

Q+A Supplementary pension

What provisions are there when you retire?

When you retire you need a basic income. You will receive a lifelong basic income from the government according to the Dutch General Old Age Pensions Act (AOW) when you are 65. In addition to the state pension benefit, you may receive an occupational pension benefit from your employer(s). You may also be entitled to a benefit paid out by an insurance company or bank on the basis of your personal pension provisions.

General Old Age Pensions Act (AOW)

The Dutch General Old Age Pensions Act (AOW) provides for basic state pensions for people aged 65 and over. In principle, all residents of the Netherlands between the ages of 15 and 65 are insured under the AOW.

Occupational pension scheme

Occupational pension schemes serve to supplement the AOW scheme. If your employer has made a pension commitment, the pension scheme covers all employees of the company or industry/branch. A pension fund or an insurance company (a *pension provider*) is responsible for the management of the pension contribution from you and your employer. Information about your pension rights is best obtained from your pension provider.

Private pension provisions

You can opt to supplement your old-age pension by arranging individual pension provisions with an insurance company or bank. There are a number of options in this regard. Additional premium provisions can be arranged through annuity insurance or endowment insurance encouraged by tax reductions, or by saving or investing. If you expect a pension deficit due to gaps in pension accrual, it would be best to seek advice from a financial expert.

Self-employed

If you are a self-employed resident you are automatically insured for an AOW state pension. As you are self-employed, you are not linked to an employer and therefore cannot participate in an occupational pension scheme. You therefore have to see whether it is necessary to supplement your AOW pension with individual pension provisions. You can also add a percentage of your company's profit to the special tax allowance for the self-employed each year. The tax authorities will take that amount into account in your tax return and tax payment over that amount will be deferred.

Early retirement scheme (VUT) and pre-pension

Tax advantages of early retirement schemes and pre-pension schemes were abolished as of 1 January 2006 to encourage older workers to stay in the workforce until retirement age. Existing early retirement schemes may be continued for employees who were 55 and over on 1 January 2005.

Determining your pension rights

If you want to know how much money you will start receiving once you have reached retirement age, you can consult your pension provider or the website www.pensioenkiijker.nl (Dutch only). Annually, your pension provider(s) will send you a review of your pension entitlements on the basis of which you can determine if you will have enough income to live

on when you are retired.

How is your employer`s pension scheme built up?

Pension arrangements are made in many different ways. In the Netherlands, the basic agreement should be either a *defined benefit* (DB) plan, an agreement for the payment of a capital sum, or a *defined contribution* (DC) plan. In DB benefit plans, benefits are based on a formula linked to income before retirement (final pay plans) or on average earnings over the accrual period (career average plan) and length of employment. A DC benefit plan is a pension scheme by which benefits are based solely on the amount contributed to the plan by your employer or by you and any return on that investment. When you reach your pensionable age the total amount accrued will be converted into benefits or an annuity.

- If pension benefits are linked to income before retirement, then the pension scheme is a **final pay plan**. Your pension benefit is a certain percentage of your final salary before you retire. In many schemes that will be 70 percent, assuming that you have had a working career of 40 years.
- If pension benefits are linked to lifetime average earnings, then the pension scheme is a **career average plan**. In a career average plan, your pension rights are linked to income in a specific year.

The AOW pension benefit is included when calculating your occupational pension benefit. AOW and occupational pension benefit together usually amount to 70 percent of your final salary.

Note: trade unions and employer`s organisations represented on the management board of the pension fund jointly decide on changes in your pension scheme. They are obliged to inform you of the consequences of any change in regulations for your pension benefit.

Which events could affect your employer`s pension scheme?

Occupational pension schemes vary widely. This applies to the monthly pension contributions and the payment conditions. You should bear in mind that certain changes in your life could affect your pension rights.

This certainly holds true for:

- a new or different job with, consequently, a new pension provider;
- a change in the relationship with your partner;
- a lengthy stay abroad;
- occupational disability;
- redundancy;
- moving house or emigration;
- giving up work or retiring;
- the death of your partner.

The consequences of these changes for your pension entitlements could vary per pension provider. You should therefore check the conditions in your pension plan in order to prevent any unpleasant surprises in the future.

If you still have any questions, you should contact your own pension provider.

Are you building up enough pension rights?

A full pension means a pension of 70 percent of your salary, consisting of a benefit according to the General Old Age Pensions Act (AOW) and a supplementary pension. A period of 40 years is generally considered to be necessary for building up a maximum supplementary pension.

Whether a pension of 70 percent of your salary is enough depends on what your needs will be after your retirement. What will your domestic situation be when you retire? What expenditures do you have and what else do you want to spend your money on? Do you receive any other income from insurances or investments? Have you got a partner with an income?

When you have listed your personal situation and your wishes, you can assess whether a pension of 70 percent of your salary will be enough for later. It is best to seek advice from a financial expert.

