

ISSUE 2 | OCTOBER 2018

# PDN MAGAZINE



Introducing...  
Brightlands Chemelot  
Campus

How is PDN  
financially prepared  
for the future?

Take Your  
Future  
into Your  
Own Hands

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Will switching between standard time and daylight savings time soon be a thing of the past? According to a survey of Europeans, a large majority want to eliminate the twice-a-year time change. The European Commission therefore put forward a proposal to abolish changing the clocks in March and October. An hour, a day, a week... sometimes every second counts.

The first issue of PDN Magazine was published just in time. Less than a week after we presented the first copy to our critically ill co-worker Harry Coerver he passed away. Harry was the founder of Pensioencontact, which has now become PDN Magazine. For years he interviewed members and former members and enthusiastically wrote all the stories. As a former journalist, it was something he truly enjoyed doing. Harry was closely involved in the total makeover of Pensioencontact. The final result was presented to him in an attractive frame. He was very happy with the result, so we, the members of the editorial board, were very happy with it too. The responsibilities of the editor-in-chief have now been passed on to us. Full of enthusiasm, and with Harry's lessons in mind, we continue his good work.

# A QUESTION OF TIME

We would also like take this opportunity to say a special thank you. In the previous issue we asked you to be sure to let us know what you think of the new PDN Magazine. And quite a number of you did so. Thank you for the numerous positive responses we received. It is very good to hear that we have taken the right path. The fact that we took a wrong turn on page 13 of the first issue did not go unnoticed either. It is a good thing, too, because we fell flat on our face when we called Ruud Lubbers a Social Democrat. Fortunately we had just enough time to make him a Christian Democrat again in the English edition.

Perhaps you are young and thinking to yourself, "Who is Ruud Lubbers? And retirement? I can put off thinking about that for some time yet." Then be sure to read the article in this issue entitled, "Take your future into your own hands." There we explain why it is important to start thinking about your pension now, even if you are still young. Better sooner than later.

Happy reading,

Ilona, Karin, Mark, Maurice & Monique

## Sustainability at PDN

# Making an Impact on People, the Environment, and Society

How important is sustainability to PDN? And how does the pension fund contribute to the sustainable development of the world? Geert-Jan Nieboer is happy to answer these questions. Until recently, Geert-Jan was chairman of the Committee for Investments and Financial Risk Management (Commissie Beleggingen en Financiële Risico's, or CBFR) and member of the PDN Strategy & Governance working group. After eight years as a board member he handed over the baton to Marlies van Boom.

During the 2017 summer vacation Geert-Jan travelled to Kenya and Rwanda with his family. They spent a week in an orphanage funded and supported by Limburg and visited local microcredit banks and the new Africa Improved Foods factory in Kigali.



"A few days ago I saw an interesting animated film. It shows the world's population of just over 200 million people growing slowly over a number of centuries since the beginning of our era. Then you see the explosive growth to 8 billion people, starting about 200 years ago. In itself, that is a very impressive achievement of mankind. Thanks to new energy sources, mastery of technology, nutrition and medication, improved housing, and better hygiene we can live on earth with many more people and in much better health. But there is a big downside: the limits of growth are very clear. If we do not quickly develop a more sustainable way of life, that trend may reverse itself. I am reminded of a statement by Wubbo Ockels, the former astronaut and ambassador for sustainability, who said, "We are all astronauts on spaceship earth." There are eight billion of us and billions of other organisms living in this unique and beautiful, yet oh so small and fragile, ecosystem. This means that every individual, every company, and every organization must actively think and work with every other to quickly make our way of life more sustainable."

### Improvement agenda

"In September 2015, United Nations (UN) Member States established the seventeen Sustainable Development Goals (SDG), a kind of improvement agenda for the world to address the most pressing challenges we face," Geert-Jan continues. These include combating poverty, hunger, and malnutrition; improving education, equality, and justice; finding new solutions for climate, water, and energy; preserving animal species; and achieving much more sustainable use of raw materials. Each individual and every organization can use the SDGs to formulate their own objectives and actions. DSM, for example, has a very active sustainability policy, with an emphasis on health and nutrition, climate and energy, raw materials, and circular economy. With the recently announced strategy 'Growth & Value – Purpose led, Performance driven,' DSM called even greater attention to

its ambition to actively contribute to improving the quality of life."

### Risks and opportunities

"PDN is a medium-sized pension fund with some 30,000 members and seven billion euros of outstanding investments," says Geert-Jan. "The objective is to build a solid pension from the pension contribution, preferably indexed with wage or price developments. This is a substantial financial objective, because only about 25% of the final pension comes from the contribution; as much as 75% must therefore come from the return on the invested contributions. It is up to PDN, on behalf of its members, to make investments that have a positive impact on people, the environment, and society. The challenge is to contribute to a more sustainable world while at the same time making no concessions on financial returns. It is becoming increasingly clear that institutional investors, including pension funds, may even be at risk if they do not switch to more sustainable investments in time."

**"An active sustainability policy is going to pay for itself through improved returns"**

This is due to the developments referred to as the 'carbon bubble' and 'stranded assets' – the market capitalization of fossil fuel-based companies may collapse if they do not change their strategy in time. Legislators and regulators are also putting pressure on pension funds to quickly develop and implement good sustainability policies. In addition to risks, there are of course opportunities for new, good investments. Companies that respond most effectively to the new challenges can accelerate their growth and profitability. If an investor gets on board in time, they can achieve good returns. PDN expects that an active sustainability policy is going to pay

for itself through improved returns. In addition to the need for limited additional costs, the fund chooses not to make certain investments. In 2017 the impact on the investment returns was unfortunately still slightly negative –

about 0.2% relative to the benchmark. To give PDN's sustainability policy even more direction and a clearer profile, the board will soon make further choices and implement them in the investment plan for 2019. Clearly these will be in

close keeping with DSM's focus areas—health and nutrition, climate and energy, raw materials, and circular economy.”

