Version 2 | January 2025

Transition plan summary

I'm accruing a pension with 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 accruing through your employer and the pension you will receive when you stop working.

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 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.

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.

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.

A pension is your income for later. For others, it's their income right now. 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 from the sector, just like you. They are employees from all kinds of different companies. Members also include retired persons.

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.

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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. If you still work in the sector on 1 January 2027, you will accrue a pension according to the new scheme from that moment on. The pension you have already accrued will be transferred too.

With the new scheme you can continue to count on the following:

- **Pension when you stop working**
  You accrue a pension with PME through your employer. You choose when you want that pension to start. And you will receive it for as long as you live.

- **Security for your family**
  What if you die? And what if you have a partner and perhaps also children? Your partner will receive a monthly benefit from us for as long as your partner lives. Your children will receive a monthly benefit until they reach the age of 25.

- **Security if you are no longer able to work**
  If you become ill or occupationally disabled, your pension will continue to accrue.

2.1 While still working

If you're working in the metal and technology industries, you're working on the world of the future. And we are working with you on your own future. This includes a good pension. The new scheme works as follows:

Your pension grows through the monthly contributions

Every month, a contribution is made towards your pension. This contribution comes from your employer, and you usually contribute a part yourself. You can see this on your payslip.

The contribution will remain the same under the new scheme for at least the first few years. Together with your employer, you will therefore set aside as much for your pension as you do now. What is new is that you will have a pension pot. Most of the monthly contribution will go towards your pension pot. We will use a small part to insure you for if something happens to you (see chapter 2.3). and to pay the costs of the scheme.

The contribution will stop when you leave the sector or when you fully retire. If you become occupationally disabled, your pension will continue to accrue. But you won't have to contribute money to it yourself anymore.

Your pension grows because we invest

We will invest the monthly contribution. 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.

Each month, we will look at the results of the investments. This profit (and sometimes also loss) will go towards your pension pot. When you retire, you will receive your monthly pension from that pot. And it's good to know that this pension pot cannot run dry. You will always receive a pension, no matter how old you become.

The new scheme allows us to take your age into account better. What if you are still young? Then we will take more risk because that will yield the most over time. If an investment doesn't go so well, in principle there's enough time to make things right again. Your pension pot can go up and down a lot during that period. The older you are, the less risk we will take. This will give you more and more certainty about the amount you will receive when you stop working. After your retirement we will still invest, but we will take less risk for you. This will contribute to a stable pension.

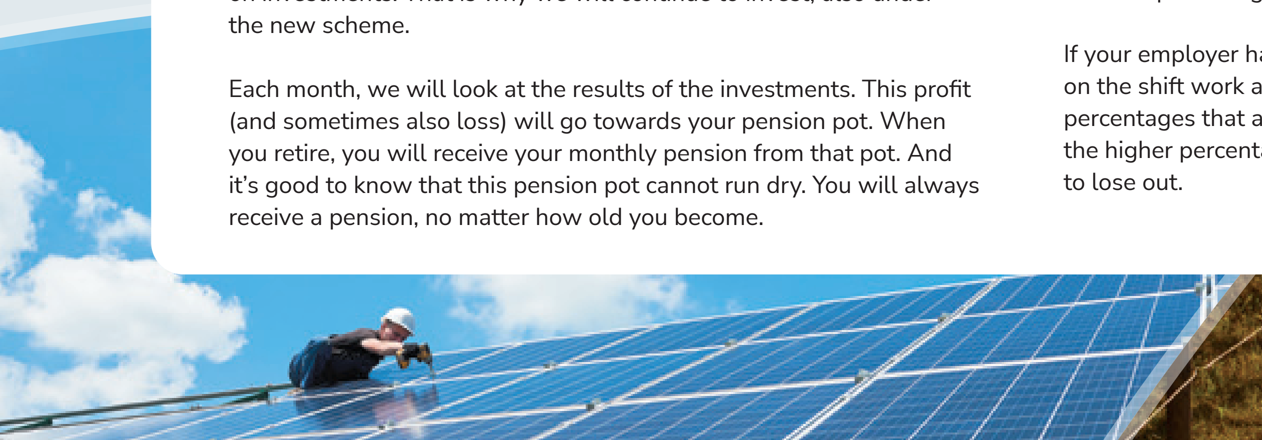
The shift work allowance will count towards your pension

