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PDN MAGAZINE

Introducing
InnoSyn B.V.

Pensions and
Europe

“Should PDN
lower its
targets?”

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"Facebook deleted 2,632 pages, groups, and accounts after the company found that fake information was being spread through these channels. The networks were part of coordinated campaigns from Iran, Russia, Macedonia, and Kosovo," Nu.nl reported recently. Misleading messages about conflicts, politics, and refugees were spread through the networks. The messages are intended to cause unrest and to spread as much deliberately misleading information (i.e. disinformation) as possible.

"Stay curious. Stay critical." (Blijf nieuwsgierig. Blijf kritisch) is the name of an online government campaign to warn people about fake news and misinformation. It comes with tips on how to recognize fake news, especially during this election time, and a checklist entitled "Is that information real?". The message is to stay critical and curious about where the news is coming from.

OMA AND ADNA

Fake reports, misleading reports, contradictory reports, half-truths: they're everywhere. Who to believe? Those who shout loudest drown out the others. Yet often they are basing their claims on assumptions. And given that the world of pension funds is also confronted with this, it's not surprising that a whole book has been dedicated to pension myths.

Many people have negative – subconscious – perceptions about retirement. Neuromarketing research shows that the subject of retirement evokes negative emotions in pension scheme members. The word "brick", for example, evokes warmer emotions than the word "retirement." So it's no wonder that we are not inclined to read articles about pensions. And when someone says something about retirement, we usually assume that it is true. That's why you should be wary of OMA and follow ADNA when it comes to retirement? In other words: do you ignore "Opinions, Misinformation and Assumptions"? And does "Always Delve, Never Assume" apply to you?

There's no fake news in this edition of PDN Magazine. We clarify a few topics and put an end to some untruths. For example, do you know why PDN cannot raise pensions again? Do you think that raising the pension contribution is a solution? Do you believe that Mario Draghi, president of the European Central Bank, is to blame for everything? Ignore OMA, focus on ADNA, and check the articles in this magazine.

Happy reading,

Ilona, Karin, Mark, Maurice & Monique

“Should PDN lower its targets?”

“We don’t like having to tell our members, year in year out, that we cannot raise pensions. That affects our members directly; they feel it in their pockets. But it also has major consequences for members who are still accruing their pension,” Eiko de Vries, external Board member at PDN, points out.

Disappointing news

“All PDN members recently received the sobering and disappointing news that once again we will not raise pensions in 2019. As a Board, we don’t like the fact that we cannot be the bearers of better news,” Eiko explains. “External factors are behind this. It’s the government who decides when pension benefits may be raised. There is a legal limit, for example, which is

there to ensure that there is enough money saved up for now, and in the future, if we increase pensions. These statutory regulations are the same for all pension funds. They apply to funds where 9 out of 10 members are still accruing their pensions (‘active members’), but also for PDN, a fund with many pensioners and with members whose average age is high. I believe that the limit that also applies to PDN (a funding level of 110%)

is very high, but we have to stick to it. That said, we as the Board don’t like it.”

The diagram opposite illustrates how the pensions at PDN are divided into billions of euros across the various groups.

The deficit is growing

“If PDN does not raise pension benefits, members who are already getting their pensions will feel it in their pocket straight away,” Eiko goes on. “Prices are going up, yet your pension benefits are not. If you are still accruing a pension, you may think that you’ll be able to ride it out. But if your pension does not keep pace with your salary increase for years on end, the pension gap between the salary that you are used to and the pension that you will ultimately receive will keep growing.”

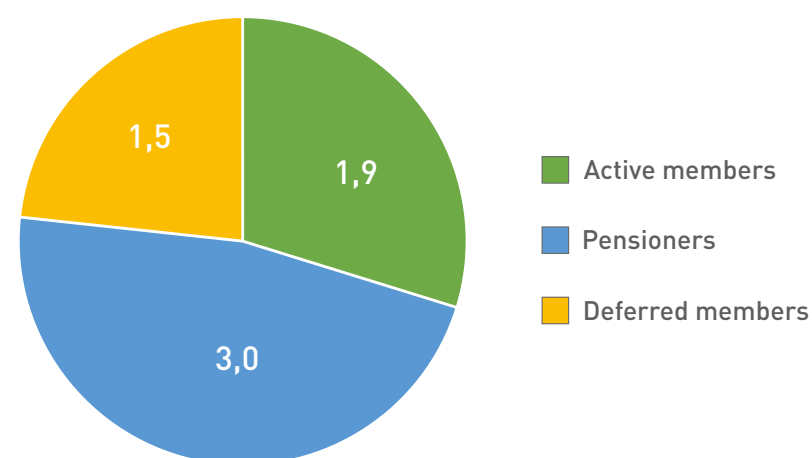
Raising pension accruals

“Our ambition is to be able to increase pension accruals for active members in line with salary increases, and for pensioners in keeping with price increases,” Eiko explains. “That’s what we have agreed with our social partners. There are a number of legal and other ways to test whether we can achieve that target. The strange thing is



