How do we ensure proper implementation of the new pension

Implementation plan for the Future of Pensions Act

nationale nederlanden

For whom is this plan
You will start an investment pension under the new pension rules

4333-40.2312

Dear pension scheme participant,

The new Future of Pensions Act (*Wet toekomst pensioenen*, or Wtp) stipulates that every pension provider must draw up an implementation plan.

In this implementation plan, we as Nationale-Nederlanden demonstrate that we are well prepared for the new law and that your pension is still in good hands with us. The plan tells you how we will handle your accrued pension entitlements and your pension rights.

We previously sent the implementation plan to *De Nederlandsche Bank* (the Dutch Central Bank, or DNB), which has the role of regulator. This means that DNB will ensure that what we write down in the implementation plan does in fact demonstrates that we can implement the new pension rules properly and responsibly. Since the plan DNB received from us is full of technical details and pension theory, we have created an easy-to-read version for you as a pension participant.

Do you have any questions?

Please do not hesitate to contact our Pension Customer Service. You can call us every working day from 8am to 5:30pm on +31 (0)88 663 60 00. You can also ask your question at nn.nl/mijnpensioenvraag.

Kind regards,
The employees of Nationale-Nederlanden Pension

What will this plan tell you?

Below you can read the meaning of certain difficult terms used in this plan. They are terms that suit pensions, but may not be familiar to you. The terms are in alphabetical order.

Investment pension (your Uniform Pension Statement says contribution agreement)

A pension where the amount of the contribution is certain, but the pension benefit is not. We invest the pension contributions for your pension. When you retire, you buy a pension benefit yourself from the value of your investments. The amount of your pension benefit after the retirement date depends, among other things, on the value of the investments at the moment you buy your pension benefit and the interest rate at the time. With an investment pension, the partner's pension and orphan's pension are always insured on a risk basis in the event of your passing away before retirement date, see the term further below at letter P.

Compensation in salary

You may find that switching to the new pension allows you to accrue less pension than in the old pension scheme. Your employer may give you an allowance for this as compensation, in the form of extra salary, for example. You can use that money to accrue more pension.

Guaranteed pension (your Uniform Pension Statement says benefit agreement)

A pension where the amount of the pension benefit is fixed after retirement date. With a guaranteed pension, the partner' s and orphan's pension may be insured on an accrual basis or on a risk basis in the event of your passing away before the retirement date, see Partner's pension below. The Pension 1-2-3 of your old pension shows what applies to you.

Pension participant

You have a pension with Nationale-Nederlanden. This could be a pension that has accrued and/or will accrue for you with us. Even if you receive pension benefits, you are a pension participant.

Transitional right

You and your employer pay a contribution for your pension. That contribution is a percentage (%) of the part of your salary on which you accrue pension. If your employer opts for the transitional right, you will continue to accrue pension with a contribution rate (%) that increases as you get older. The amount of the contribution is thus linked to your age. The contribution may also go up or down if, for example, your salary changes.

Flat contribution

The contribution paid for your pension is a percentage (%) of the part of your salary on which you accrue pension. Under the new rules, this is a 'flat contribution': the contribution rate (%) remains the same as you get older. However, the pension contribution in euros may go up or down, for example if your salary changes.

2. Our pension schemes and how they are compliant with the new pension rules

Nationale-Nederlanden has several pension products. If you accrue pension through your employer, you will have to switch to a pension product that complies with the new pension rules by 1 January 2028 at the latest. These rules are stipulated in the Future of Pensions Act.

Personal Pension Plan

We offer one pension product that complies with the new pension rules: the Personal Pension Plan.
This implementation plan therefore only applies to this pension product.

The Personal Pension Plan is an investment pension, with a default 'flexible contribution agreement'. Your employer may include an option in the pension scheme that we call 'pension click'. This allows you to buy a fixed pension as early as 15 years before the state pension date with (part of) the contribution and/or accrued value. According to the new pension rules, in that case we use the term ‘administration contribution agreement’.

Two options for switching to the new pension rules

The Personal Pension Plan has two options to comply with the new pension rules. The two options boil down to the following:

1 A pension scheme with transitional rights for existing participants

Are you already participating in a pension scheme with your employer and does that pension scheme have a contribution rate that increases as you get older? If so, this will remain unchanged in the first pension scheme. This is what we call the transitional right. When you first join the scheme, you pay a percentage of your salary. That percentage remains the same until the end of the scheme. We also call this 'flat contribution'. Flat because the level of the rate remains the same over the life of the scheme and is not related to your age.