## PDN sustainability policy

“PDN has been pursuing an active sustainability policy for years,” says Geert-Jan. “In 2017 the fund reviewed its basic principles for investment and refined them for further sustainability. This is reflected in the comprehensive Sustainability Report 2017, available for download from the PDN website, which states among other things that ‘Integrating sustainable investment contributes to the long-term objectives of the fund and its members.’ The report also provides a comprehensive overview of the sustainability policy.”

### Key elements of sustainability policy include:

- Creating transparency concerning our sustainability goals, risks, actions, and results. Examples of this are the aforementioned sustainability report, the list of all PDN investments on the PDN website, the signing of the Montreal Pledge in which companies around the world commit to publishing their CO2 footprint and formulating associated policy.
- Excluding companies and institutions that do not operate in line with the desired practices in the areas of human rights, working conditions, the environment, and corruption (UN Global Compact principles). In 2017, PDN excluded 72 companies, mostly on the basis of human rights or arms issues.
- Making impact investments of €230m in the form of microcredit (supporting individuals and small businesses in developing countries by providing often small

loans), social infrastructure, and clean technology.

- Actively influencing companies in which we invest (also called “engagement”). In 2017, for example, we voted in shareholders’ meetings 27 times on matters concerning remuneration policies, anti-takeover measures, and appointments. In this way we hope to persuade companies to operate in a more sustainable manner. This influence is, of course, more effective if we do so with others, based on clearly defined priorities. This is why we recently joined BMO (Breed Mensenrechten Overleg, in English: Broad Human Rights Consultation), a professional organization established for this purpose.
- Establishing the carbon footprint of our entire investment portfolio is an essential first step for all these initiatives, and to this end Sustainability carried out a baseline measurement for us. This

involved measuring the carbon intensity, in metric tons of CO2 per million dollars turnover, for all the investments. The baseline shows that the carbon intensity of our portfolio is lower than the benchmark in Europe but higher than that in the United States. Which companies are the “culprits” is clear. Just a few companies are responsible for half the carbon intensity. We also see significant differences between companies in the same sector. Considered as a whole, this leads to good questions and potential improvement measures. The next step is to define concrete improvement objectives. The aim is to change the world and encourage companies to actually achieve lower carbon intensity. Simply switching companies doesn’t make much sense. Moreover, with that approach we would quickly find ourselves backed into a corner in terms of achieving a portfolio that is truly in keeping with the benchmark.

## News from DSM Pensioners' Association

### Regional Information Meetings and PRACHT course 2018

VDP is organizing this year's Regional Information Meetings in conjunction with the updated PRACHT course. Both activities will be held on the same day and at the same locations. The course is in the morning (starts at 10:30 AM), and the information meetings are in the afternoon (start at 2:00 PM) in:

- Zwolle on Tuesday, October 30, 2018 at Bilderberg Hotel Wientjes, Stationsweg 7
- Delft on Tuesday, November 20, 2018 in Kok Delftechpark, Delftechpark 29
- Heerlen on Thursday, November 29, 2018 in Auberge de Rousch, Kloosterkensweg 17

### PRACHT course

This course covers topics such as the Dutch pension system, the pension process at DSM/PDN, the influence of interest rates, an explanation of funding levels and pension contributions, and indexation. These topics will also be discussed in light of current developments in the pension sector. VDP will talk about the transparent Financial Assessment Framework (transparant Financieel Toetsingskader, tFTK) as well.

- Number of participants per session: minimum 10 and maximum 25. If there are more than 25 participants at one location VDP will hold another session at the same location, on a date to be announced.
- At the end of the session the course participants will receive a free sandwich lunch.

### Regional Information Meetings

PDN is conducting a strategy study this year. The chairman of PDN, Hans van Suijdam, will provide more information on this. He will also answer questions such as: What does the pension fund expect in the coming years? What does PDN do in order to be able to meet these expectations? One of the members of the Accountability Council—also a VDP member—will talk about the evaluation of the pension premium and the assessment of the well-balanced evaluation of interests.

- Of course there will also be plenty of time for discussion and questions.
- Drinks and snacks will be served after the meeting, and participants will have the opportunity to discuss what they have heard with each other and socialize.

### Registration

The course and meetings are open not only to members but also others who may be interested, such as current and soon-to-be pensioners, former co-workers, partners, etc.

Please register via the vwebsite: [www.vdpdsm.nl](http://www.vdpdsm.nl), by e-mail to: [secretariat@vdpdsm.nl](mailto:secretariat@vdpdsm.nl), or in writing to: **Secretariaat VDP, Postbus 1061, 6160 BB Geleen.**



# How is PDN Financially Prepared for the Future?

Stock prices are high and interest rates are historically low. What consequences does this have for PDN's financial situation? And what if stock prices fall? We asked PDN board member Michel Ubachs, member of the Committee for Investments and Financial Risk Management.

## If stock prices are high, PDN can raise (index) the pensions, right?

"That would seem to be an obvious conclusion, but in the current situation that is not so. Yes, stock prices have risen sharply and bond prices are also high. When bond prices are high, interest rates are low. Interest rates and bond rates are directly linked. Looking at PDN's assets, we have never been so rich. But we have also never had such high obligations. These obligations concern all the pensions

that we have to pay now and in the future. The lower the interest rate, the higher the obligations. According to the regulations of De Nederlandsche Bank, we must calculate the future return on the entire investment portfolio based on the current low interest rates. As a result of the low interest rates, we need more money to pay out the same promised pension. In other words, we need to reserve more money. If you divide PDN's assets by the obligations, we have a funding level of 110%.

This means that our total assets are 10% higher than our total obligations. Indexation at the current interest rate is partially possible with a funding level of between 110% and about 125% and fully with a funding level higher than approximately 125%."

