Version 2 | January 2025

Transition plan summary

I receive a pension from PME

pme. pensioenfonds

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Introduction

The Netherlands has introduced new pension rules. All pension funds in our country must switch to these new rules. They have until 1 January 2028 to do so. PME is targeting a switch on 1 January 2027.

The new rules also apply to you. They concern the pension you are currently receiving from PME next to your state pension.

1.1 The social partners make arrangements

Switching to new rules sounds like something that happens just like that. But it takes careful preparation. That's because each pension fund requires a new pension scheme. The employers and employees in our sector (also known as the social partners) have agreed on what this new scheme will look like, and how everyone will switch to it. They have recorded their arrangements in what is called a 'transition plan'.

You are now reading a summary and explanation of that plan. This summary is not complete, and you cannot derive any rights from it. The summary is intended to introduce you to the new scheme and the way in which we will switch to it. The entire transition plan can be found on the websites of PME and the social partners.

1.2 Who are the social partners?

The employer and employee organisations represented on the Raad van Overleg in de Metalektro (ROM), the centre point for social partners in our sector:

- FME (employers)
- FNV Metaal (employees)
- CNV (employees)
- De Unie (employees)
- VHP2 (employees)

The social partners make arrangements about the employment terms in our sector, such as wages, overtime and days off, and also therefore about pensions.

Your pension is your income. For others, it's their income for later. It is therefore important that everyone feels heard when new arrangements are made about this. For this reason, the social partners collected wishes and ideas from their members in advance. And they submitted the scheme to their members for approval afterwards. The latter agreed. The members are people like you — people who used to work in the sector and are now retired — and people who currently work in the sector, at all kinds of different companies.

There is also the legal right to be heard. This right enables stakeholders to make their voices heard through an association. VGPME, an interest group for people who receive a pension from PME, has exercised this right, also on behalf of VG-Océ and VG Siemens.

In short, the new scheme is the result of many people's input, making it truly something for and by the people in the metal and technology industries.

2026 will become 2027

The wish of social partners was for the transition to take place on 1 January 2026. That date is reflected in the transition plan. PME has opted for a year later. This is because the transition to the new scheme has many implications. For instance, the administration and systems need to be prepared for the future. Moreover, we see that more coordination is needed with all parties involved than previously thought. Carefulness is our priority. We are taking the time we need and aim for 1 January 2027.

2

How the **new pension scheme** will work

The social partners have agreed on the new pension scheme. The intention is that it will start on 1 January 2027. The old scheme will then stop.

2.1 Your pension in brief

Pensions are important. After all, we are talking about your income. So, it's good to know how things will work under the new scheme.

You will receive a pension for as long as you live

You receive a pension from us every month. That won't change. What is new is that you will receive it from your own pension pot. This will be filled during the transfer. It is important to know that this pension pot cannot run dry. You will always receive a pension, no matter how old you become. Even if you live to over a hundred.

Your choices will continue to apply

You may have made certain choices when you retired, for instance in relation to the partner's pension, or for a higher amount initially until a certain date and then a lower amount. All these choices will continue to apply. They cannot be adjusted by you or by us, even at the start of the new scheme.

It will be easier for your pension to go up

We invest for everyone at PME. We've been doing that for years. After all, in the long run investing yields more than just saving. Of course, there are occasionally bad times on the stock market. But if you take a long-term view, the money is expected to grow. The majority of your pension usually consists of the profit we make on investments. That is why we will continue to invest, also under the new scheme.

The amount you receive in your bank account can only go up or down once a year. Just like now. The difference with the old rules is that your pension is likely to increase more easily. One of the reasons for this is that we will no longer be obliged to have huge buffers. Windfalls are therefore more likely to end up in your wallet.

