PDN
PENSIOENFONDS

The new pension. Also for you.

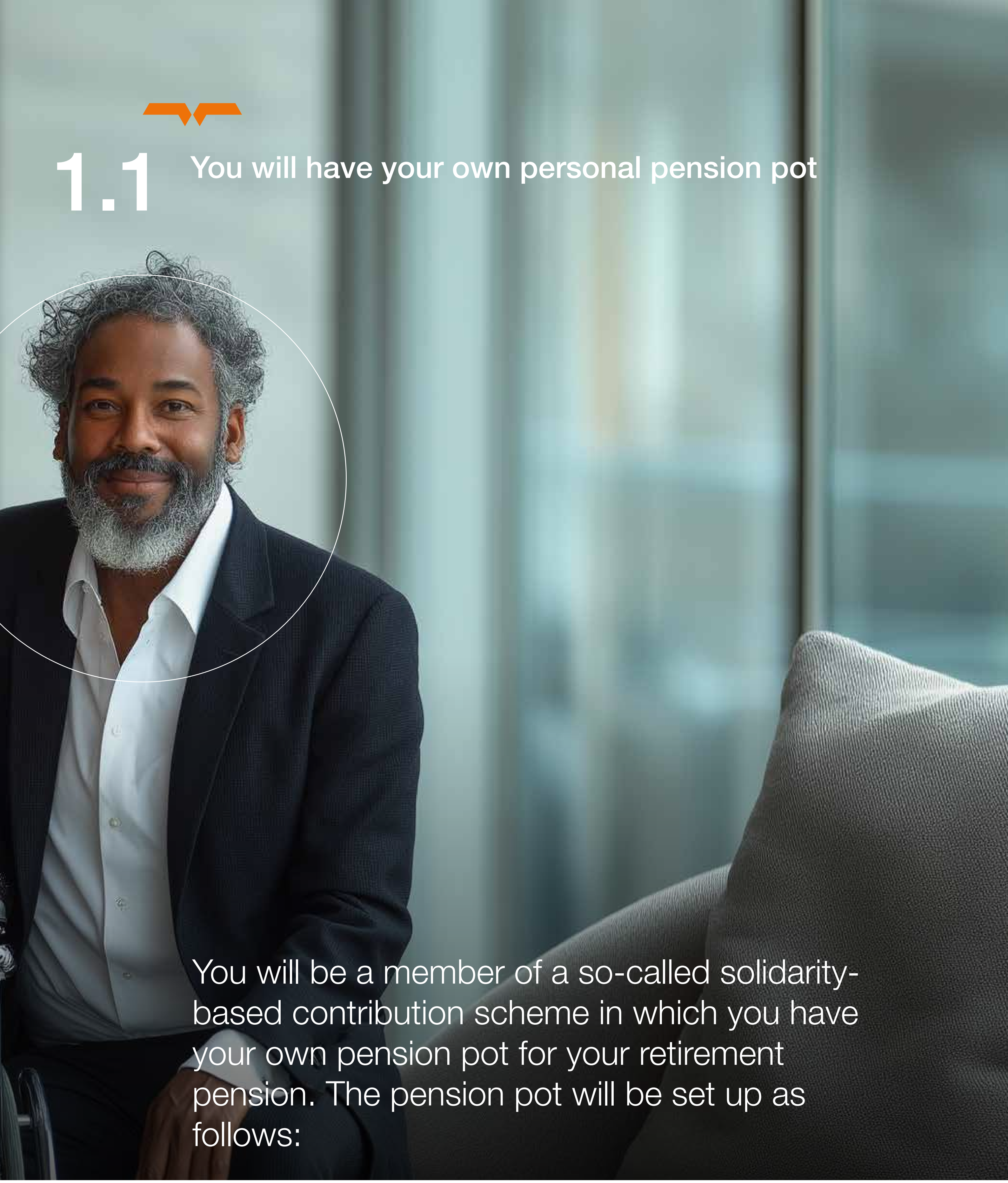
Our employers have made agreements with the unions or works councils regarding the new pension. They aim to ensure that the new pension starts on 1 January 2026.

These agreements also relate to those pensioners who are already receiving their pensions, which is why the pensioners were consulted via the Association of DSM Pensioners (VDP). The views submitted by the VDP were taken into account in designing the new pension and also resulted in adjustments to the new pension. You can read more about the right to be heard on our website.

It's now Pensioenfonds PDN's turn get to work on this. PDN must assess whether the social partners' agreements are balanced and are as fair as possible for everyone. PDN will also assess whether and how it can implement these agreements. The fund will need to continue working on this in the coming months and nothing will be finalised until this work is complete.

You can read here what these agreements are and what they mean for everyone who already receives a pension. That is everyone who
- receives a pension
- receives a partner's pension
- receives an orphan's pension
- receives a disability pension.