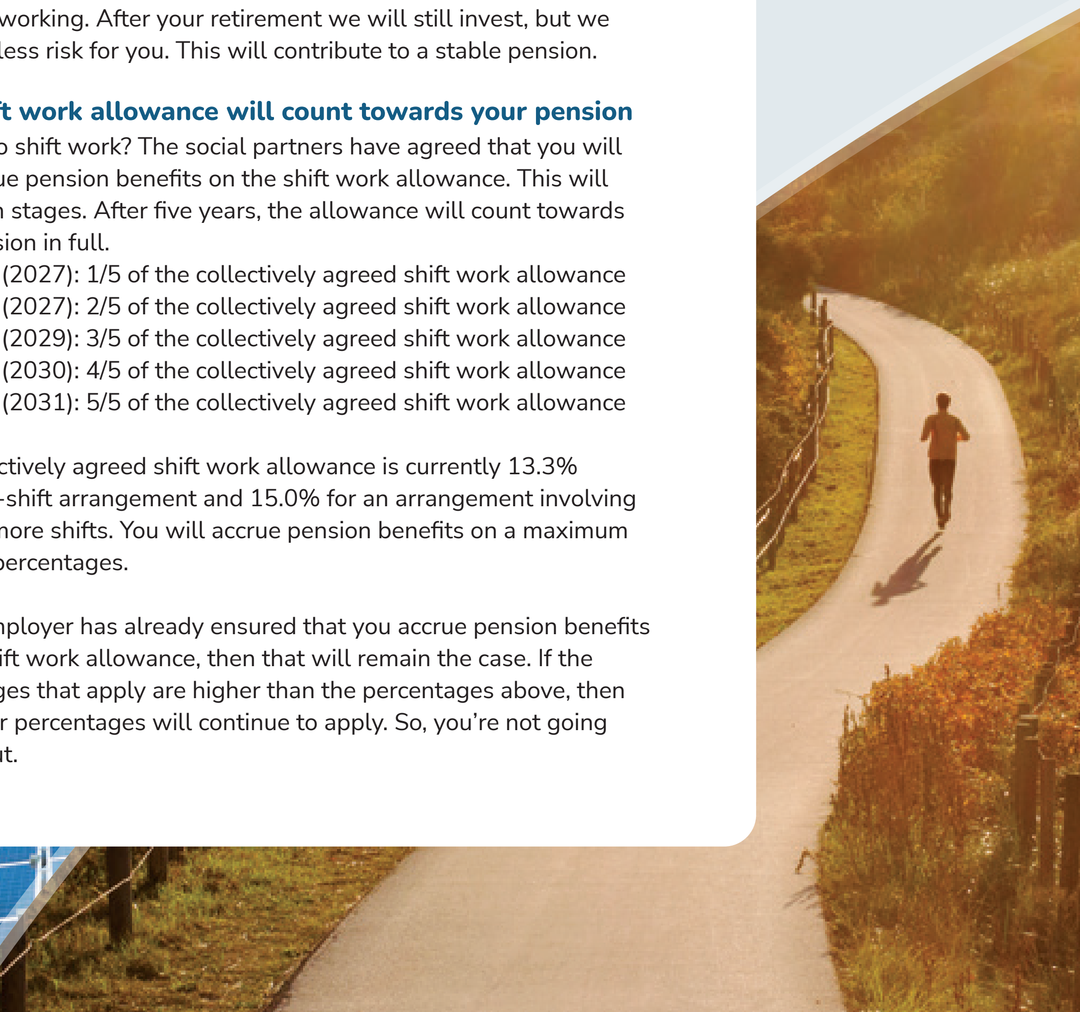
Do you do shift work? The social partners have agreed that you will also accrue pension benefits on the shift work allowance. This will happen in stages. After five years, the allowance will count towards your pension in full.

