



news about your pension

march 2019

What steps will VLEP potentially have to take in the upcoming period and why?

"Of course, the best thing for everyone would be if we could increase all pensions every year. But unfortunately, in recent years we haven't been able to do that," says Jaap Schepen, employer chairman of VLEP. Every year, he sits down with the other executives of VLEP to look at whether there is enough money to increase the pensions. "The low interest rate is one of the reasons why we haven't been able to raise the pensions for a few years now. And soon we might even have to reduce them." In this newsletter we will explain what's going on.

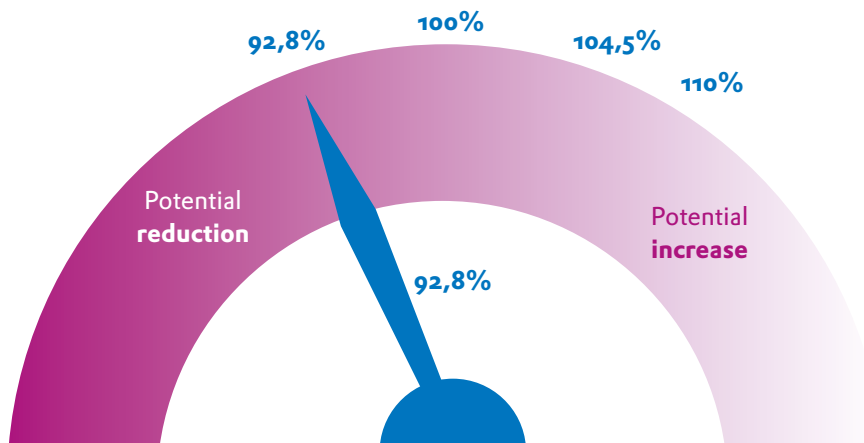
Will VLEP be lowering the pensions?

"Well, the chance of that has gone up," says Schepen. "We would really like to let the pensions grow with the cost-of-living increase. But unfortunately, our financial situation is precarious. This is primarily due to low interest rates and arrangements made in the law that apply to all pension funds. There has also been more volatility on the share markets. For example because of the trade war between the United States and China and the floundering Brexit negotiations. It's very troubling to us that we haven't been able to let the pensions keep up with the cost-of-living increase for years now, and that at this point we're even looking at lowering the pensions. Everyone on the board is really losing sleep over all this. And we truly consider lowering the pensions to be a last-resort measure."

Where are we at now?

Our cover ratio needs to be at least 104.5% on 31 December 2020. If it's not, we'll have to lower the pensions in 2021. And we might even have to do that earlier, if calculations show before then that we won't be able to get our cover ratio to 119% within 10 years.

Cover ratio December 2018: 92.8%



What steps is VLEP taking?

We have already taken a critical look at possible measures, and one thing we've done is increase the premiums this year, again. If our financial situation is not good at the end of 2020, we will have to reduce the pensions. And we might even have to do that before then. A reduction would apply to everyone who is accruing pension now, who accrued pension in the past and who is now receiving pension benefits.





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When will VLEP make a decision?



When will I hear something?

If we have to lower the pensions, we will notify everyone by letter at least three months in advance. The letter will also state what the reduction will mean for the amount of your pension.

Why would a reduction be necessary?

The bottom line is that people are living longer, which means that we have to pay pension for a longer time. Another thing is that interest rates have been low for years. To make sure that people starting to accrue pension now will have pension down the road, we need to have a lot of money in our piggy bank. More or less, it's the same as with your own savings account.

- ▶ To take an example: let's say you're going to need €1000 in your savings in 20 years. If interest rates are 0%, you need to have that €1000 right now. If interest rates are 3%, you need to have €554 now to get that €1000 later. It's the same thing for us.



Other news

This newsletter contains a lot of information about our financial situation, because we consider it important to be upfront with you. But we have other news to tell you about, too.

Your say matters!

Do you want to have a say in how we invest your pension? Do you prefer socially responsible investments, or does it not matter? We'd like to hear your opinion.

Please apply by sending an email to vlep@actor.nl. We will choose the date and location on the basis of the applications we receive.

Amended VLEP pension regulations

Our pension regulations changed on 1 January 2019:

- ◆ You can find the accrual percentages and premiums applicable to you on www.vlep.nl/downloads.
- ◆ If you leave the industry, then your pension accrual with VLEP stops. If you have accrued less than €484.09, you take this pension with you to your new pension fund. To learn more, visit: www.vlep.nl/wat-moet-ik-doen-bij/werk/ik-ga-uit-dienst/.
- ◆ The government has decided that many small pensions of less than €2.00 are automatically cancelled when you leave the sector.