## If the funding level at such high stock prices is not yet sufficient to index, will we ever be able to index again?

"Unfortunately, we do not have a crystal ball to look into the future. The board

believes that an increasing funding level, and thus the possibility to index, must come mainly from higher interest rates. Assuming stock prices remain at current levels and interest rates rise by 1%, the funding level rises to about 120%. An interest rate increase can therefore be beneficial for a pension fund, but it also has a downside. Higher interest rates may reduce economic activity, as companies, individuals, and countries have to pay a larger share of their income towards interest. This makes investing and borrowing more expensive."

## What impact would a fall in stock market prices have on PDN's current funding level?

"If stock prices were to fall by 40%, as they did during the great recession in 2008, the funding level would drop from 110% to around 90%. But if there is an economic crisis, the historically low interest rates are likely to fall as well. This could lead to a further 5% reduction of the funding level. With a funding level of 85%, reduction of the pension benefits for pensioners and the accrued entitlements of non-retired members would be unavoidable. As a pension fund, we would then have to grow back to a funding level of 104% in seven years. That is not feasible in a normal economic scenario. The critical funding level for PDN is 96%. At the current interest rate, a lower funding level would lead to a reduction, which we can spread out over a maximum of seven years."

## Together with experts from DSM Pension Services and external consultants, PDN recently identified what it considers to be the principal risks and threats and investigated possible measures the fund can take in the event of an economic crash. Would you please tell us a number of those principal risks, Michel?

"Yes, they include:

- The likelihood of a fall in stock prices as a result of the current historically high prices
- Imbalances in the world economy
- The rising debt of countries, companies, and individuals since 2008 (an interest rate increase leads

**“Unfortunately, we do not have a crystal ball to look into the future”**

- to a decline in economic activity)
- Geopolitical and social tensions
- Brexit
- Weak euro countries such as Italy and Greece
- Central banks' interest rate policy changes
- Potential war zones, such as Korea and the Middle East
- Trade wars"

## How can PDN protect itself from such risks?

"We could invest all the assets in 'safe' bonds. But that would put the indexation of pensions further out of reach, because the return on these is nearly 0%. We could also hedge the interest rate risk. At present we have done so for about 35%. Because the interest rate is low, this has a very limited effect. Moreover, it works against us as interest rates rise. As mentioned previously, we believe that an increase in the funding level will mainly come from a rise in interest rates. Thirdly, we can take out insurance against a fall in prices, a so-called option construction. But such insurance is expensive and has a limited duration. If nothing happens within that period, the risk remains and we lose the high insurance premium. The big question is whether a long-term investor such as PDN can really prepare for such risks at all. In the past we have experienced quite a drop in stock prices. If we are faced with a fall in prices again, we expect prices to recover over time."

## Then has PDN done nothing at all to limit the risks?

"45% of our investment portfolio is a return portfolio, and the other 55% is an interest portfolio. The return portfolio aims to achieve a decent return on a defined risk profile. This is intended to increase the funding level and achieve the indexation ambition. We use the interest rate portfolio as a stable basis for the high quality bond portfolio. This covers part of the interest rate risk. In recent years we have made a number of adjustments to the investment portfolio to reduce risks. For example, we added various investments to further diversify the portfolio. Good examples are Dutch mortgages and investments in infrastructure, non-listed real estate vehicles, and high-yield bonds. We also shifted towards greater geographical distribution in the stock portfolio. And we invested in quality stocks that are expected to fall less sharply in the event of an economic downturn. If I look at the current economic situation, economic activity is good, inflation is relatively low, and interest rates are low too. Economic research institutes do not expect any reduction of the current economic activity level in the short term. But that is no guarantee of future results, to use a cliché."

Did you know that there are more than fifteen different employers affiliated with PDN? So it is not just DSM employees in the Netherlands who have a pension with PDN; employees of the other affiliated companies do too. In this column we will take you to one of the affiliated companies each issue. This time we chose the Brightlands Chemelot Campus in Geleen. We meet André van den Berg and Frank Willems.

# Introducing... Brightlands Chemelot Campus

At Brightlands, 21,000 ambitious entrepreneurs, researchers, and students work together in open innovation. This means that they share their knowledge and experience with each other. They focus on global challenges in the areas of sustainability, health, digitalization, and nutrition. This includes innovations such as a gastrointestinal simulator to measure the effect of ingredients on the intestines, the development of laboratory hamburgers, a custom-made bone implant from a 3D printer, and medical laboratory data that can be shared in a secure, controlled manner. Entrepreneurs, knowledge institutions, and the government cooperate intensively. The Province of Limburg, Maastricht University, Maastricht University Medical Center+, Zuyd University of Applied Sciences, and Fontys University of Applied Sciences are the initiators, along with leading companies such as DSM and APG. Meanwhile, many other companies, knowledge institutions, and government entities from the region and over the border are closely involved with Brightlands.

## New life

The four campuses offer top facilities of every kind, which entrepreneurs, researchers, and students can all make use of. This makes Brightlands an ambitious and vibrant community with state-of-the-art environments for start-ups

**"Working at Brightlands is like top-level sports"**

and new talent as well as the prospect of challenging jobs. The area of expertise at Brightlands Chemelot Campus in Geleen is sustainable materials and chemical processes. They believe the chemical industry needs to innovate faster.

An accelerated transition to bio-based raw materials and clean energy will breathe new life into the industry. The breakthroughs necessary to achieve this are being developed here by building bridges between fundamental scientific research and product and process innovations in companies. The campus and adjacent industrial park form one giant laboratory where the brightest, most highly qualified experts from universities and the business community work together. They

are supported and motivated by a rapidly growing population of ambitious students and enthusiastic entrepreneurs. The campus is buzzing, as we experience when we enter the Center Court. This meeting place for the 'residents' of the Brightlands Chemelot Campus is also called the beating heart. We meet André van den Berg, manager Safety, Health, Environment, and Frank Willems, property manager.