- Year 1 (2027): 1/5 of the collectively agreed shift work allowance
- Year 2 (2027): 2/5 of the collectively agreed shift work allowance
- Year 3 (2029): 3/5 of the collectively agreed shift work allowance
- Year 4 (2030): 4/5 of the collectively agreed shift work allowance
- Year 5 (2031): 5/5 of the collectively agreed shift work allowance

The collectively agreed shift work allowance is currently 13.3% for a two-shift arrangement and 15.0% for an arrangement involving three or more shifts. You will accrue pension benefits on a maximum of these percentages.

If your employer has already ensured that you accrue pension benefits on the shift work allowance, then that will remain the case. If the percentages that apply are higher than the percentages above, then the higher percentages will continue to apply. So, you're not going to lose out.





Not a promise, but a goal

Pension funds like PME are obliged to switch to a contribution scheme. With such a scheme, the social partners will agree on how much money will go towards your pension pot, and no longer on how much pension you will end up with. Promises about the amount of your pension are therefore not included in the new scheme. What you will get will depend on the contributions, the return on the investments and the level of the interest rate when you retire.

The social partners want a good pension for everyone. This aligns with the social partners' wish that the new scheme offers you a chance of a pension with greater purchasing power. That is, a pension that can keep up with rising prices better than it does now.

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 always show you how much money is in your pension pot. And how much pension you are likely to receive in the future. You will also see what has been arranged for your partner and children 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 When you retire

Not everything is changing with the new rules. The strong points will remain. You will receive a state pension from the government and, on top of that, a pension from us. Also good to know:

You make your own choices

Did you know that you have a lot of choices to make for your pension? For example, when you will retire: before, on or perhaps after your state retirement age. You can also partly retire. And you can start with a higher or lower pension amount. All these choices will remain. This way, you yourself can make sure that your pension is compatible with your lifestyle.

You will receive a pension for as long as you live

You are going to receive a pension from us every month. This money will come from the pension pot you have built up. 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.

A pension that can increase more easily

When you retire, the amount you receive can only be increased or decreased 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.

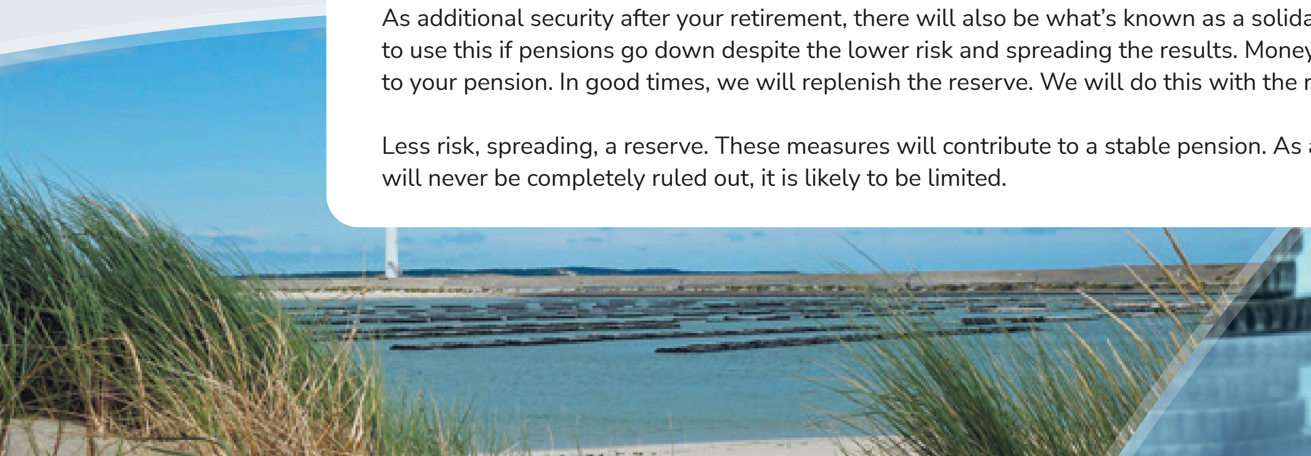
A pension with additional security

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.