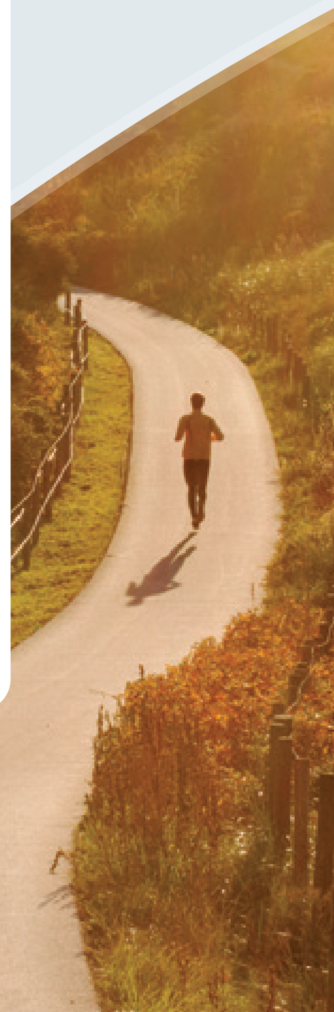
A pension with additional security

Your pension can also go down, for example if things go badly. But with the following measures we will prevent it from falling as much as possible.

First of all, we will take less risk for people who receive a pension. About a third of the investments will still be focused on achieving a return. But most will be geared towards stability. What if investments still fail? Then we are prepared for this. We will spread good and bad investment results over several years. This will prevent you from immediately feeling the effect of bad results in your wallet. So, time will help.

As additional security, there will also be what's known as a solidarity reserve. We will be able to use this if pensions go down despite the lower risk and spreading the results. Money will then go from the reserve to your pension. In good times, we will replenish the reserve. We will do this with the return we obtain from investing.

Less risk, spreading, a reserve. These measures will contribute to a stable pension. As a result, while the risk of falls will never be completely ruled out, it is likely to be limited.



We will continue to do it together

The law offers a choice between two variants: the solidarity contribution scheme and the flexible contribution scheme. The social partners have opted for the solidarity scheme. According to them, this is a good fit for employees and pensioners in the sector and has broad support among members.
The essence of this type of scheme is: together for a good pension.
In a nutshell:

- We will continue to share major risks with each other. This will give you peace of mind.
- The pension fund will invest everyone's money as a whole, just as it does now. In doing so, we will take into account the preferences of people with a pension with PME. We survey these regularly. This will not change. You will not have to make any investment choices yourself. We will continue to do this for you.
- We will divide the profit (and sometimes also loss) among everyone. We will do this in such a way that everyone benefits from it as well as possible.
- Additional security has been built in for everyone who receives a pension. For example, we can use a reserve to prevent pensions from declining.

Easily keep track of your pension

Of course, you will want to know what you can expect. That is why we will keep you well informed. For example, we will let you know in good time how high your pension will be in the next year. You will also see what has been arranged for any partner and young children you have if you die.
You will find these and other amounts by logging in to the PME website.
And you will receive an annual pension statement, just as you do now.

2.2 If you are no longer around

It goes without saying that we hope you will be able to enjoy your pension for many more years to come. But, unfortunately, things sometimes work out differently. That's when it's nice to know that everything is well organised for you and any family you have.

Security for your partner

You may have opted for a partner's pension when you retired. When you die and you have a partner, just like now, your partner will receive this monthly benefit for as long as your partner lives. The arrangements for this will remain in place. For example, if you opted for a partner's pension that is 50% of your own pension when you retired, that will not change at all.

The monthly amount may be increased or decreased once a year from the start. This will work in the same way as your own pension, and with the same security.