## Developing wonderful things

"I arrange the environmental permits for the campus," André says. "Enabling new companies to integrate quickly is what it's all about. Certain environmental effects have already



## Brightlands: 1 ecosystem

**282 sompanies**  
**12.324 jobs**  
**8.764 students**

Brightlands is a community of 21,000 ambitious entrepreneurs, researchers, and students. They are affiliated with start-ups, SMEs, multinationals, and knowledge institutions. From four Brightlands campuses, they work together on solutions to global challenges in sustainability, health, digitalization, and nutrition. They share knowledge and experience with each other. They also transform fundamental and applied knowledge into new education programs and new entrepreneurial undertakings.

### Brightlands: 4 expertises

- **Brightlands Chemelot Campus**  
Sittard-Geleen  
Smart materials and sustainable chemical production  
85 companies, 1.971 jobs, 755 students
- **Brightlands Maastricht Health Campus**  
Maastricht  
Regenerative and precision medicine, innovative diagnostics  
103 companies, 9.541 jobs, 6.929 students
- **Brightlands Smart Services Campus**  
Heerlen  
Data science and smart services  
60 companies, 500 jobs, 250 students
- **Brightlands Campus Greenport Venlo**  
Venlo  
Healthy, safe food, future farming, and bio-economy  
34 companies, 312 jobs, 830 students



Frank Willems (left) en André van den Berg (right)

## André introduces himself

### DSM

I've worked at DSM since 1986. I started as a chemical technician at the naphtha cracker at Zuid. After that, I was plant operations supervisor. That's how I ended up in the environmental corner. In 2000 I completed a MoSHE program at the technical university. Then I worked as manager Safety, Health, Environment at DEXplastomers and DSM NL Chemelot. In 2013 we transferred to the Brightlands Chemelot Campus.

#### Pride:

I'm proud of the growth we've undergone in recent years. We've grown in manpower, but with relatively few people we've created something really great here.

#### His own pension:

PDN has the reputation of having everything under control. At the time of my transfer I went to a financial adviser. He also said that PDN is really on top of things and that I have nothing to worry about. The laws change constantly.

Ultimately, the choice is yours. Then it's nice that PDN can help you decide what is now wise to do now. When you need information and start searching, you find that there's a lot of good information on the PDN website. And if you log in via the website you find the planner and all your pension mail in the "My" environment. The information is near at hand, available when you need it, and very good.

#### Himself:

55 years old, married, father of two children. Soon to be a grandfather.

## Frank introduces himself

### DSM:

I've worked at DSM since 1986. I used to be an area manager, and 30 years ago I saw the buildings on the west side of the Oude Postbaan being built on campus.

#### Pride:

I think it's really exciting to work at the campus. It's always been a special

place to me. So I have a lot of pride in all we've accomplished. We've grown so much, and in so little time. There's no limit to what we can accomplish now.

#### His own pension:

I'm 57. It's about time I started thinking about my pension. In preparation for this interview I visited the PDN website and read the latest PDN Magazine. I'm

really impressed. Later I plan to return to the website to learn more. I thought the Pension five-a-day was particularly handy. I'm definitely going to fill that out.

#### Himself:

57 years old, has a partner but not married, father of two children.



"There are many innovative companies on campus that develop beautiful things"

been identified previously and included in an umbrella permit. The campus is home to many innovative companies, with activities such as recycling and cradle-to-cradle. We are also increasingly including these types of activities in our umbrella permit. I also arrange the building permits for offices, laboratories, pilot plants, and other buildings. To reduce risks, we place high occupancy buildings as far as possible from the factories at the Chemelot site. We locate our own pilot plants along the edge of the factory area. Brightlands is the campus's management organization. Some of our major customers—our tenants—are DSM, SABIC, Maastricht University, CHILL, InnoSyn, Fibrant, and Arlanxeo.

There are many innovative companies on campus developing wonderful things, like the film from DSM Advanced Solar or the cartilage tissue developed by Lonza. Brightlands Innovation Factory helps small businesses with the start-up, market research, and support. With a viable business plan, they are able to get start-up capital."

#### Transparency

"I'm the property manager," says Frank. "That may not sound very exciting, but it's a great job. One of my properties is utilities: everything that has to do with the grounds and roads.

This includes things like the barrier arms at the gates, the turnstile, and the communication mast along the A2. I'm responsible for the management and maintenance of access systems and video monitors as well as maintenance of the grounds and roads. I also oversee the groundskeepers. The site's energy consumption is huge, with utility bills that come to around €6m per year. Fume hoods, for example, devour energy. An important ongoing development on campus is the transition to renewable energy. We're looking at how we can tap into renewable energy sources or arrange processes more sustainably. In the new buildings we no longer use a steam heating system or natural gas boiler; we use heat pumps instead. A number of new buildings have already been fitted with them. For all the buildings, we measure the electricity and heat at the building level. This accounts for 70 to 80% of the variable costs on the energy bill. We divide the remaining costs with allocation keys. Our intention is to make the energy bill as transparent and comprehensible as possible. I also support the operational center: the heads of services. They maintain oversight of the campus 24/7 and handle many tasks for the tenants. Tenants can contract for a custom services package, which might include the disposal of hazardous waste, cleaning of laboratories, or swapping out and ordering gas cylinders. A head of services can also monitor process equipment when tests are running at night. Here we also offer as much transparency as possible and make the administration easily understandable."

#### Attention to safety

"The population on campus is diverse: many nationalities, diversity of professions, students," says André. "With large new construction projects, there are also many construction workers. We're very proud of the fact that the number of incidents during construction projects is very low, much lower

even than in the rest of the Netherlands. The number of incidents here is below 1%, while in the rest of the Netherlands it's around 5%. It all comes down to the great effort we make in that regard. Tenants demand that safety from us, too. For us, that's a very important aspect of the bidding process. We weigh the firms based on their approach to safety. There are strict rules that we hold the contractors to."