2 A pension scheme with flat contributions for everyone under the new pension rules

With the second type of pension scheme, it does not matter whether you are already participating in a pension scheme with your employer or whether you are joining for the first time - everyone pays a 'flat contribution'.
You may find that switching to the new pension allows you to accrue less pension than in the old pension scheme.
Your employer may give you an allowance for this as compensation, in the form of extra salary, for example.
You can use that money to accrue more pension.

3. How to prepare for the new pension rules

To offer you the best possible service, the new pension rules require us to make quite a few changes. Think, for example, of the letters and e-mails we send you and the portals you can use to view your own pension and communicate choices. We also need to update the IT system in which we keep track of everything about your pension. And, of course, we need to prepare our own people well for everything that's new so that the handling of your pension goes smoothly, such as when you get married, for example.

To properly prepare you as a pension participant, your employer and their adviser for the transition to the new rules, we launched a major project as early as 2020.

Colleagues from different departments are working closely together to complete all the different parts on time. For example, we have been helping advisers with sample calculations of possible pension outcomes under the new pension rules since summer 2022.

With those sample calculations, an adviser can explain to your employer how a new pension scheme will work out for you and your colleagues. Your employer can make all kinds of choices in the pension scheme and the adviser can show how those choices will work out.

Now that the new pension rules are official, your employer can choose a scheme with us under the new pension rules if it takes effect from 1 January 2024 or later. From then on, we should be able to process and manage any adjustments to your pension without a hitch; again, think of the example of getting married.

4. Careful choices and decision-making

We have carefully studied the new pension rules and determined what we all need to do in order to administer your pension correctly and properly and, of course, pay it out to you. This is detailed extensively in several documents, with many colleagues co-writing those documents and a separate group reviewing it all. Only when everyone agrees, is a document truly finished and approved. In turn, we use those documents to know all the things we need to change about our IT systems.

Most importantly for you, if you already have a guaranteed pension or already have an investment pension, previously accrued pensions will not change due to the switch to the new pension rules. However, your employer can choose that for each pension participant, the value of the investments in your current investment pension will be merged with the new pension accrual under the new pension rules.

We offer employers a five-year pension contract as standard. After this period, the agreements between your employer and us end and your employer can once more sign a new contract with us with a modified arrangement, if necessary. It makes more sense to make the transition to the new pension rules coincide with the moment your employer renews their contract with us. Your employer can also convert an investment pension earlier., for which we will not charge any extra costs.

5. How do we ensure that everything runs smoothly

The preparations and adjustments to implement pension schemes under the new pension rules is a huge undertaking. We do our utmost to do so well and also keep in mind that sometimes things can go wrong. To be prepared for this, we have figured out what risks there might be.

Assess risks in advance and take measures

We asked ourselves several questions in order to assess risks. For example, do we run the risk that certain adjustments to an IT system are more work than expected? Have we properly understood all the new pension rules and incorporated all the adjustments on time? And do we have enough experienced people to make all the adjustments in time? For each risk, we estimate the probability of it happening and how bad the consequences are if it does happen. In doing so, we rank all the risks

and then devised measures to prevent or reduce the impact of the risks. Compare this with the following: Going on a trip? Then you will have undoubtedly at one time double or even triple checked that you really do have your passport with you. You don't want to risk not having your passport with you, right? Surely, after two or three checks, the risk is definitely small enough or simply no longer exists.

We are aware of the risks we face and, even though a risk does not need to materialise, we have taken all kinds of measures to ensure two major adjustments go well. Firstly, that we can offer your employer a quotation under the new pension rules from 1 October 2023 to be processed in our records thereafter. And, secondly, that we can give sufficient time and attention to both existing pension schemes and the new pension schemes.

Technical feasibility of the new pension scheme

We are adapting various portals and IT systems on account of the new pension rules. We took a very close look at what these adjustments would be, how much time they would take and when we would make the adjustments. In doing so, we do almost everything ourselves and are therefore not dependent on others. As mentioned earlier, the next most important steps are to provide an online offer that complies with the new pension rules and to manage that scheme for you and your employer - including all associated communications.

6. Data and data quality

It is very important that the data we keep about you is accurate and remains available. Will my details be transferred correctly when switching to a new scheme and will the value in my pension turn out well?

Fortunately, with us, this is actually hardly different from the way we are already used to doing things when continuing or changing a pension scheme unchanged. This is mainly because with an insurer, there is no 'clawback'; previously accrued pensions are not split between personal pension pots, because you already had your own pension. We therefore run no additional risks regarding the accuracy of your details because of the new pension rules.

We have already taken all kinds of measures in our systems to prevent incorrect details. And we furthermore have all kinds of checks that detect incorrect details should they be present. That way, we can correctly inform you about what the new pension rules mean for your pension and what changes they might entail for your pension that is still to be accrued.