1 Your pension is changing



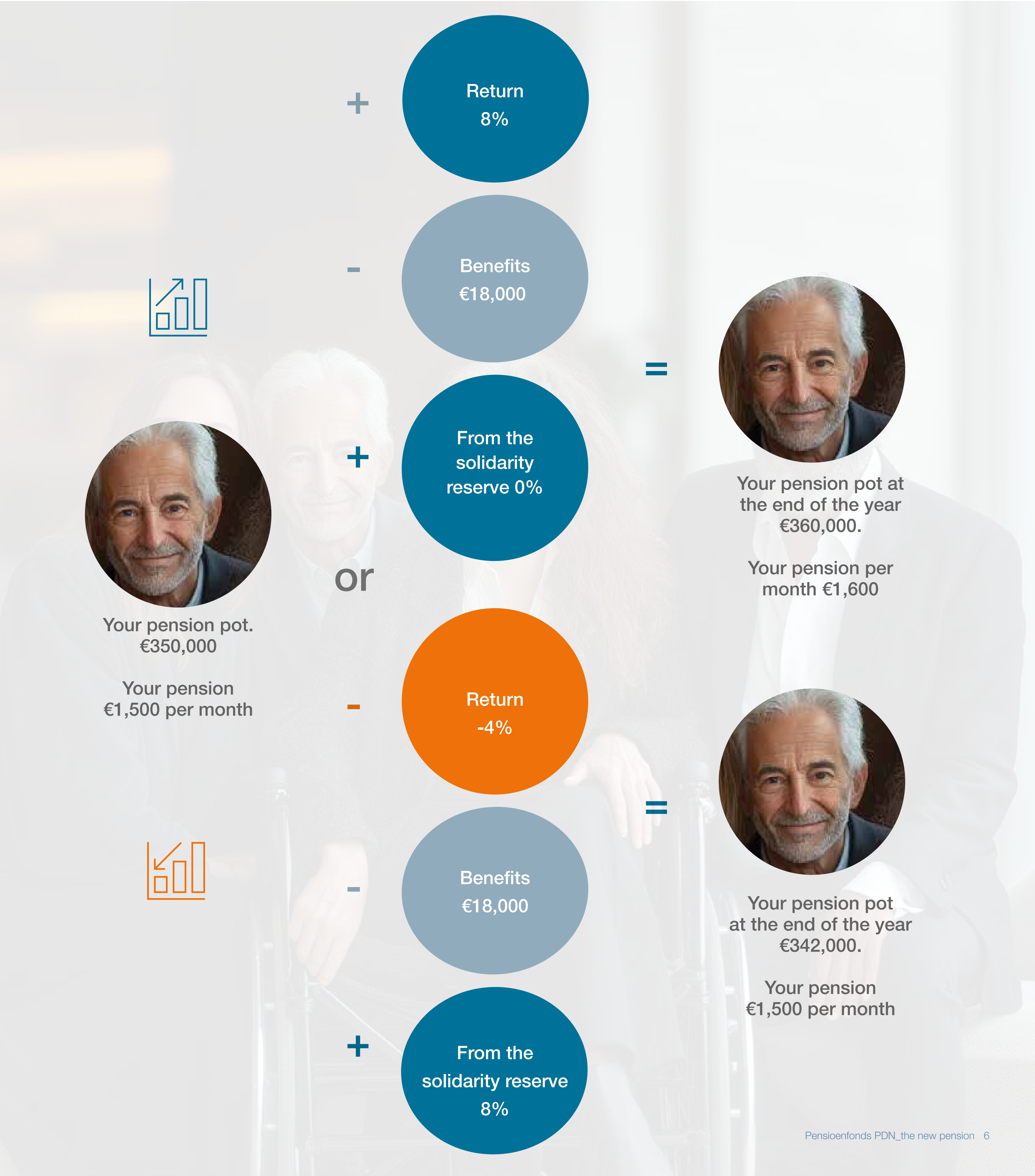
1.1 You will have your own personal pension pot

You will be a member of a so-called solidarity-based contribution scheme in which you have your own pension pot for your retirement pension. The pension pot will be set up as follows:

1. On 1 January 2026, Pensioenfonds PDN will calculate the value of your pension and will ensure that this value is transferred to your own pension pot.
   The fund will invest your pension pot together with the pension pots of all other members.

Total pension assets that Pensioenfonds PDN invests

2. Your pension will be paid every month from your pension pot. The investment results or returns achieved by PDN will be paid into your pension pot. The results can be positive or negative. If they are negative, an amount from the solidarity reserve can also be paid into your pension pot (see 1.3 'We will limit the risk of the value of your pension falling').



