 3.26%. That means the pension increase can be up to 3.26 percent. We would prefer increasing your pension at the same rate as inflation. That way, your pension can grow in line with the increase in the cost of living.

To determine whether this is possible, we look at the coverage ratio. This is an indication of how a fund is doing financially. Is the policy coverage ratio higher than 105 percent? Then pensions can be increased under the relaxed rules. The higher the coverage ratio, the more scope we have for doing this. [Read more about the coverage ratio](#)

At the end of October 2023 (the reference date), the coverage ratio totalled 116.6 percent. That means we are financially healthy enough for an increase. Your pension will fully grow in line with the increased cost of living. That way, you will have a bit more to spend now, or when you retire in the future. We will keep a buffer in case of a setback, as there is no telling how the economy will develop. The buffer also serves the switch to the [new pension rules](#) in 2026.

How many times per year is an increase possible?

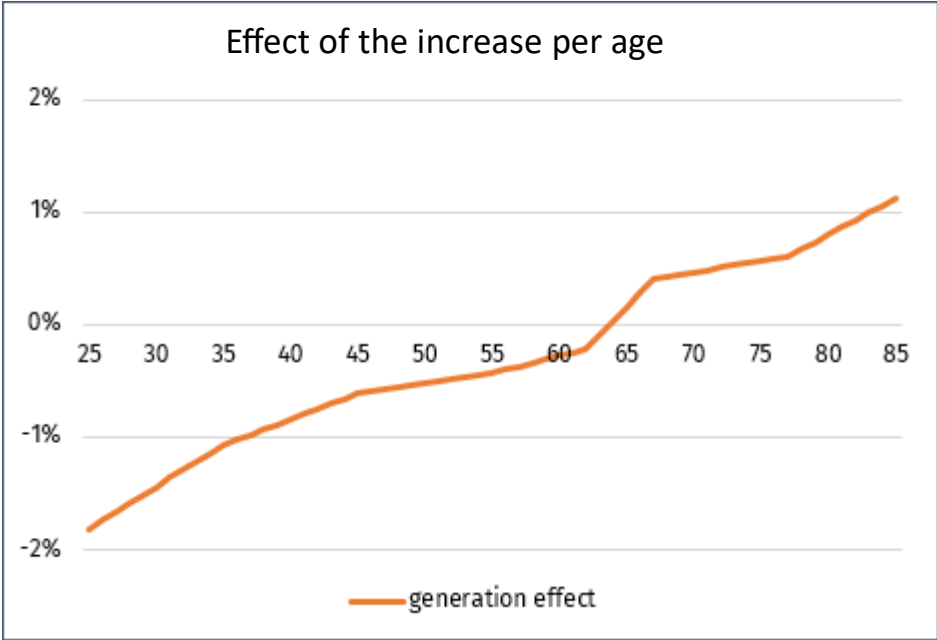
Normally, a decision on an increase is made once a year. This will then take effect as of 1 January of the next year. The year 2022 was an exception, with two decisions. In that year, the government relaxed the rules for pension increases. That enabled an increase as of 1 July 2022. At the end of 2022, the pension board once again

decided to increase pensions, this time as of 1 January 2023. The total increase was almost 7.5 percent.

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. When we take any decision, we therefore consider the consequences in the short as well as the long term. Increasing the pensions now is positive for everyone, as everyone's pension will increase by 3.26 percent.

However, increasing the pensions will lower our coverage ratio. The coverage ratio is important when we switch to the new pension rules. At that moment in time, everyone is allocated capital. With a lower coverage ratio, this is relatively less favourable for a younger person than for an older person. The graph below shows the expected effect of the increase on future capital. For a 30-year-old, this capital decreases by 1.44 percent; for a 45-year-old by 0.6 percent. For a 75-year-old, the capital increases by 0.6 percent.



Everyone suffers in their pocket that living expenses are quite high. Pensioners can do little or nothing to improve their purchasing power. Working more hours, saving, demanding a higher salary - these are all options that most pensioners no longer have. That is why a pension increase is important for this group. At the same time, it leaves us with sufficient money in case of a setback and also for the switch to the

new pension rules. This is important to younger people. We carefully weigh the interests of all participants.

My pension has not been increased for years. Why haven't I received any compensation for this?

Pensions at PME were not increased for a long time. Fortunately, we were able to increase the pensions in both 2022 and 2023, for the first time in a long time. And we will increase them again as of 1 January 2024. We are happy we can do this. But we also understand that people expect more. Especially now that life is becoming more and more expensive. PME's financial health is sufficient to be able to increase pensions to absorb the increased cost of living. We would also like to compensate for any indexations missed in the past. There are rules for this, too. This is only possible at a policy coverage ratio of 140%. We do not expect this to be possible in the next few years. [Read more about the coverage ratio.](#)

We expect to switch to the new rules for pensions in 2026. At that time, we will need smaller buffers, 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 rules](#)

PME implements the government's relaxed rules. Does this mean that all pensions will be moved to the new pension scheme?

PME is expected to switch to the [new pension rules](#) on 1 January 2026. We assume that all pensions will be transferred to the new system, including yours. Under the 'normal' rules, we would only have been allowed to increase pensions by 0,3 percent this time.

Do the new pension rules affect current increases?

When we decide on increasing pensions, we consider several aspects. Particularly the switch to the [new pension rules](#). It is important to have enough reserves to make that switch. This means we will be financially healthy going forward.

A number of other pension funds increase pensions by a higher percentage. Why can they do what PME can't?

Whether or not a pension fund increases pensions and by what percentage depends on several things. These include the period over which and the means by which inflation is measured. This differs for each pension fund and depends on individual policies. The increase also depends on how well a pension fund is doing financially.

And every pension fund weighs up the pros and cons: awarding an increase now will cause more uncertainty later on. Every pension fund views this differently.