Eiko de Vries

Liabilities 31-12-2018



that - if you look to the future - it seems as though we might be able to achieve that target. That said, experience shows that that has not been the case at all in recent years. Neither active members nor pensioners have seen an increase in their pension benefits since 2012. If you’re not achieving the target for such an extended period, would it not be better to lower it? When concluding a new pension agreement for 2020 and later, we and our social partners will have to sit down together and think hard about PDN’s future goals.”

Feasible solution

“The target, pension contribution, and risk are directly linked,” Eiko explains. “If you’re looking to reach the target,

you have to tweak the contribution and/or the risk. Raising our active members’ pension contribution has little impact on the target. That’s because our fund serves many pensioners. We have just over 13,000 pensioners and around 6,000 active members. To draw you a picture: if the employer pays a contribution of 30% in a year instead of 24%, the funding level only goes up by 0.4%. Could we reach our target by having a more

risky investment policy? The question is: Is that what we want to do as a fund? Taking more risk to achieve our

target can also have a negative impact. So we then have to cut back on our pension benefits. More to the point, PDN is not allowed to take higher risks while we’re still in a recovery plan. So what would be a feasible solution? The answer lies in the financial markets, i.e. good investment returns and, above all, an interest rate hike. A rise in the interest rate of 1%

“Raising our active members’ pension contribution has little impact on the target”



“It is almost certain now that we won’t be able to raise pension benefits in 2020 either.”

translates into a funding level increase of around 11%. Then we’ll be in a position to at least partially raise pension benefits again.”

“For some funds, the impact of a higher pension contribution is much greater,” Eiko points out. “I am also a director of funds where 9 out of 10 members are young active members. With that kind of population, you can afford to run greater risks. For example, some funds may grant indexation, but there are also funds that will probably cut back in 2020. So all pension funds are different.”

2020
“Judging by the financial situation at the beginning of this year, it is almost certain now that we won’t be able to raise pension benefits in 2020 either. Everyone claimed that interest rates could not fall any further, but unfortunately, they did. We saw that last January. Fortunately, PDN is not one of the funds where reductions are a serious concern as it stands. It becomes an issue if the funding level is below the minimum required level over a certain period. At PDN, the funding level is just slightly above that level. Unfortunately, it means that we cannot claim with any certainty that we won’t have a reduction in 2020. If

the funding level at the end of 2019 is lower than around 95%, PDN will have to reduce its pension benefits. And if the interest rate triples overnight, then our concerns will be a thing of past.”

Ask Manon



I have read something about new rules for small pensions. So what’s the story at PDN?

Manon Drummen, DPS pension administrator:

“If you leave employment or change jobs (and your pension fund), this also has consequences for your pension. The level of your accrued pension determines what will happen to your pension. If your accrued pension exceeds €484.09 per year, it’s up to you whether you want to take your pension with you to the new pension scheme. That may be beneficial in certain circumstances, for example if your new employer offers a better pension scheme. Or maybe you would prefer to have all your pensions in one pension fund. You arrange the transfer of your pension with your new pension fund. If you would prefer not to transfer your pension, then your pension stays with PDN.

If your accrued pension is less than €484.09 per year but higher than €2.00 per year, PDN will automatically ensure that your pension is transferred to your new pension fund. PDN therefore performs annual checks (up to five times) via www.mijnpensioenoverzicht.nl (a website providing an overview of pension levels) to ascertain whether you are accruing a pension with a new pension fund. If you are not a member of a new pension fund, your pension will remain with PDN.

If your accrued pension is less than €2.00 per year, that pension lapses. This is determined by law.”

Any questions for this column? Let us know at redactie.pdn@dsm.com.

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 InnoSyn B.V. in Geleen. We’re tagging along with scientist Jan Mulders.