To start with, we will take less risk for you after your retirement. 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 after your retirement, 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.



2.3 When things go wrong in life

We hope, of course, that you will retire in good health, and that you can enjoy your pension for years to come. But sometimes things go wrong in life. That's when it's nice to know that everything is well organised for you and any family you have.

Security for your partner

When you die and you have a partner, your partner will receive a benefit from us: the partner's pension. Under the new scheme, the partner's pension in the event that you die before your retirement is shaped differently. The partner's pension that you may have already accrued under the old scheme will be retained. So, you won't lose anything and in most cases you will even get a little extra. It will work like this:

- **While you are working in this sector**
  When you die, your partner will receive 20% of the salary that counts towards your pension, plus the partner's pension that you may have already accrued under the old scheme. Together, these will form the lifelong partner's pension. This means that your partner will receive a monthly benefit for as long as he or she lives.

  In addition, your partner will receive a temporary benefit of 5,000 euros per year. As long as you still work, this amount will increase each year in line with wages in the sector. When you die and the benefit starts, the amount for your partner may be increased or decreased once a year, just like the lifelong partner's pension. This temporary benefit will stop as soon as your partner reaches the state retirement age.

- **When you retire**
  When you retire, the partner's pension will be 50% of your own pension as standard. Just like now. But you can also make a different choice. If you do not have a partner when you retire, your own pension will automatically increase and there will be no partner's pension.

Your partner will receive the partner's pension for as long as he or she lives. 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 children

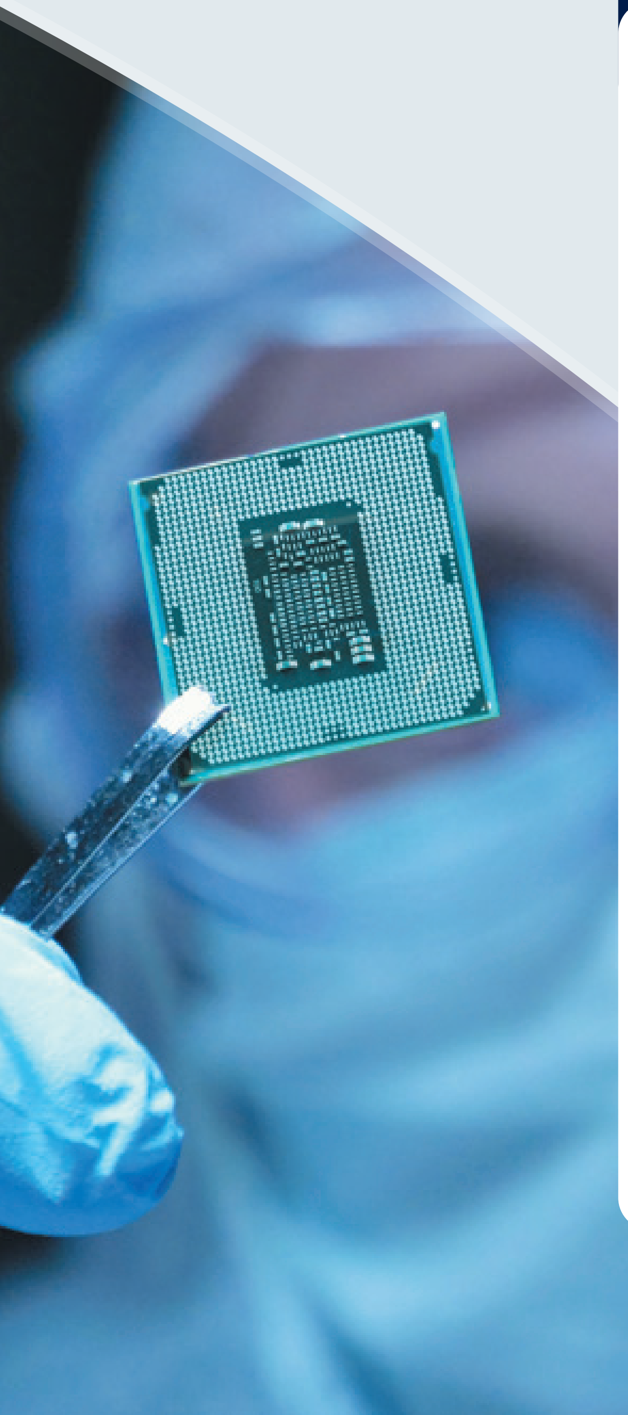
When you die and you have children, your children will receive a monthly benefit from us: the orphan's pension. Each child will receive 10% of the salary that counts towards your pension. If the other parent has also died, then each child will get 20%. In addition, your child will receive the orphan's pension that you have already accrued under the old scheme. The benefit will stop when your child reaches the age of 25.