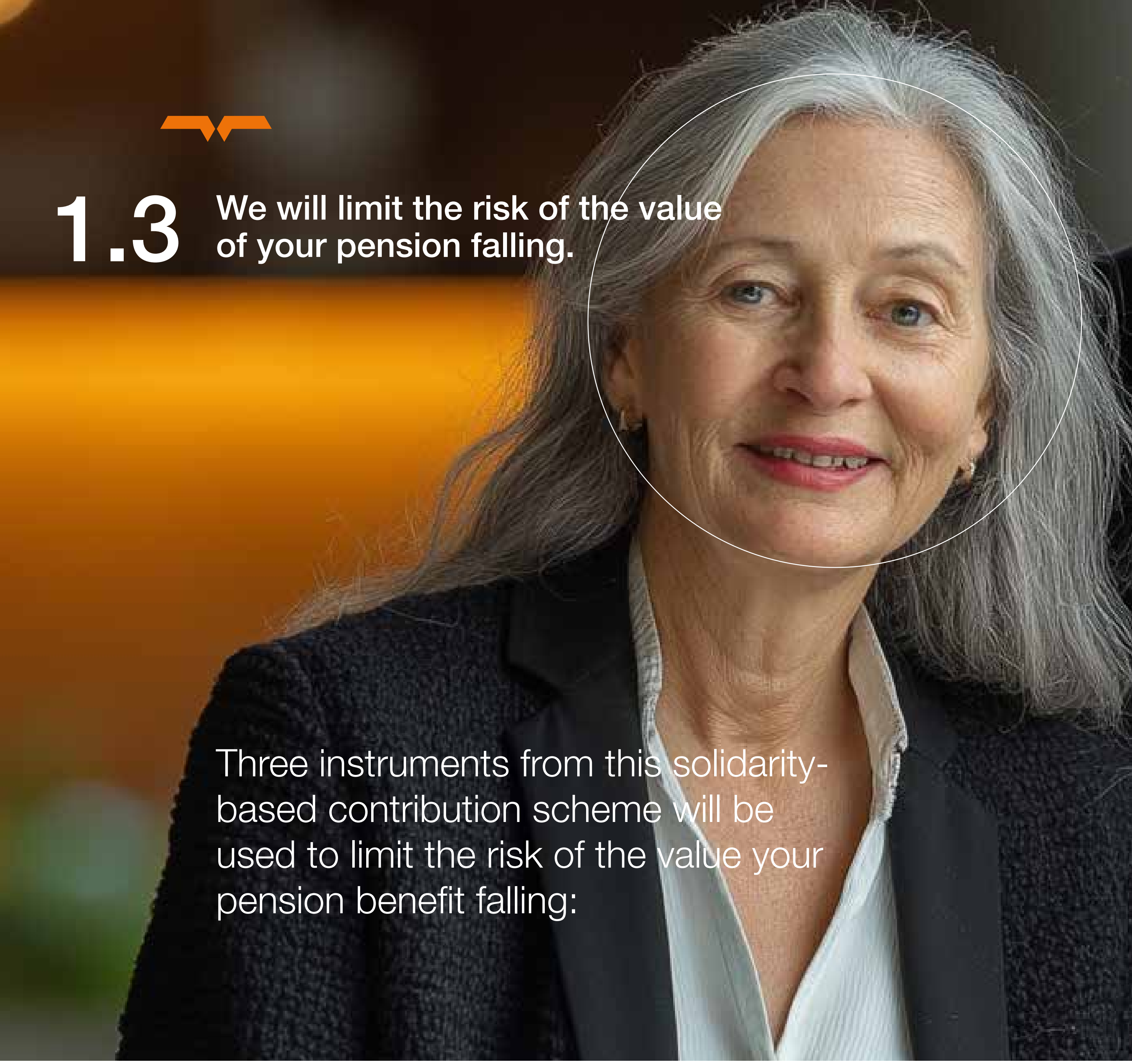
3. At the start of each year, PDN checks the level of your pension pot and which lifelong pension payment you can obtain with this. If the value of your pension pot has fallen, this does not necessarily mean that your pension payments will also be lower. Your pension will, however, move more in line with the economy. It is not possible for Pensioenfonds PDN to predict exactly how high your future lifelong pension payments will be, but we can say what you can expect to receive (expected scenario). The fund will also explain what your pension will look like in the event of prolonged poor economic conditions (bad weather scenario) and in the event of prolonged good economic conditions (good weather scenario).

4. Our pension pot can never run out, as we all share the ‘risk’ that you will live for a long time and will therefore need more pension payments than average.

1.2 We aim to ensure that your pension retains its purchasing power.

In the new pension, we expect that we will be better able to retain your pension’s purchasing power than with the current pension.

The social partners have asked Pensioenfonds PDN to implement an investment policy for pensioners to ensure that pensions remain in line with average price inflation in the long term. This request is in keeping with the pensioners’ risk appetite. In the 2023 risk preference survey, three quarters of pensioners indicated that they would accept a certain investment risk in return for a higher likelihood of investment returns being sufficient to retain purchasing power.