Security for your young children

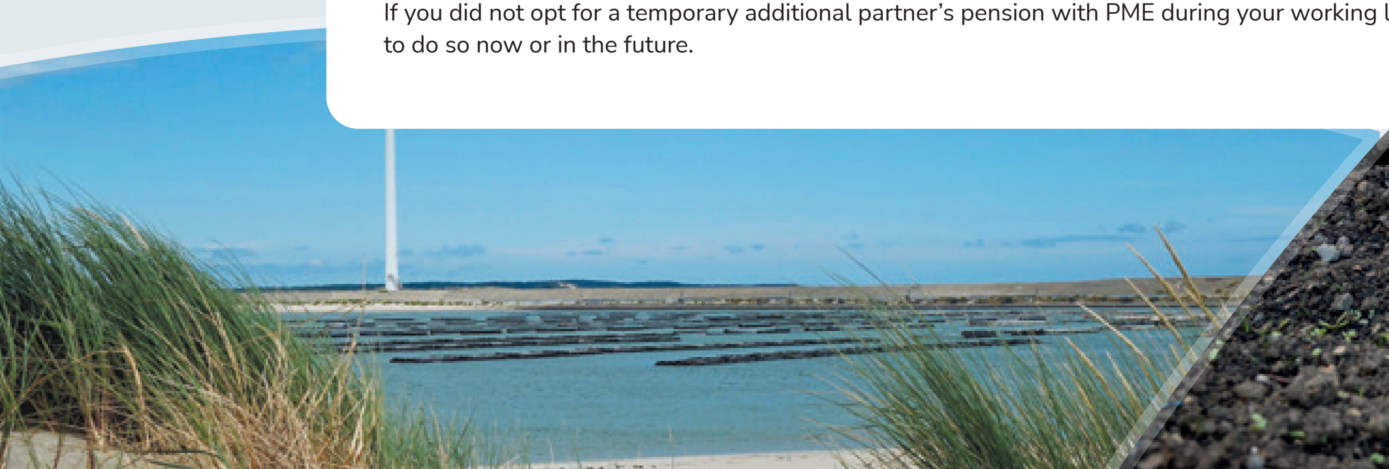
When you die and you have young children, just like now, your children will receive a monthly benefit from us: the orphan's pension. The next version of the transition plan will describe how this works. This summary will then be updated accordingly.

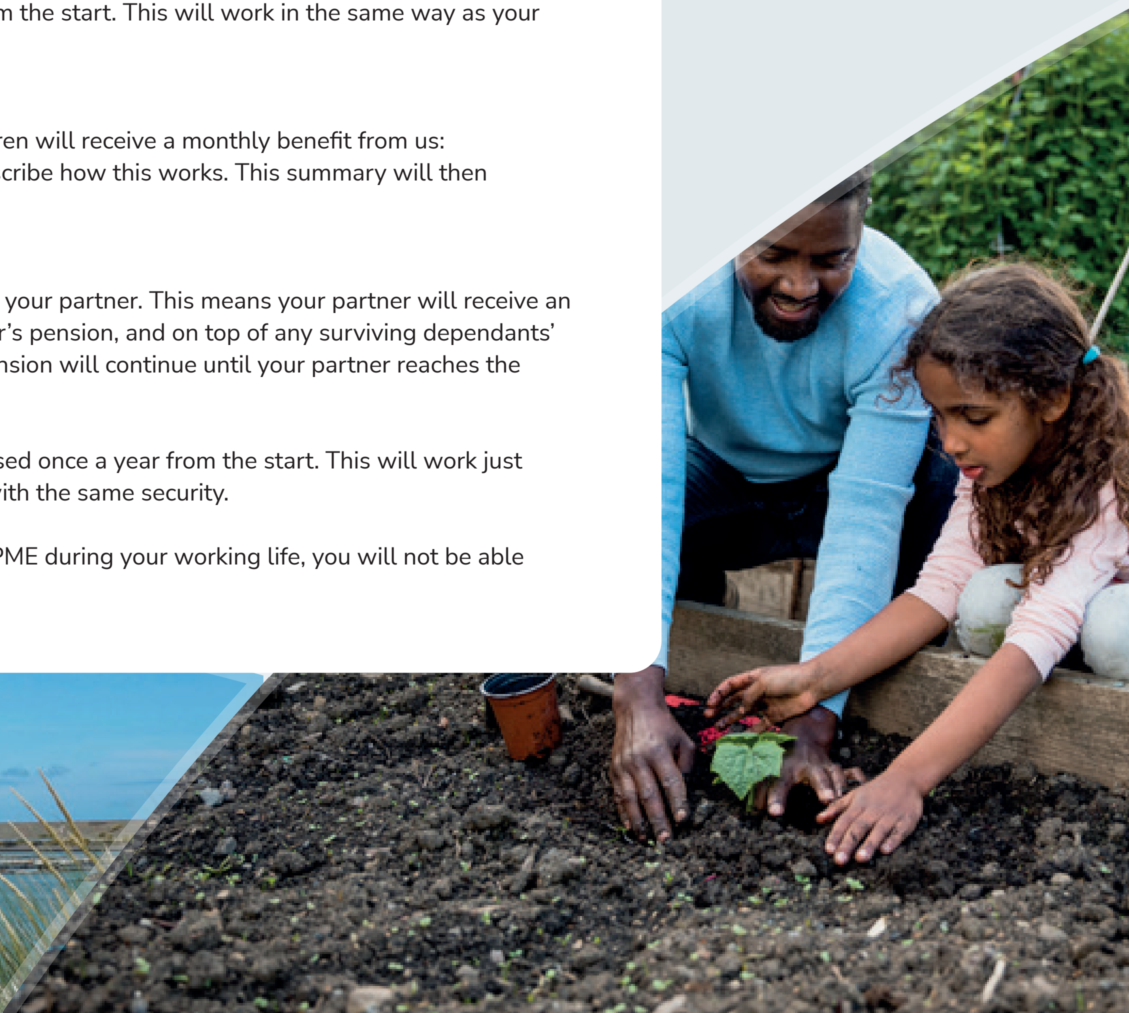
If you have opted for additional security for your partner