The monthly amount for the orphan's pension may also be increased or decreased once a year from the start. This will work in the same way as above.

Security if you are no longer able to work

If you become occupationally disabled, your pension will continue to accrue. But you won't have to contribute money to it yourself anymore. We will take this over. The amount that PME pays will depend on the degree of your occupational disability.

If you die while you are occupationally disabled, then too your partner and children will be able to count on a benefit. Quite a relief.



2.4 Other aspects of the scheme

If you want additional security for your partner

Under the new scheme too, you can opt for a temporary additional partner's pension. You will then pay a monthly premium for this insurance. 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 have a high salary

You will accrue a pension on your salary as standard up to the salary limit. This is 89,382 euros in 2024. What if you earn more? Then it will be possible to accrue a pension on the higher part as well, up to the maximum tax-deductible amount. In 2024, this maximum is 137,800 euros. Your employer will decide whether or not this will be offered to staff, whether it will be offered through PME or elsewhere, and whether or not you will pay a contribution, just like with the ordinary pension.

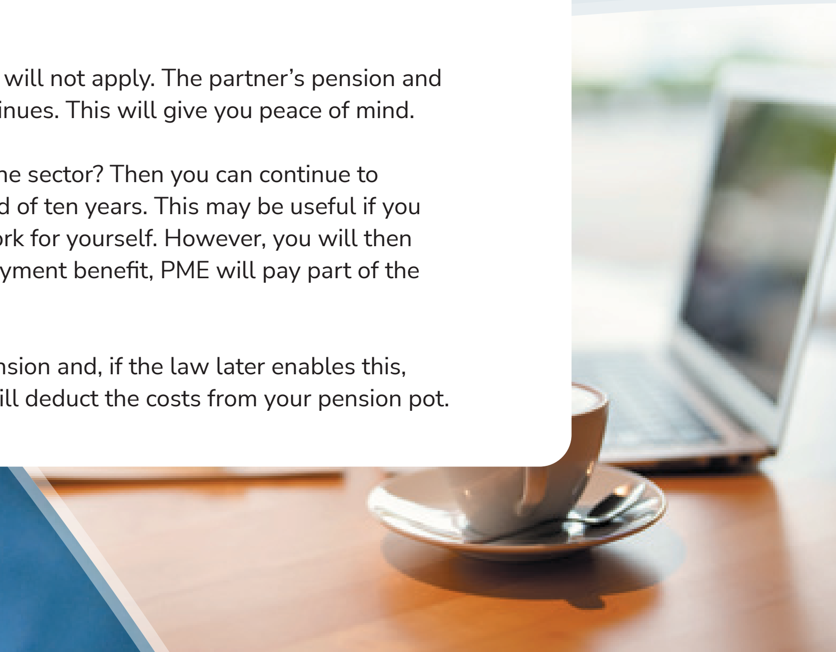
If you leave the sector

What if you leave the sector? The insurance for the partner's pension and the orphan's pension will continue for a maximum of six months, without you having to pay for it. If you find something new within those six months, the insurance with PME will end automatically. Make sure you check whether you are also accruing a pension with your new employer, and whether the partner's pension and orphan's pension are properly organised there.