"Working at Brightlands is like top-level sports," Frank remarks. "We've created something really great here with a small team," André adds. We do it all by working together. We show companies that Brightlands has a lot to offer. Then Business Development and the account managers have to seal the contracts."

#### Handy tool

"We both worked at DSM for 27 years," André says. "On January 1, 2013, fifteen of us transferred from DSM to Brightlands. After the transition, we could stay with PDN. So we didn't need to worry about our pension scheme. All the ex-DSM people are enrolled with PDN. That also applies to all the other employees of the Brightlands Chemelot Campus. The staff has grown rapidly: we now have 60 Chemelot Campus employees. Many of our co-workers are young and far from retirement. I recently became chairman of the workers' representation body. Pension is not something we talk about much there either, really only when something changes and people have to make choices. The ex-DSM people occasionally talk about early retirement. Suppose you want to stop earlier. You can use the pension planner to make various calculations. That's a really handy tool." "It's too bad, though, that the government keeps introducing nice schemes, like PPS and life-course savings, and then later abolishing them," Frank says. "That makes it harder to prepare for your old age."



## Ask Manon



### I am not married, but I live with my partner. Should I notify PDN?

*Manon Drummen, DPS pension administrator:*

"Yes. If you have a cohabitation contract, you must register your partner with PDN. After all, if your partner was never registered with the pension fund, they cannot claim a benefit in the event of your death. The registration must occur before your retirement date. If you decide to cohabit, marry, or enter a registered partnership after your retirement date, your partner will not receive a partner's pension if you die.

To register your partner, please send the following to PDN:

1. The completed and signed "Registering the partner with whom you are cohabiting" form. This form can be found on the PDN website.
2. A complete, notarially certified copy of the cohabitation contract.
3. An extract of your partner's data from the Persons Database (BRP, Basis Registratie Personen).
4. A copy of your and your partner's proof of identity.

If your partner is registered with PDN, they are entitled to partner's pension if you die.

You also need to take action in the event of termination of cohabitation. Report the termination date of the cohabitation contract to PDN. If you are getting married or you are entering into a registered partnership, you only need to report this to PDN if you live abroad. If you live in the Netherlands, PDN will automatically receive notification via the Persons Database."

Do you have a question for this column? Let us know at [redactie.pdn@dsm.com](mailto:redactie.pdn@dsm.com).

# Life Expectancy Rate Slows in the Netherlands

A few weeks ago the Dutch Actuarial Society published new insights into mortality and life expectancy in the Netherlands. This was a good occasion to dive into a sea of figures.

If you were born in 1953, you turned 65 this year or will soon. You are undoubtedly aware that reaching this age was no certain thing. When you were born only 78% of babies were expected to reach age 65.

The latest figures indicate that 65-year-old men are now living to an average age of 85.3, and women are living to age 88.1. Two years ago the expectations were different. At that time, 65-year-old men and women were expected to live a little longer. Unfortunately, the data since 2016 shows that mortality has increased slightly again and that lifespans are shorter than expected at that time. Experts point to the recent prolonged flu epidemics as the main cause. Life expectancy is therefore still increasing, but slightly slower.

Whether this will also impact the rate at which the statutory retirement age increases will not be known until later this year. According to the current cabinet plans, the statutory retirement age will rise to 67 in 2021 and 67 and three months in 2022. No change to the statutory retirement age is planned for 2023, but only time will tell. In any case, the plans for a new pension system will include provisions for less rapid adjustment of the retirement age.





On a sunny day in September Elly den Os welcomes us to her home in Den Hoorn. As we sit in the back yard and talk to Elly, more than the sun is shining. Elly is enjoying life. Enjoyment was part of her everyday working life, and she certainly enjoys it at least as much now that she is retired.

# Pension Journey: Elly den Os

## Projects

"I started as an administrative assistant in 1976 at Gist- en Spiritusfabriek, which later became Gist-Brocades. I worked in the management support office. They did all kinds of projects there, and I helped wherever I was needed. I was eager to learn and there were plenty of opportunities within the company. Among other things, I worked in the travel agency, the business office, and the IT department. I also worked in Dordrecht for a while, at Gist Diederik. A department was relocated to Dordrecht, and I went with them to set up the department. That was a lot of fun too. So I worked on all kinds of projects and then went back to Delft every time. The management support office was my 'home base.' In 1998 there was a major reorganization. The 'last in, first out' principle was applied. Unfortunately, I had nine months fewer than my co-worker. I was reassigned

internally to Patents and Brands. Three days ahead of time, I was told that the department was going to Limburg. Then I was put on watchkeeping duty, and in 1999 I went to the ZOR-F factory at DSM, which later became DSM Sinochem (DSP)." Code name ZOR-F is a pharmaceutical intermediate for the production of high-quality antibiotics. "For me it was a new place, a new office. I was really in my element there among the operators."

## The social aspect

"You have to get the work done, but the social aspect is important too. I felt it was very important to occasionally stroll through the department to see how everyone was doing. Everyone appreciated that. You used to have the brown envelopes for internal mail. I would always deliver them, and I would take the opportunity to chat with everyone. Nowadays, everything goes via e-mail. The social aspect is really on the downturn these days.

before then?" I've always kept a note I got at work once. It said, 'Women retire at 60.' So I thought, 'Maybe I should.' I called the pension fund and had them calculate my pension. Then I just did it. But I certainly didn't retire because I was fed up with my job. If they were to call me now to help out with an interesting project for a few weeks, I'd do it without hesitation."