What are the causes of an inadequate pension?

Your pension will be inadequate if you do not build up a full pension. That could be the result of:

- an incomplete AOW;
- not enough years of service;
- an employer without a pension scheme;
- non-transferability of pension rights (by changing jobs);
- period of leave;
- lower pension through swap;
- early retirement;
- divorce.

What is transferability of pension rights?

The value of your pension rights is fully transferable when you change jobs. Otherwise, if you change jobs many times you will have pension entitlements with different pension providers and possibly lose all track. However, you are not obliged to transfer your pension entitlements to the pension provider of your new employer. If you leave your pension value behind with the pension provider of your previous employer (deferred pension rights), this provider will pay out later. There is a legal requirement to index pension rights of people leaving a pension scheme before retirement in exactly the same way as pensions in payment are indexed.

Note: transfer of pension value is not always advantageous. It would be best to ask your pension provider what the consequences of the transfer will be for you.

Indexation

Indexation is the method by which pension benefits are adjusted to take into account changes in the cost of living (e.g. prices and/or wages). An inflation-proof pension is adjusted to price increases and an index-linked pension is adjusted to wage increases. Pension providers are under no indexation obligation.

What happens with your pension rights when you change jobs?

When you change jobs, you have the choice to transfer the value of your pension rights to the pension provider of your new employer or to leave your pension rights behind with your previous pension provider. This provider will pay out on your pensionable age. What you choose depends on a whole range of factors. You can find more information on the website www.pensioenkiijker.nl (Dutch only).

Do you build up a pension when you become (partially) unfit for work?

There are pension schemes that arrange for your pension accrual to continue when you become (partially) occupationally disabled. For the part that you are able to work, you pay your pension contributions yourself. For the part that you are unable to work, you do not need to pay contributions. Disability pension is supplementary to occupational disability benefits (Work and Income according to Labour Capacity Act). It is important to check what the arrangement is for dispensation of payment of contributions in your pension scheme in case of (partial) disability.

Do you build up a pension when you become unemployed?

Under certain conditions, it is possible for your pension accrual to continue when you are unemployed. On the basis of the Supplementary Pension Insurance Scheme (FVP), you must be 40 years or over on the first day of unemployment. However, from 1 January 2011 if you become entitled to a benefit according to the Unemployment Insurance Act (WW), you will no longer be eligible for a FVP benefit. If you were entitled to a WW benefit earlier than 1 January 2011 then you may still be eligible for the FVP scheme. The FVP scheme is administered by the Social Insurance Bank (SVB). You will find more information on the website www.svb.nl.

What happens to your pension when you die?

Not every occupational pension scheme includes a partner's pension. If there is an arrangement for partner's pension, however, this benefit will be paid out to your next of kin. Sometimes, the benefit is linked to the state old-age pension and depends on your salary and maximum attainable number of years of service (accrual basis). But not all pension schemes link the amount of partner's pension to the old-age pension. There is an important distinction

between partner's pension on an accrual basis and on a risk basis. Therefore, ask your pension provider whether or not there will be a benefit for your partner in the event that you die.

Where do you apply for your pension?

When you reach the age of 65, you must apply to collect your pension benefit from your pension provider. If you do not know where your pension capital is being administered, however, there are a few possibilities.

Your pension provider no longer exists

You still have a certificate of registration or a statement of your pension entitlements, but the pension fund or insurance company no longer exists under the same name. You can try to find old pension funds or insurance companies via the Dutch Central Bank (DNB). DNB cannot check whether you have built up pension rights with a company where you have been employed. Nog te vertalen: Op mijnpensioenoverzicht.nl kunt u zien hoeveel pensioen u hebt en bij welke pensioenuitvoerder (pensioenfonds of -verzekeraar). Ook ziet u wat uw nabestaanden krijgen als u overlijdt. AOW en pensioen die u al ontvangt, worden niet getoond. Wat u op deze website niet vindt, is wat u zelf voor uw oude dag hebt geregeld.

No certificate of registration and pension administrator unknown

You do not have a certificate of registration or pension statement, and the current name of your pension provider is unknown. Try to find out the name and/or address of that pension provider from your previous employer or colleagues, or ask your trade union whether it knows.

If you have a pension agreement with an insurance company, you could contact the Dutch Association of Insurers or the Citizens Advice Bureau (*Sociaal Raadslieden*) in your area. They will have a list of pension providers in your area.

No certificate of registration and unable to find previous employer and pension provider

You have no statement of pension entitlements and you cannot find your previous employer and pension provider.

- Enquire at the Chamber of Commerce and local government offices whether the company is now operating under a different name, has been taken over, moved or declared bankrupt.
- Try to find former colleagues.
- Enquire at trade unions whether the company was associated with an industry-wide pension fund.
- Enquire at employer's organisations.
- Enquire at the Dutch Central Bank (DNB), the Dutch Association of Insurers, or the Dutch Association of Industry-Wide Pension Funds.