Introducing... InnoSyn B.V.

**I-N-N-O
S-Y-N**

Tomorrow's chemistry. Today.

InnoSyn B.V. was founded on May 1, 2017 as an independent research company. It’s based at the Brightlands Chemelot Campus in Sittard-Geleen. InnoSyn B.V. is the new name for DSM Innovative Synthesis, which is part of DSM Chemical Technology R&D BV. The role of Innovative Synthesis at DSM changed in the wake of the transformation at DSM.

“The entire chemical spectrum is my playground”

InnoSyn B.V.’s slogan is “Tomorrow’s Chemistry. Today.” InnoSyn B.V. aims to be an innovative partner for its customers, using advanced R&D technology for new and existing chemical processes. To achieve this, InnoSyn B.V. provides high-quality Research & Development services for chemical processes, from lab tests and scalable pilots to commissioning customer installations. The company has successfully developed and implemented new routes to a wide range of chemicals for all types of markets. Its more than 25 years of experience as a chemical R&D group at DSM (both fundamental research and chemical process design) has produced a broad competence base. InnoSyn B.V. works for many large and countless small businesses. DSM is also one of their loyal customers.

“Be creative and carry on researching: that’s our motto”

Work as a hobby

Jan Mulders is a scientist at InnoSyn B.V. “I’m the oldest member of staff,” is how he kicks off the interview. “I’m turning 65 this year. It’s almost time to retire. That said, I’m not the one who’s clocked up the most years of service. One of my colleagues has more. I joined DSM in 1976, and so I’ve been in service for 43 years. I’ve virtually always done the same kind of work in organic synthetic chemistry. Years ago, I sent an unsolicited job application to DSM, and at the time I could choose from three workplaces. That’s what it was like back in the day. The work is very varied and has become even more varied over time. My retirement date is somewhere late next year, but I don’t want to think about that at all. I’m still having a great time. Working is my hobby. The entire chemical spectrum is my playground. I even made aspartame once. In 2000, I realized that working a 40-hour week was a bit much. That’s when I cut back to a 32-hour week, and so I have Fridays off. Obviously, that had repercussions for my pension accrual.”

Onwards and upwards as an independent company

In 2013, DSM Innovative Synthesis was forced to cut down by 20%. “That really was a dramatic year,” Jan recalls. “At the end of 2015, the department head was told that a reorganization would be necessary. At the time we were already

working for other companies. Around 25% of our turnover was generated through external jobs. That meant we were able to continue as an independent company. And so on May 1, 2017 we officially launched as InnoSyn B.V.”

“Brightlands wanted to keep us on campus because of our expertise and our network,” Jan continues. “So we still have our offices, the laboratories, and a new pilot project plant here. The building is Brightlands’ and is intended for multiple businesses. Our three operators are all-rounders and also operate equipment and installations for other companies. We work for everyone who has a relevant challenge for us and is prepared to pay the right price for a solution. We are not the cheapest, but customers recognize the added value that we offer. They come from all four corners of the world, by the way.”