## New rhythm

"Finding a new rhythm took me no time at all. I know lots of people and have a group of women friends in Den Hoorn. Taking a walk with the girls is part of my new routine. We have a walking app group for that. My big hobby is still acting. The summer break for the theater group is just over. Starting in October we'll rehearse for a new play that we'll perform in March/April 2019. We rehearse once a week, and when it gets closer to the performance we step it up to twice a week. It's always a farce, never a tragedy.

## Life story: Elly den Os

Born on: September 16, 1957  
Married, two children,  
three grandchildren

## Carreer:

- Administrative assistant in the HR department at Gist- en Spiritusfabriek (which later became Gist-Brocades, was then acquired by DSM, and is now part of DSM Sinochem); various projects.
- Secretary DSM Sinochem (DSP).

**Retired at 60 years old, on September 16, 2017.**

## Enjoy it, while you can

"I still see former co-workers regularly. They stop by for a cup of coffee. I no longer visit DSP; the phone is always ringing and they are too busy for conversation. One of my former co-workers, Jan Blom, started a pensioners' club. Twice a year all the retired co-workers get together to do something fun. That gives us an opportunity to see each other again now and then. We are well over the halfway point in our lives. You have to enjoy it, while you can. Especially if you still have your partner. It really doesn't take much. When the weather's good, grab your bike and take some coffee and sandwiches. You don't have to make it very expensive. It's important that you have some hobbies, especially in the winter. And in summer, you just have to go somewhere."

## You have to take care of it yourself

"I always say to the kids, 'If you want to retire early, you have to take care of it yourself.' You shouldn't wait until you reach retirement age. Everything used to be taken care of for you. I understand that it's quite hard for young people today. They want everything, they have



# “Make every day a blast”

My hobby is acting. At work I used to play Black Peter in December. That gave me the opportunity to visit with everyone and clown around. I also organized various parties, such as the DSP party. My job was to book the band. I sang with the band and performed acts. You should always have someone in the department who is silly enough to organize that kind of thing."

## Just did it

"I had mixed feelings about retiring. It was my dream job, and I was very happy with my life. On the other hand, I thought: 'I'm 60 years old now and have grandchildren. My husband is going to retire next year. Won't it be nice to have a year with the house all to myself

The performance is in the village. We have an audience of around 600. Everyone knows each other, which makes it very nice. We also write the piece to fit Den Hoorn, with Den Hoorn names. At Gist-Brocades we had something called 'art after work.' You could do anything: knit, crochet, act. When I was 18 years old I went to have a look at the theater society. My love of acting sprung from that. Now you have the gym; you used to have that kind of thing. I like biking, too. We bought an RV last year. Our plan is to go traveling next year, when my husband retires. Biking and camping are things we both like. We can head home again whenever we like. I travel a lot now already. We take the RV and go away for the weekend."

different needs. I also understand that when you're young, you don't think about it at all. They think, 'We'll live our lives now, and we'll see later.' We're from another generation. We grew up saving and putting money aside."

### Abracadabra

"From the moment I decided to retire PDN has meant a lot to me. Last year I took the VOP course (preparation for retirement). That was really great. The location—castle Doenrade—is beautiful. For me, pension was complete abracadabra. I hadn't given it much thought at all. I went to two pension sessions. Then we chatted more about it among a group of co-workers. That made a lot of things clearer to me. Co-workers who were much more in the know than I was explained it to me. Because a session like that does not lend itself to asking questions about your personal situation. I liked the presentation. Among other things, you learn what is arranged by law. Sometimes you have to make very difficult choices, for example when the PPS was abolished. When that happened we asked PDN to pay us a visit and explain things, because we didn't understand it at all. They did a great job. They also answer any questions via e-mail. I remember so clearly how relieved I was when the meeting was about to end and they made a final remark about the switch from DSM to DSP: 'One more thing...' We were told that it would have no impact on our pension. That was a real comfort. When it comes to your pension, just like safety, you can count on things being taken good care of. Is there anything that's not arranged well at DSP and DSM? I can't imagine."

## Pension payment details

PDN makes pension payments on the 27th of the month (with the exception of December). If the 27th falls on a weekend, your pension will be paid before then.

### 2018 payment dates

October 26  
November 27  
December 20

## PDN funding level

One important indicator of a pension fund's financial health is the funding level. This shows the relationship between PDN's pension assets and PDN's pension obligations, both now and in the future. If the funding level is 110%, for example, then for every €100 PDN pays to pensioners, PDN has €110 worth of assets.

PDN publishes the figures on the website quarterly.

The table below shows the funding level from 2014 onwards.

Stand per end	Coverage ratio	Policy cover degree	Used interest	Efficiency (incl.)
2014	109.3%		1.8%	17.7%
2015	103.7%	106.1%	1.6%	0.3%
2016	102.8%	98.8%	1.3%	7.6%
2017	110.1%	107.8%	1.5%	5.6%
Q1 2018	108.5%	109.1%	1.5%	-1.2%
Q2 2018	109.1%	109.6%	1.4%	0.4%

Pension funds must use the so-called policy funding level from 2015 when making decisions on increasing or decreasing the funding. The funding level is the average of the last twelve monthly funding levels.



## Your pension: fact and fiction

### Profiteers?

Since the crisis in 2008, public opinion has turned against pension funds. The image of and confidence in pension funds is even worse than that of banks and insurers. Populist TV programs also portray board members of pension funds as profiteers and cast them in a negative light with complete lack of nuance. In this issue of PDN Magazine we do give the necessary nuance.

The Pension Fund Governance Act (Wet versterking bestuur pensioenfondsen) has been in force since July 1, 2014. It states that pension funds must draw up a policy for the remuneration of board members. That policy should not encourage more risk-taking than is acceptable to the pension fund. This criterion has been further developed in the Code of the Dutch Pension Funds (Code Pensioenfondsen). This code also prescribes that a fund must document the policy in writing and make it public. You can find our policy on the PDN website. The legislation has everything to do with the societal debates that arose after the 2008 financial crisis. These discussions raised the question of whether pension fund managers are fit, reliable, honest, and effective. The compensation was a prominent part of that. Alongside bank directors, public opinion also put pension fund managers in the category 'profiteers'.

