



news about your pension

december 2020

Reduction in pension in 2021 still a possibility

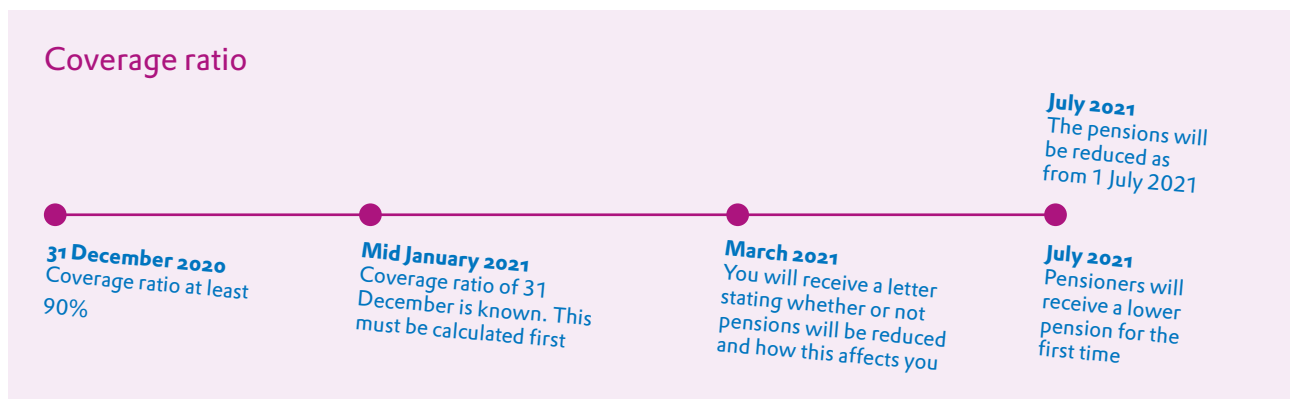
Our financial situation is worrying at this time. As things stand, we might still have to reduce accrued pensions in 2021. We do not yet know by which percentage the pensions must be reduced, as this depends on the coverage ratio on 31 December 2020. This ratio must be at least 90%.

What does a reduction mean?

Suppose our coverage ratio is 86% on 31 December. Then we would have to reduce accrued pensions by about 4.44%. If you currently receive a pension, or will receive a projected pension, of EUR 500 gross per month from VLEP, your pension would be reduced to EUR 478 gross per month.

When will I hear from VLEP?

In mid-January we will know what our coverage ratio was on 31 December 2020. We will then immediately publish a news report on our website and send a digital newsletter to your employer. If we have to reduce accrued pensions, we will send you a letter in March. That letter will state both a percentage and an amount, so that it is clear how the reduction will affect your pension.



“This is a decision that no one wants to make”

“A reduction in pensions is a last resort. As things stand, it is still possible that we will have to take this decision next year. This is very difficult for us”, said chairmen John Klijn and Jaap Schepen. “Our financial situation has been worrying for some time. Unfortunately, the recovery has fallen short of expectations. This is mainly due to the long-term low interest rate. We have achieved nice results on our investments and are keeping a close eye on the costs. But as things look now, this is not enough.”

Is it even fair to reduce pensions?

A reduction in pensions will affect everyone. We will reduce the pensions of those who are still accruing a pension, who have done so in the past and who are already receiving a pension from us. That last group's pockets will be hit immediately by the reduction. It is good to know that a reduction will only apply to the pension you have accrued with us. It will not affect your state pension.





nieuws over uw pensioen

Will this reduction in pensions bring the coverage ratio back to an adequate level?

Unfortunately not. Pension funds must have a 90% coverage ratio by the end of 2020. This is a temporary measure due to, among other things, the coronavirus crisis. Pension funds must actually have a higher coverage ratio. For VLEP, it must be at least 104.4%. This means that even if the pensions are reduced in 2021, the coverage ratio will still be much too low.

Why might VLEP have to reduce pensions while some other pension funds do not?

Each fund has its own specific characteristics. It is therefore difficult to compare funds and their coverage ratios. Pension funds make different choices that affect the coverage ratio. Each pension fund chooses an investment policy that is in line with its objectives, the average age of the participants and its risk appetite. In addition, the amount of the contribution and the pension accrual also affect the coverage ratio. In the past, VLEP built up smaller buffers compared to other funds, as we believe that your pension accrual is more important than high buffers. The main reason pension funds have run into trouble is the low interest rate. This affects all pension funds. Because VLEP did not have high buffers, it is now in a worse position than many other pension funds.

Other news

This newsletter contains a lot of information about our financial situation. We believe it is important to be honest with you, even if no final decisions have been made yet. We have more news for you.

New: download the app.

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With this app, you can see how much pension you will receive and how an early retirement will affect your pension.

Download the app now

- ◆ Log in with your DigiD.
- ◆ You will see your net state pension and other pension.
- ◆ Find out what extra savings or earlier retirement could mean for you.

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The pension agreement

The government has concluded a pension agreement with employees' and employers' organisations containing new agreements regarding pensions and the state pension. These agreements are intended to make the pension system more transparent and personal. Not everything is clear yet, much remains to be fleshed out in the Act. So, nothing changes for now.

The planning is as follows:

- ◆ 2020-2021: Bill for Dutch House of Representatives. If the Dutch Senate and House of Representatives approve the bill, the new Pensions Act will take effect. This is expected for 1 January 2022.
- ◆ 2022-2023: Employees' and employers' organisations will make agreements regarding VLEP's pension scheme based on the new legislation.
- ◆ 2024-2025: If employees' and employers' organisations have made agreements, all pension funds must still 'translate' these rules into the pension scheme rules. The new pension scheme will take effect no later than 1 January 2026.