You may have opted for a temporary additional partner's pension for your partner. This means your partner will receive an additional benefit when you die. That is, on top of the normal partner's pension, and on top of any surviving dependants' benefit from the government. The temporary additional partner's pension will continue until your partner reaches the state retirement age.

What's new is that the monthly amount may be increased or decreased once a year from the start. This will work just like with your own pension and the lifelong partner's pension, and with the same security.

If you did not opt for a temporary additional partner's pension with PME during your working life, you will not be able to do so now or in the future.





3

Pension **conversion**

All pensions will be transferred to the new scheme. That means the accrued pensions of people who are still working and the pensions of people who are already drawing their pension, like you. This is called conversion. You will have a pension pot from which you will receive your monthly pension.

3.1 Why convert?

The social partners have thought about this carefully. First of all, this is a legal obligation. Only with very good reasons, which must be carefully substantiated, may social partners deviate from this.

In the case of PME, conversion appears to have largely beneficial implications. First of all, we can continue to share the risks as we are used to doing. In addition, workers have prospects of a higher pension. And it will be easier to increase the pensions of people who have already stopped working, like you. In fact, this is already happening. Given that PME is planning to convert the pensions, we can make use of the relaxed government rules. For example, we did not have to reduce pensions in 2019. And we were able to increase pensions in 2022, 2023 and 2024. As a result, your pension is more than 16% higher than if we had followed the old rules.

There are also a few practical reasons. For example, it would cost a lot of money to keep two systems going. That's money that can be better spent on your pension. In addition, it is easier if the same rules apply to all pensions. After all, pensions are already complicated enough.

So, there are no disadvantages at all? No, there are. For example, it will be less easy for workers to predict how much pension they will receive later. And for pensioners like you, the amount of their pension may change each year. It will be easier than it is now for your pension to go up. But it may also go down, although we will prevent this as much as possible with the measures already mentioned above. All in all, the social partners believe that the advantages of conversion outweigh the disadvantages.

3.2 Conversion: how it will work

The social partners want to achieve various objectives with the conversion. Let's take a look.

Covering equity and costs

A small part of the money will be needed to cover PME's equity and for costs. This will enable us to keep the fund running and to continue to manage the pensions well.

Filling the solidarity reserve

The new scheme will have a solidarity reserve. We will be able to use this to prevent your pension from going down, or to ensure that the pension pot of someone who still works does not fall below zero. If we can fill the reserve enough during the conversion, then it is likely that we will not have to reduce your pension in the first few years after the transfer. If we can only partially fill the reserve initially, we will supplement the reserve later using the profit on the investments.