### So what is the situation at PDN?

PDN has a board which, in addition to two board professionals, includes members representing the employees, employer, and the pensioners. These board members are

also elected or appointed from those three groups. So they are co-workers (and ex-co-workers) who work for PDN more than one day a week on average in addition to their regular job. Keep in mind that their board-related responsibilities are broader than just attending board meetings. The board members also do a lot of work outside the meetings. In order to meet the strict eligibility requirements and to keep on top of things in the field, they attend training courses and seminars for example.

## 'Profiteers' at PDN is nothing but a bunch of baloney

### Compensation among the lowest in the market

PDN does not pay any variable remuneration or bonuses. The compensation paid to board members is at the lower end of the market scale. PDN pays this compensation in the form of a fixed amount per year. In fact, the compensation for employer and employee members is paid to the employer to compensate for the time the employer makes available. PDN publishes the compensation amounts each year in the annual report. Profiteers' at PDN is nothing but a bunch of baloney.



# Sooner or later

**Name:** Huub van der Heijden  
**Age:** 60  
**Position:** Head of services  
**Wants to retire in 2019, at age 62**

**Tell us a bit about yourself.**

"My wife and I've been married for 36 years and have a 31-year-old son. I've lived in Valkenswaard for 25 years. I work out four times a week. I do that three times a week at the gym and once with the motorcycle. I'm also an active member of a shooting club. My position is head of services at Fibrant. I started as an outside operator at the ANON factory in 1981. Then I became measuring room operator at the ANON factory, outside operator HPO, and measuring room operator HPO factory. Then I worked as troubleshooter HPO-ANON-NIFA. I've been head of services for 15 years now."

**What is your dream plan for your pension?**

"If all goes well, I'll retire in 2019. Officially on November 30, when I turn 62. I expect to be very busy after I retire. I don't really want to stop working, but I want to do the things I enjoy. I plan to look for a nice paid job for one or two days a week. In my case, retiring earlier is going to cost a lot of

money. After all, I'll be stopping five years and three months early. I have a small PPS balance, my mortgage is paid, and I no longer need a new car every three years like I did when I had a long way to drive to work. So my costs will be considerably lower. But I don't plan to sit back and do nothing; I plan to get on with what I've been doing for years. Off-road driving with my son, visiting European capitals, and taking road trips in the BMW with my wife."

**What did you do to make that dream come true?**

"I took good care of myself and set aside money. That's advice I hope my son Jordy will follow. At the time, I didn't notice; it was withheld from my pay every month. Another tip is not to take out too big a mortgage, and make sure you pay it off before you turn 60. If something happens to me and I sell the house, I won't have to work anymore. I started making my house ready for retirement three years ago. All the energy-hungry appliances have been replaced. I made the house energy efficient by doing things like installing solar panels and insulating the cavity walls. I also had the bathroom remodeled and a new chimney installed. All the roofs have been insulated and recovered, I redid the yard, and I built a canopy. I'm still healthy now, but who knows what next year will bring. I didn't go on vacation for a few years and spent the money on the house instead. Several of my family members passed away at around 60. That gives

**"You've got to take care of yourself"**

you a different perspective on things. Recovering after night shifts is also getting tougher."

Jordy says that fortunately it doesn't bother him yet. "No, it didn't use to bother me either," Huub says. "I worked seven night shifts in a row, had three days off, and then went back on morning shift. But it really isn't good for you. You need to think about your health and get the rest you need. I also say that I don't want anyone to visit me when I'm on the night shift. I need time for myself, to recover, and then I don't want any additional stress."

**What will change most after you retire?**

"I find working with young people fun and enjoyable. I'm really gonna miss that. I could write a book about my years at DSM. There used to be a lot of real characters at the company. We got up to a lot of mischief. I'm gonna miss that too."

**Name:** Jordy Tummers  
**Age:** 21 jaar  
**Position:** Operator

**Tell us a bit about yourself.**

"I'm 21 years old. So I'm 40 years younger than Huub. I'm fresh out of school. I did Vapro C in Heerlen. After my first internship Fibrant asked me back for a second internship, followed by the offer of a permanent contract. I was hired last September and I've been working at Fibrant for a year now. I compete in top-level sports—judo—at the international level. I still live at home with my parents, in Heerlen, with my twin sister."

**Are you looking after your pension? If not, why not?**

"I'm not thinking about my pension at all yet, because I really don't know anything about it and have no idea what I can expect in the future. Retirement is a long way away. At this point my focus is on buying a house." "I've only been thinking about my pension for the last 15 years," adds Huub. "I've only been thinking about it seriously since I turned 60."

**What is your dream plan for your pension?**

"I want to be healthy, fit, and vital. Like Huub, I don't want to spend my retirement sitting around. I want to continue to be active and play sports. I'm already teaching at the judo club. I want to be able to continue to do that."

**"I want to keep working as long as I feel good about it"**

**Looking back, is there anything you felt you should have or would have liked to have done differently?**

"At the time, I had no intention of pursuing a career or becoming head of services. You get older, you have a kid, you buy a house... Then you start thinking, 'Maybe I can do that too.' It used to be that you stayed at the same factory for five years or so. Nowadays it all goes much faster and you get to know a number of factories in very little time. There's nothing I would've done differently. Everything happened at the right time."

**Are there any other tips you can give Jordy?**

"Always make sure you're ready for your next position at work. You shouldn't wait until you're offered something; you should always be a step ahead. Make sure you're indispensable. And eating healthy, that's important too. Take good care of yourself, mentally, physically, and financially."