1.3 We will limit the risk of the value of your pension falling.

Three instruments from this solidarity-based contribution scheme will be used to limit the risk of the value your pension benefit falling:

1. The first instrument is the investment policy itself. PDN will ensure that the pension policy is aligned with pensioners' risk appetite. The risk appetite shows how much risk pensioners want to and can accept. We asked them about this in a survey, which we will repeat periodically.

   We will seek an optimal balance between achieving the best possible return and an acceptable risk, in line with this risk appetite. This balance differs per age category. For pensioners, it is important that the risk of negative investment results is not high as this can result in pension payment cuts. But the return needs to be high enough to ensure that the purchasing power of their pensions is retained.

In practice, this will work in the following way: Pensioenfonds PDN will divide the achieved investment returns into protection returns and excess returns. The protection returns protect the level of your pension benefits from falling interest rates so that the value of your pension benefits remain as stable as possible.

The excess returns are the total investment result minus the protection returns. If the excess returns are positive (the investment makes a profit), everyone will receive a share of this based on their own optimal balance between return and risk. A pensioner will receive a share of the excess returns with the aim of retaining the purchasing power of their pension as far as possible.

2. The second instrument is the solidarity reserve. If economic conditions are so adverse that pension payments need to fall, the social partners have asked Pensioenfonds PDN to use the solidarity reserve to supplement pension payments so that they remain the same as far as possible. Our aim is, therefore, to ensure that pension payments do not fall.

3. The employers and unions have suggested to Pensioenfonds PDN that, with respect to pension payments, financial shocks should be distributed over a three-year period. According to the social partners, this will provide sufficient cushioning against significant upward or downward differences in pension payments to pensioners. The period is short enough to reduce the complexity of the cushioning. This in fact includes ‘settlements’ to distribute any increases or decreases over those three years. Ultimately, PDN will make its own assessment of how to distribute the financial shocks but, of course, Pensioenfonds PDN will also take the social partners’ wishes into account.

We will do all of this to limit the risk of the value of your pension falling. In the new pension, the likelihood of your pension being cut is lower than in the current pension. If your pension does need to be cut, it is, however, expected that the cuts will be higher than in the current pension.

1.4 The solidarity reserve

The employers and unions have made proposals regarding how Pensioenfonds PDN can use the solidarity reserve in our new pension. We can summarise this as follows:

The solidarity reserve is a reserve of 5% of the total pension assets (all pension pots added together). We will use this reserve to:

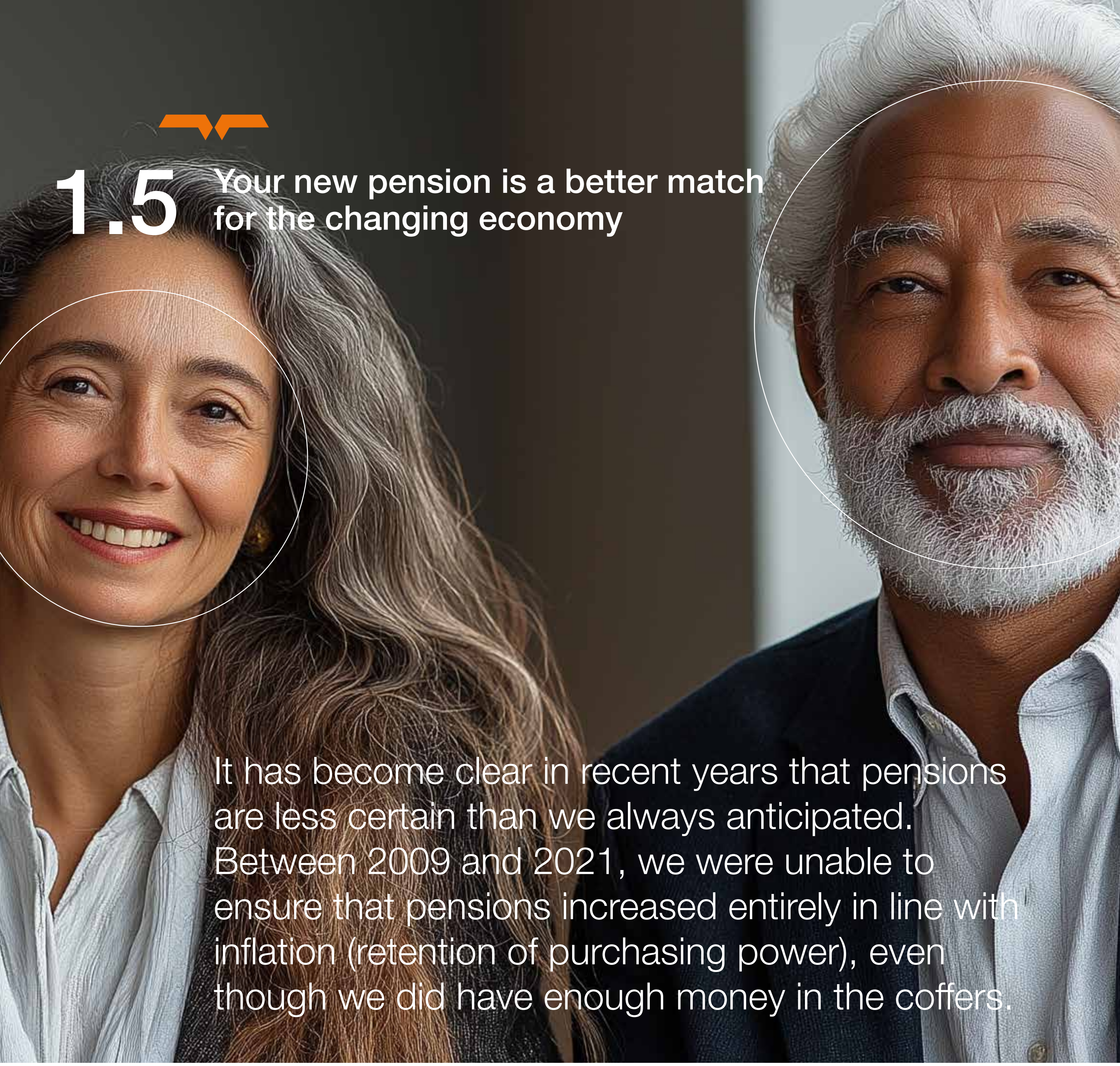
- Prevent that we need to cut pensions that are currently being paid.
- Prevent that the investment losses on the excess returns in a year are higher than 15%.