If you are receiving an unemployment benefit, the six-month period will not apply. The partner's pension and orphan's pension will remain insured for as long as the benefit continues. This will give you peace of mind.

Do you want to keep accruing a pension with PME after you leave the sector? Then you can continue to participate in the scheme on a voluntary basis for a maximum period of ten years. This may be useful if you do not have immediate prospects of a new job, or if you begin to work for yourself. However, you will then pay the entire contribution yourself. If you are receiving an unemployment benefit, PME will pay part of the contribution.

You can also opt to continue only the insurance for the partner's pension and, if the law later enables this, the orphan's pension. Just let us know. From that moment on, we will deduct the costs from your pension pot.



3

Pension **conversion**

All pensions will be transferred to the new scheme. That means the accrued pensions of people who are still working, like you, and the pensions of people who are already drawing their pension. This is called conversion.

3.1 Why convert?

PME manages a large pot of pension money amounting to tens of billions of euros. This includes the money of everyone who has a pension with PME. Under the new scheme, we will convert this large pot into more than half a million different pension pots. You will have a pension pot too. We will calculate the exact value of the pension you have accrued.

The social partners have several reasons for opting to convert. 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, PME will no longer need to have any additional buffers. This will make it easier than it is now to raise pensions. It's nice if you can benefit from this with your entire pension, including the pension you have accrued in the past.

Imagine if the accrued pension money weren't transferred. Then the old rules would continue to apply to that part of your pension. And the new rules would only apply to your new pension accrual. In that case, it would be difficult to increase pensions in the coming years.

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 your entire pension. You will be able to see at a glance what you have built up and what you are likely to receive in the future.

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, once you retire, the amount of your 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 the pensions of people who have already retired from going down, or to prevent your pension pot from falling below zero. If we can fill the reserve enough during the conversion, there will likely be no reductions for people who are drawing a 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 people at a disadvantage

We invest the monthly contribution. The contribution of a younger employee yields more than that of an older employee. That's because we can invest for longer with the contribution of a younger person. Under the old scheme, younger people did not derive any advantage from this situation: everyone built up the same pension entitlement. As a result, younger employees contributed to the pension of older employees. That was not a problem as long as people continued to work for the same boss and, in the long run, they too would benefit from this themselves. But times have changed. These days, people switch jobs more often, work less or start to work for themselves. That is one of the reasons why the rules have changed.

Under the new scheme, things will work differently. The younger you are, the more pension you can expect for each euro contributed. That money will remain yours; it will no longer flow partly to the older group. We are keen to eliminate that disadvantage as best we can for the latter group. This is why these people will receive a one-off additional amount in their pension pot. This will enable us to maintain their expected pension as much as possible. If this applies to you, you will automatically be informed about this.

Maintaining your expected pension

The social partners want your expected pension to be maintained as much as possible. The aim is that, immediately after the conversion, you will therefore be able to count on at least as much pension as immediately before the conversion. The amount needed for this will be transferred to your pension pot. The same applies to people who are already retired. Their 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 your expected pension will increase at that time, and that everyone who is already retired will receive a higher pension.

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 who are disadvantaged by the transfer will be compensated in part. The value of your pension pot will fall by a few per cent. Your expected pension and the pensions that people are already receiving will remain the same.

Between 104% and 106%

We will fill the solidarity reserve to the minimum level. Employees 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 value of your pension pot 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 who are disadvantaged by the transfer will be compensated in full. The value of your pension pot 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 who are disadvantaged by the transfer will be compensated in full. The value of your pension pot will increase by several per cent.

Between 120% and 125%

We will be able to carry out all the above points. The value of your pension pot 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 clarifications on: • The expected return on investment • The functioning of the old scheme • The way the partner's pension and orphan's pension will be determined under the new scheme

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