Caring working environment

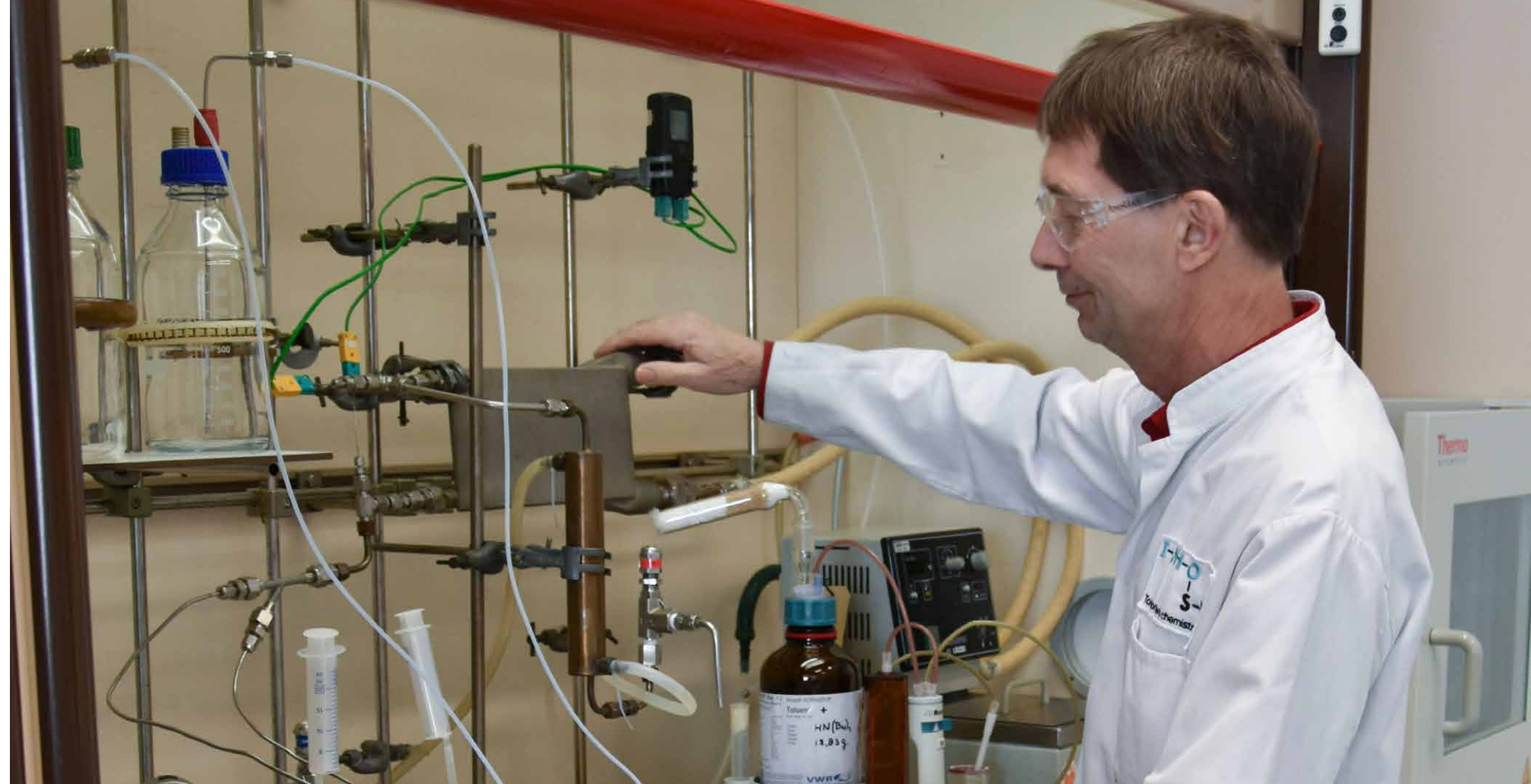
“InnoSyn B.V. has a workforce of around 50 people,” Jan tells us. “The basic premise when it comes to growth is that we have to be able to guarantee employment for our employees. For the same reason, we also build up capital so that we don’t have to let people go if there is a major financial setback. To us, it’s about creating a caring working environment. I think it’s great that that is almost literally what is in our mission statement: ‘Create a sustainable

company based on people and science that provides long-term employment and adopts the values of social capitalism. A home for team workers translating ground breaking science into business’.”

That the company is like a home is clear when Jan tells us that he and his colleagues painted the offices and make a couch themselves, which is now in the common room. “We are a very diverse team and can put our hands to anything. A third of the team are women. For a technical company, that’s a lot. There are eleven nationalities in our team of chemists, biochemists, process engineers, and operators. We have a lot of knowledge at our disposal. We’re trying to bring the average age down, but it’s hard to find new people.”

Difficult issues

“An American company asked us if there are similar companies to InnoSyn



B.V., because they weren’t able to find any,” says Jan proudly. “It’s great that we’re asked to do research that organizations actually use. You see the results of your work straight away. At the moment, we’re working for the pharmaceutical and other industries. We are also working on dyes for clothing and paper, and on microreactor technology. We can scale it up to an entire factory, and we’re confident enough to do so. We also do research into raw materials and resins for DSM. We don’t do much with biobased materials any more, but that may change. The work is very varied. The downside of that is that it gets incredibly hectic around here. You have to be able to take that in your stride. We do everything that involves chemicals. It’s often the difficult things,

because the easy ones have already been done.”

Not ready for retirement

Jan and his colleagues prefer not to think about retirement. “Virtually all of us like our work far too much. When InnoSyn B.V. went on its own, it was immediately clear that we could remain

members of PDN. That gave us peace of mind. Every now and again the subject of pensions crops up during department meetings. Or

sometimes we chat about retirement with the older members of staff. We also check the pension planner every now and again. One of my colleagues retired in 2013. But he’s back now for one day in the week. He’s 68 years old.