If we do need to use the solidarity reserve, no more than 40% can be used in a year: up to 20% may be used to prevent cuts in current pension payments to pensioners. Up to 20% can also be used to prevent investment losses on the excess returns being higher than 15%. This means that the solidarity reserve cannot be used up in one go.

PDN will supplement the solidarity reserve with up to 10% of the positive investment returns in times of economic prosperity. This means that, before we allocate investment returns to the individual pension pots, up to 10% of the investment profits will first be transferred to the solidarity reserve, if the reserve is not completely filled. If the value of the solidarity reserve exceeds 5%, everyone will receive a prorated amount of the excess in their own pension pot.

This ensures that everyone benefits from the solidarity reserve and everyone also contributes to it.

Pensioenfonds PDN will ultimately determine how the solidarity reserve is set up. In doing so, PDN will, of course, continue to take the wishes of the employers and unions into account.



1.5 Your new pension is a better match for the changing economy

It has become clear in recent years that pensions are less certain than we always anticipated. Between 2009 and 2021, we were unable to ensure that pensions increased entirely in line with inflation (retention of purchasing power), even though we did have enough money in the coffers.

This was partly because of the strict statutory requirements. These requirements prescribe that a pension fund needs to retain high buffers. The goal of this was to guarantee as far as possible that everyone could receive at least the same pension in times of economic hardship. But not all pension funds managed this in recent years. They had to cut pension payments to pensioners anyway. Fortunately, Pensioenfonds PDN did not have to do this. We were actually able to increase pensions in 2022 and 2023.

The strict requirements with respect to the buffers are being abolished. This means that Pensioenfonds PDN will be able to increase pensions earlier when the economy is doing well. If there's a downturn in the economy, pensions can also be lowered earlier. This is why the new pension provides tools (the investment policy, the solidarity reserve and the three-year distribution period) to minimise the risk of pension decreases (See above under section 1.2 'We will limit the risk of the value of your pension falling').