**Do you have any idea when you will retire?**

"People keep living longer. I guess in about 50 years. Perhaps by then the laws and regulations will have changed again. In any case, I want to keep working as long as I feel good about it." "It's disgraceful that people have to work until they reach 67 years and 3 months," says Huub. "In physically taxing jobs or when you do shiftwork that is nearly impossible to sustain. I can't imagine anyone in our job saying, 'I'm sure 70 won't be a problem either.'"

**What are you doing to make your pension dream come true?**

"I'm considering going to an information session about pension. Then I'll get more advice and tips on what you can do and how to prepare."

**Do you have any questions for Huub?**

"What would you say if you could look back 40 years?" "That support from your family is very important," Huub replies. "You've got to take good care of yourself, but support from your partner is indispensable."

**What are you going to do differently after this interview?**

"I'm going to take Huub's advice. As of today, I'm going to start thinking more about my pension. But it's still far away."

**Would you and a colleague, past or present, like to feature in Sooner or later? You can! Write to us at [redactie.pdn@dsm.com](mailto:redactie.pdn@dsm.com) to let us know you are interested.**

# "Take Your Future into Your Own Hands"



According to Marc Silvertand, investor relations manager at DSM, it is never too early to start thinking about your pension. This is something he would also like to make co-workers aware of. We asked him why it is so important for younger people to familiarize themselves with something that seems so far away.

"When I talk to younger people, they often say, 'There's no point thinking about my pension yet, because there's nothing I can do about it anyway.' While in reality, it is precisely when you are young that you still have a chance to do something about it. You can make your own financial plan. Too few people do this, or do it too late, once the options have become very limited. Some younger co-workers also have the idea that the pension pot will be mostly empty by the time they are pensioners. While that is simply not true."

## Austerity

"I'm a member of PDN's Accountability Council and regularly talk to co-workers about pension. To begin with, I tell them all that has changed in the last ten years. I do that for my age group—I'm 50 years old—but particularly for young people who've just started their pension accrual. Until recently, for example, PDN had a pre-pension scheme (PPS). That meant you could retire at 62 and use your PPS balance. That PPS is no longer available in that form. The statutory retirement age has been pushed back and will be again in the future. Accrual percentages fell, and pension contributions have been capped. Low interest rates also put pressure on the funding level. As a result, there's been little or no indexing of PDN pensions for years, despite the good investment results of our fund. As a consequence, your pension has become a lot less attractive on the Uniform Pension Statement

(UPS). However, this austerity is mainly due to government policy and the interest rates of the European Central Bank. No investment PDN could make would offset that."

## Insight and overview

"If you still have a few years left before you retire, there're still things you can do to improve your situation. For example: your home, your mortgage, or saving or investing extra yourself. The current pension system already offers many opportunities for flexibility. Any new pension system that's introduced will only provide more options. With PDN you also have the freedom to make

**"It is no longer all arranged for you"**

a number of individual choices. Many people are not adequately aware of this. You need to think about this in time so you can take maximum advantage of it. It's no longer all arranged for you. You have to take the future into your own hands. PDN helps you with that. I find the information on the PDN website to be very clear. I often use the pension planner myself. With the high/low

construction you can tweak the amount of your pension. It starts with gaining insight and then getting an overview. Clarity about how much you will get when you retire, to the extent possible. Because there are also uncertainties, of course. Once you've obtained insight, you can adjust the amount of your pension, both within and external to the pension scheme."

## More freedom of choice

"The current system is based on solidarity. That aspect will be put under pressure. This also has to do with the fact that employees switch employers more frequently. Hopefully there will be more flexibility and less uniformity in the future. I also hope that the options will expand, to meet individual members' wishes. The decision-making about that lies with the government and the social partners, not with the pension fund. But—and here's the challenge—PDN is responsible for the implementation. More freedom of choice is also good when it comes to the decision-making about where your pension fund invests. I'm confident that most active DSM employees, deferred members in the fund, as well as pensioners, would prefer PDN to invest their money in sustainable activities that contribute to a better world. As far as I'm concerned, pension funds could do a bit more in this regard."



Column by Irene van den Berg

## Overconfidence

Are you better or worse than the average driver? Only 1% of Dutch people consider themselves a worse-than-average driver. The remaining 99% rate themselves as an average driver (60%) or even better than average (39%). Reading this study made me smile, perhaps because I am among that rare 1% of people who consider themselves worse than average. In the four years it took me to get my license, I learned plenty about my own aptitude for driving. Yet there are also plenty of areas in which I have a—perhaps unrealistically—high opinion of myself. For example, I feel that I am more honest, social, and creative than average. And you probably think so too. About yourself, of course.

Even when it comes to investing, many people overestimate themselves. In 2016, research by an international investment manager showed that only 13% of investors think they have less than average knowledge of investing. A pitfall in investing is that we believe we can recognize patterns and have knowledge that others do not have. Or that we have stronger nerves. That self-confidence does not necessarily make us better investors. On the contrary.

American researchers compared male and female investors and concluded that men have a higher opinion of themselves when it comes to investing. Wrongly. Male investors' overconfidence leads to more frequent transactions. And therefore more transaction costs. Those costs are so much higher that, on average, their return is lower than that of women. Young people are also more likely to fall prey to overconfidence. In the category of young adults between the ages of 18 and 35, 61% see themselves as an investor with an above average knowledge of investing. For investors 36 and over, the figure is 45%.

As an over-35 woman, those studies seem to reflect my reality. I have my money invested by others, including my mortgage lender and pension bank, because I feel I do not know enough myself. But perhaps, in all modesty, I should give it a try. Since I do not let myself be led by all those stories in the media, I may achieve fantastic returns. I will probably rake in loads of cash, simply because I do not believe in golden opportunities. And I certainly do not put any faith in tips from all those self-proclaimed investment advisers. I know better.

*Irene van den Berg is a journalist and columnist, specialized in money and psyche. In her articles she examines our economic behavior. Irene writes for AD, Radar+ and Psychologie Magazine.*

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