Supplementing the pension pot for employees at a disadvantage

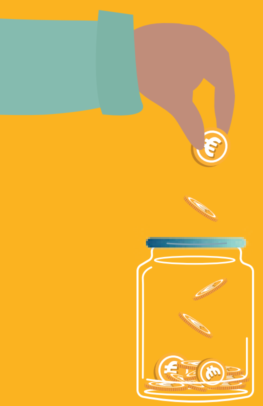
The new scheme works out favourably for most people. But for some employees in our sector, there is a disadvantage. This is why they will receive a one-off additional amount in their pension pot. This will enable us to maintain their expected pension as much as possible.

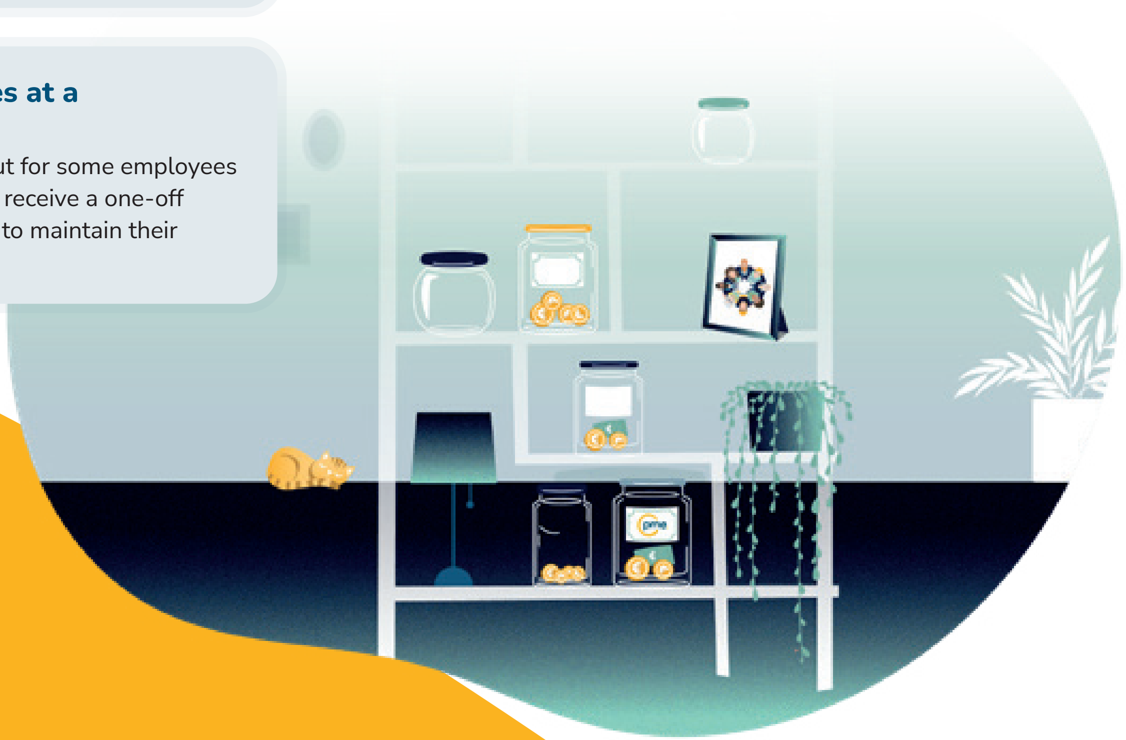
Maintaining your pension

The social partners want your pension to be maintained as much as possible. The aim is for your pension to be at least as high after the conversion as it was immediately before the conversion. The same applies for people who are still working. Their expected pension must also be maintained as much as possible.

Distributing what's left

If there is money left over, we will distribute it across all pension pots. This means that you will receive a higher pension from that moment on. And it means that the expected pension of workers will rise.





3.3 What role will the financial health of PME play?

We would prefer to carry out all the above points. Is that feasible? That will depend on our current coverage ratio at the time of conversion. The coverage ratio reflects the fund's financial health. It shows the relationship between the money managed by PME and the money needed for all pensions now and in the future. The higher the coverage ratio at the time of conversion, the more we will be able to do.