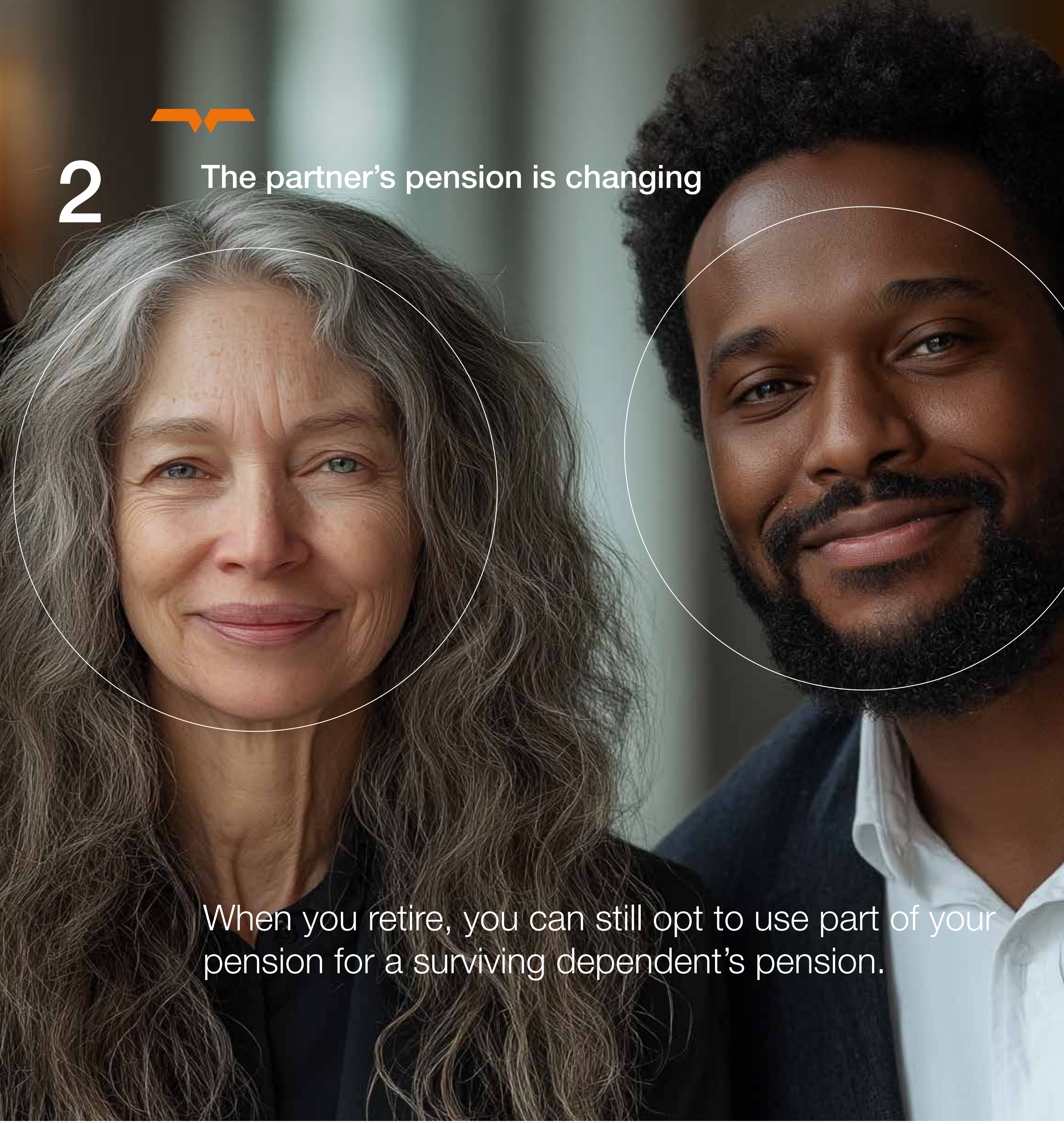
1.6 The new pension is clearer

Pensioenfonds PDN currently has one pension assets pot from which everyone receives a pension. A disadvantage of this is that you cannot see which part of those assets are reserved for you.

As you have your own pension pot in the new pension, how much money has been set aside for your pension will be much clearer.

In the new system, you will also be able to see what is added to your pension pot following profits on investments or a contribution from the solidarity reserve. And you will be able to see your pension payment deductions and any losses on the investments.

As is currently the case, Pensioenfonds PDN can only use your pension pot for your pension. And like now, Pensioenfonds PDN will pay the pension for as long as you live.