More assistance

If this yields no results, ask for assistance at the Information Desk of the Dutch Central Bank (DNB) or the Help Desk for Lost Pensions of the Association of Industry-Wide Pension Funds.

What different types of pension providers are there?

The bulk of the accrued Dutch pension assets are administered by 651 pension funds (end of 2008). A limited proportion of pension assets are accounted for by so-called direct schemes. Instead of being administered by pension funds, they have been outsourced by 22,000 mainly smaller employers to insurance companies.

Company-specific pension fund

A company-specific pension fund may be linked to one or more companies, e.g. Philips, AHOLD and Heineken.

Industry-wide pension fund

An industry-wide pension fund may be linked to more than one branch of industry. There are non-mandatory pension funds, e.g. Public Transport Sector, Dutch Railways, and mandatory pension funds, e.g. ABP Fund for Civil Servants, the Metal and Electrotechnical Industry.

Pension funds for professional groups

These funds have to do with self-employed professionals within a particular profession, e.g. General Practitioners, Solicitors.

Insurance companies

Your employer can outsource your pension scheme to an insurance company. In case of a pension deficit, you can supplement your old-age pension by buying additional pension products with an insurance company or bank, which are – within limits – deductible from tax payments.

What is in the Pensions Act?

On 1 January 2007 the Pensions Act came into effect. The basic principle of this Act is that pension providers should always have enough funds to pay out your pension benefits, including a financial buffer for uncertainties. In order to safeguard your pension entitlements, strict requirements apply to your pension provider's capital.

Other legal obligations include:

- If your employer has a pension scheme, these arrangements cover all employees aged 21 and over.
- Lump-sum payment (surrender) of pension rights is not allowed. You can only receive lump-sum payment for small claims (i.e. less than €417.74 in 2009) for old-age pension benefits or partner's pension.
- Your pension provider must inform you about your pension entitlements. This information should also show whether your pension scheme qualifies as a DB agreement, a DC agreement or a capital agreement. In addition, the information must be expressed in a clear and understandable language. Annually, you will therefore receive an overview of your accrued pension rights together with a so-called indexation label. When changing jobs, this label will help you to make a choice of whether or not to transfer your pension value to your new pension provider.
- If you are no longer a member of the pension provider of your previous employer(s), you will receive information of your accrued pension rights once every five years.

The Dutch Central Bank and the Netherlands Authority for the Financial Markets (AFM) are independent supervisory authorities for the pension sector. AFM ensures that your pension provider treats you correctly and provides you with the proper information about your supplementary pensions. DNB is responsible for safeguarding the financial stability of your pension provider.

More information

- You can find more information about the surviving relatives pension on this site at [Surviving relatives pension: information for employees](#).
- The [website](#) of the Stichting Pensioenkijker (Dutch only) contains objective and non-commercial information about pensions.
- The Funding Continuation Pension Insurance Foundation (FVP) can in some cases provide allowances to limit the inadequacy of your pension if you become unemployed and are 40 or over. More information on the website of this Foundation: www.svb.nl.
- On the [Vrouwenpensioen](#) website,(Dutch only) you will find lots of information about pensions, primarily for women.
- The complaints procedure of your pension administrator will tell you how to lodge a complaint. If you fail to reach an agreement, you can contact the Pensions Ombudsman: [Ombudsman Pensioenen](#). (Dutch only)
- Op mijnpensioenoverzicht.nl ziet u, naast uw AOW, hoeveel pensioen u hebt en bij welke pensioenuitvoerder (pensioenfonds of -verzekeraar). Ook ziet u wat uw nabestaanden krijgen als u overlijdt. AOW en pensioen die u al ontvangt, worden niet getoond. Wat u op deze website niet vindt, is wat u zelf voor uw oude dag hebt geregeld.
- To collect pension claims you need to know with which pension administrators you have built up pension rights. Sometimes it is difficult to find out which pension administrator that was. The Association of Industry-wide Pension Funds might be able to help you. You will find more information here: [Opsporingsplan voor 'vergeten' pensioenen](#). (Dutch only)

In case of a divorce both partners are entitled to half of the old age pension accrued during marriage according to the Pension Settlement (Divorce) Act. But it is also possible to agree to a different settlement. You can find out more about this on the website of the ministry of Justice: [Ministerie van Justitie](#)

If you cannot find an answer to your question, you can ask the Postbus 51 Information Service by calling free number 0800 8051. The service is available on working days from 08.00 to 20.00 hrs. If you are calling from abroad, the number is +31 77 4656767 and the regular rate will apply. Your question will usually be answered immediately, though sometimes you will be referred to another government or non-government agency.