That’s what will happen to me. You only have to tell me once that I have to come back and I’ll be here in a flash. The work and the team make it a great job.”

At the end of the interview we go back to Jan’s workstation with him. He shows us the lab rooms. “Have a look. This is what I’ve been working on recently.” Jan points enthusiastically at a table covered in screws and connectors. After all, lab work on microreactors also involves plenty of piping and pumps. Retirement? Jan is not quite ready for it.

“It’s often the difficult things, because the easy ones have already been done”



Jan introduces himself

Employer:

I joined DSM in 1976. Since May 2017 I've worked at InnoSyn B.V.

Proud:

I am very proud. I am still surprised at how many companies contact us for work. We haven't been around for that long. We're a small company, and our charges are relatively high. But that

doesn't stop companies from coming to us. Be creative and carry on researching: that's our motto. We are simply the best..

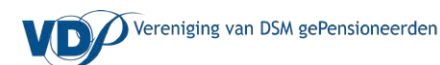
His own pension:

I'm turning 65 in April. I'm due to retire some time at the end of 2020. My work is still great. It doesn't interest me in the slightest to check when I'll be retiring. Every now and again I have a look at the pension planner, but otherwise I'm not preparing for it at all.

Personal life:

Married, no children. My wife has retired.

PRACHT, a course for pensioners



In the previous issue of PDN Magazine, the DSM Pensioners Association (VDP) announced the PRACHT course. PRACHT is an acronym in Dutch for "Pension issues explained clearly and correctly." Through this course, the VDP wants to give its members insight into the subject of pensions, which many people find complicated. The 250th person has since taken the course. We talked to VDP board members and the ones who put the course together, Ton Baaten and Harrie Wijnans.

Why is the VDP offering this course?

"The subject of pensions is not easy to digest. During our VDP regional meetings, we noticed that only a small group had a good grasp of the subject. Many people simply gave up on it. There was a demand for more knowledge about pensions. This prompted us to design a course that is primarily intended for people without any prior knowledge of the subject. A difficult subject presented in bite-sizes in a course that we can give in a couple of hours. We started giving them in the fall of 2016. It soon became apparent that people were interested in it. We have held the course nine times in various locations in the Netherlands. We've since had more than 250 members and prospective VDP members take part in it."

It's a course on pensions, but what exactly is it about?

"The members first get an idea of the playing field. How are pension benefits structured? Who can I turn to? Who has influence over what? We also do

calculations together and examine how the various technical aspects work. What is a funding level? What is indexation? What interest rate is used? We talk about the pension contribution and cost-effectiveness, and we point out the importance of solidarity. We round off things off with a calculation formula that we developed ourselves. To keep abreast of developments, we constantly update the course. We do so, among other things, based on PDN's annual reports. This is how we try to lower the threshold to the annual report. To fine-tune everything and to stay abreast of things ourselves, we regularly consult with DSM Pension Services staff."

What are most of the questions about?

"A question we often get is: 'When will my pension be raised (indexed) and why won't PDN do anything about it?' We explain that the government sets the rules for raising pensions and that PDN is obligated to follow these rules. Obviously, PDN does have to make sure it gets a good return within these parameters."

And in the future?

"We offered this course in 2016 and 2018. We're not sure when we'll be holding the next course. One thing is for certain: We're definitely organizing another one, possibly next year when the next pension system is expected. The fact of the matter is that the pension sector is constantly changing."

The DSM Pensioners Association (VDP) was established on May 3, 2011 and now has around 1,300 members. All pensioners who will be getting a pension or benefit from PDN (within 3 to 4 years) can be (prospective) members. For more information: www.vdpdsm.nl

The course is available for everyone and can be downloaded via the VDP website.

What do the participants think?

"You don't have to be a pension expert to understand the subject, even though those typical pension issues may seem complicated on the face of it."
Lex Litjens

"Well presented in completely clear and easy-to-understand chunks. In one day, the course teaches you everything that is going on in the pensions sector, and at PDN in particular."
Hans Olieslagers

"The various terms they use for pensions were explained clearly. Hopefully they'll finally reassess the notional interest rate system."
Theo Hukkelhoven, 250th participant



From left to right: Ton Baaten, Theo Hukkelhoven and Harrie Wijnans
As the 250th participant, Theo Hukkelhoven was given a "weather house", i.e. a hygrometer, to illustrate how changeable things can be in the pension sector.