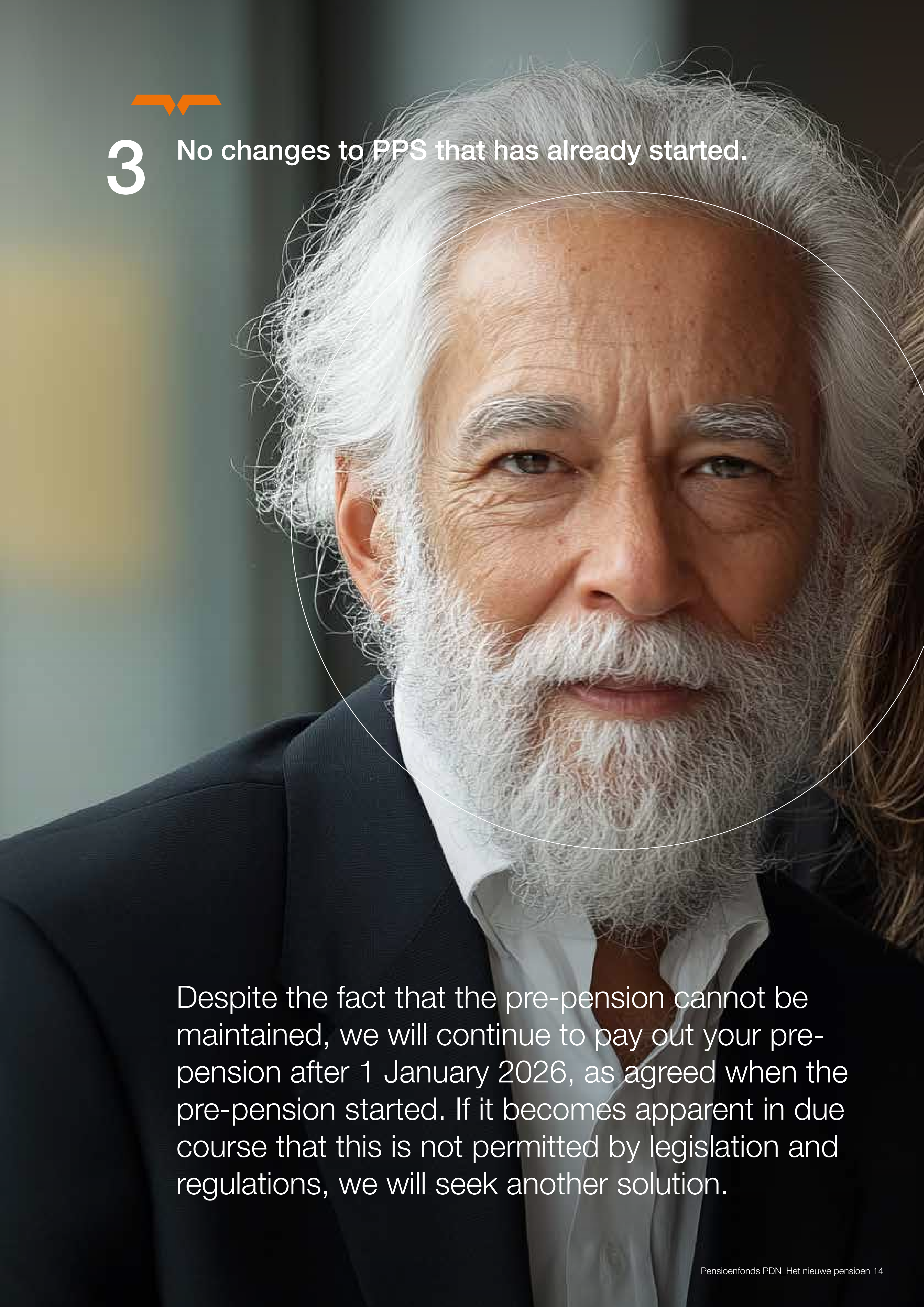


2 The partner’s pension is changing

When you retire, you can still opt to use part of your pension for a surviving dependent’s pension.

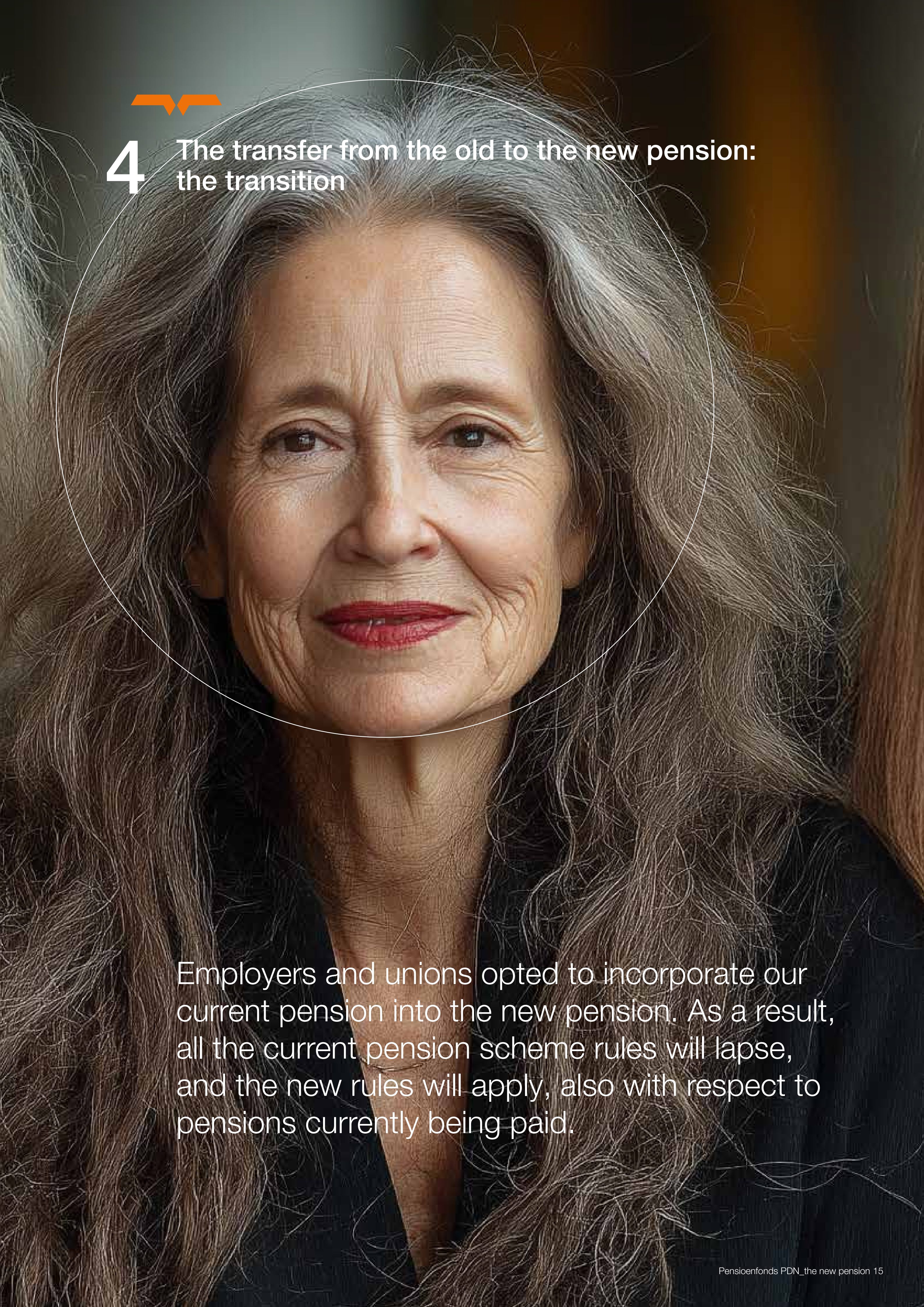
For partner’s pensions that already started being paid on 1 January 2026, Pensioenfonds PDN will calculate the value of these pensions on 1 January 2026 and will ensure that this value is transferred to a pension pot for your partner. For the rest, this works in the same way as described in section 1.1. ‘You will have your own personal pension pot’. The accrued partner’s pension will, therefore, also change in line with the economy.