Suppose the coverage ratio is...

Below 100%

The objectives above are not feasible. This is, of course, highly undesirable. In that case, the social partners will consult with each other again. In principle, the new scheme will then be postponed and we will continue with the old scheme until 1 January 2028 at the latest.

Between 100% and 104%

We will fill the solidarity reserve to the minimum level. Employees in the sector who are disadvantaged by the transfer will be compensated in part. The value of your pension pot will fall by a few per cent. However, the amount you receive in your bank account each month will remain the same.

Between 104% and 106%

We will fill the solidarity reserve to the minimum level. Employees in the sector who are disadvantaged by the transfer will be increasingly compensated for this. With a coverage ratio of 106%, they will even be compensated in full. The amount you receive in your bank account each month will remain the same.

Between 106% and 110%

We will fill the solidarity reserve a little more. With a coverage ratio of 110%, we will reach the desired level. Employees in the sector who are disadvantaged by the transfer will be compensated in full. The amount you receive in your bank account each month will increase slightly.

Between 110% and 120%

We will fill the solidarity reserve even more. With a coverage ratio of 120%, we will even fill it up to the maximum. Employees in the sector who are disadvantaged by the transfer will be compensated in full. The amount you receive in your bank account each month will increase by several per cent.

Between 120% and 125%

We will be able to carry out all the above points. The amount you receive in your bank account each month will rise sharply.

Above 125%

If this situation arises, the social partners will consult with each other again. They will then check whether the arrangements made in the plan are still as fair as possible for everyone.

Are you wondering what our coverage ratio is at the moment?
Visit www.pmepensioen.nl/en/financial-position.

3.4 Are the arrangements as fair as possible?

It is important that the conversion is done carefully and as fairly as possible. No group may gain or lose much more from the transfer than another group. Everyone must be equal in this respect.
No money may be lost in the conversion process.

How do you determine which choice is as fair as possible for everyone and which is not? The social partners have had all kinds of calculations performed and weighed up interests to work this out. They have looked at the implications for younger people and for older people. They have considered the consequences for people who are accruing pensions, people who are drawing pensions, people who have left the sector and people who may yet do so in the years to come. And they have asked a lot of questions. Will the scheme actually work as expected? What are the risks? How can we cushion these together? And who might we need to arrange something extra for? This is how they have weighed up all the implications of every possible option, until they have found the best balance.

The calculations show that the arrangements are indeed as fair as possible. No group has a major advantage or disadvantage compared to any other group. The PME Board will monitor this very closely, as will PME's Accountability Council and our regulator De Nederlandsche Bank.

4

Next **steps**

The transition plan is an important step towards the new pension scheme. What are the next steps? We have set them out below.

November 2024

The social partners deliver the transition plan to PME. We will take a close look at whether the arrangements are balanced, realistic and feasible. We will also consider whether they are clear enough to communicate clearly. We will then prepare the administration and systems for the future.

End of 2026

Just before the transfer you will receive an overview from us. This will contain a comparison between your pension amounts under the old and new schemes. So, you will see the differences for you personally. These amounts will still be an estimate, but they will already give you a good idea.

1 January 2027

We are targeting a transition on 1 January 2027. The condition is that everything will be ready for a well-controlled transition by then. In that case, the old scheme stops and the new scheme starts. We will convert everyone's pension to the new scheme.

By mid-2027

You will again receive a personal communication from us. This will contain the definitive calculation of your pension amounts. If there are any differences compared to the estimate you received at the end of 2026, we will explain them.

Would you like to know more about the new scheme?

Go to www.pmepensioen.nl/en/new-pension-system. You will always find the latest information there.

Version management

Version	Publication date	Key changes from previous version
1	19 November 2024	–
2	24 January 2025	• Minor clarification on the expected return on investment • Clarified that the next version of the transition plan and this summary will describe how the orphan's pension works under the new scheme

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