And this also applies to the partner’s pension that is paid after 1 January 2026 in the event of your death.



3 No changes to PPS that has already started.

Despite the fact that the pre-pension cannot be maintained, we will continue to pay out your pre-pension after 1 January 2026, as agreed when the pre-pension started. If it becomes apparent in due course that this is not permitted by legislation and regulations, we will seek another solution.



4 The transfer from the old to the new pension: the transition

Employers and unions opted to incorporate our current pension into the new pension. As a result, all the current pension scheme rules will lapse, and the new rules will apply, also with respect to pensions currently being paid.

Pensioenfonds PDN will therefore calculate the value of your current pension on 1 January 2026 and will ensure that this value is transferred to your own pension pot.
This also means that the buffer that Pensioenfonds PDN holds will become available. This buffer is currently needed to guarantee the level of your pension. However, this guarantee will no longer exist in the new pension, as from then on your pension will move in line with the economy.

We express the size of the buffer using the term ‘funding level’. At a funding level of 100%, exactly the same amount of assets are available in the pension fund to make all pension payments now and in the future. The buffer will then be 0%.

If the funding level is 110%, this means the pension fund has 10% more in assets than is needed to make the pension benefit payments. The buffer is then 10%.

The employers and unions have agreed how they intend to distribute the buffer when this ceases to exist on 1 January 2026.

You can see from the chart below that they need a minimum funding level of 107% to transition properly to the new pension. This will enable the social partners to ensure that pensions are equivalent to the current pension for everyone. And with the buffer of 7% they can

- comply with statutory requirements,
- compensate those who are disadvantaged by the transition to the new system. (This disadvantage only applies to certain groups of employees currently accruing pension at PDN.)
- supplement the solidarity reserve sufficiently to minimise the short-term likelihood of pension pots falling by more than 15% or cuts being needed in pension payments to pensioners.

If the funding level is 109%, the employer and union targets for the transition will have been fully met. The solidarity reserve will then also be at the desired level of 5% of the assets set aside for pensions.

If the funding level is higher than 109%, the social partners would like Pensioenfonds PDN to increase pensions for everyone. For example, if the buffer is 120%, Pensioenfonds PDN will increase everyone's pension pot by 11% (120 - 109 = 11). This increase can partially compensate for previous missed indexation.

Priority	Used for:	Needed	Funding level:
1.	Compliance with statutory requirements: • Minimum required assets • Reserve operational costs	1%	
2.	Conversion of current pension to value in the pension pot	100%	
3.	Compensation for the cancellation of the flat-rate contribution system	2%	
4.	Supplementing the solidarity reserve	3%	
	Minimum required funding level. If the funding level is below 107%, the employers and unions will consult again, and the new pension will not start on 1 January 2026.		107%
5.	Further supplementing the solidarity reserve up to 5%	2%	
	Target funding level: All the employer and union targets have been achieved.		109%
6.	Increasing pension pots by 1% to 21% depending on the funding level.		110% tot 130%
7	Employers and unions will consult again regarding the distribution of the buffer		Higher than 130%

As the funding level changes in line with the economy, we are currently unable to predict which funding level we will have and how high the buffer will be. The funding level will be determined at the end of 2025.

You can monitor the funding level changes on the Pensioenfonds PDN website.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Contact

For questions about your pension, please visit the website: pdnpensioen.nl

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