Pension journey: Herman Hengeveld

Herman Hengeveld didn't quit work because he didn't like it anymore. During the interview, we notice very quickly that he's enjoying his retirement. With the occasional comment from his wife Thea, he tells us about his 45-year career, leaving DSM NeoResins and his life as a pensioner.

"I am the son of a marine. We travelled a lot as a family and we lived all over the place. I did boxing and judo for a very long time. After junior high school, I joined the army as a non-commissioned security officer. The army did help me to be more disciplined. I was busy finishing my technical engineering studies. When I left the army, I couldn't find any work in construction. I applied for a job with the police and was accepted. I worked there for 15 years. My last job was with the Aliens Department and the environment. I was busy with my first year of law school, but I couldn't see any future career prospects with the police. Promotions were on hold. I was way too impatient for that. That was when I saw a job ad for a supervisor

at ICI (Imperial Chemical Industries). I knew a few people there and I liked it as a company. I applied for the job and was accepted. As the supervisor, I worked three shifts. I did that for six years. After that I became a safety engineer. I was involved in safety coaching. Safety had been important throughout my life. In 1993, ICI's pharmaceutical and agrochemical operations was split off, and we carried on as Zeneca. After three years, an investment company bought the whole group, and DSM bought us in 2005. I was very happy about that."

Dealing with people

"Initially, I was the training manager for DSM NeoResins. I moved to sales

in 2007. I became an account manager, and in the years before my retirement I was the key account manager for the Scandinavian countries. From 2007 to 2015 I was in sales. I loved it. It was the freedom and dealing with people that most appealed to me. My experience with the police came in handy, because that's where I learned how to deal with people. As an account manager you have to talk to customers and gauge what they want. Building a good customer relationship is incredibly important. My focus is very much on the relationship. I would always take a technical person with me. It worked well. The technical people and lab technicians also liked this approach. It gave them contact with the customer.

What really worked well was having all the numbers at my fingertips. It's a great help for customers, because you can show them where the money goes."

**"I enjoyed working.
But quitting work
was also great."**

Proud

"All the changes and all the jobs helped me to get to where I am today. I am an example that it is good to constantly change jobs and keep developing. My first year at ICI was the most difficult of my life. Once a police officer, always a police officer, or at least that's how people see you. I took many training

courses to get to learn about the factories."

"I have always been proud of the directors and managers at DSM. They were head-hunted well and properly trained. DSM is a great and social company." That Herman is still proud almost four years after his retirement is clear when he talks about "our products."

Quit on good terms

"I didn't quit because I didn't like the work. We had a truly great group. The big advantage was that as an older person I never had the feeling they were brushing me off. I have never been part of the allowance scheme for older employees ('TOR'). I felt too young for that. My colleagues didn't think I was ready to quit either. I chose a good time to say goodbye. Our parents were in need of care. We were looking after our grandchildren. My wife worked hard in healthcare, at the weekends and in the evenings too. I was on the road for my work a lot. It all came together. That's when we both decided to quit work." "I stopped a month earlier than Herman," Thea adds.

"I enjoyed working. But quitting work was also great." I'm in touch with my former colleagues a lot. I've never gone

back to my workplace. I would only be going there to chat, and they all have work to do. A few times a year I go cycling and mountain biking with my former colleagues."

Have a hobby

"I'm a morning person and I always get up at 6. I do odd jobs around the house,

Herman Hengeveld's passport
Born on: December 19, 1951

Married, two children, five grandchildren

Career:

- Security NCO in the army
- Various jobs as a police officer
- Supervisor at ICI
- Safety engineer at ICI
- Training manager DSM NeoResins
- Account manager DSM NeoResins

**Retired at 63,
on June 1, 2015.**

which takes up a lot of my time. And I play sports a lot. Unfortunately I can't run anymore because of my knee, but I cycle a lot. I'm also a member of the bike club. Some people say: 'You spend a lot of time on your bike.' Then I say: 'A lot of time on my bike? I used to work 60 to 80 hours a week.' My wife and I only cycle together when we're on vacation. We do sports separately because we spend so much time together as it is. You have to give each other the space to get on with your own stuff. We both love going on vacation. We're away a lot, on average about 18 weeks a year. We have a caravan and we head off to France, Austria, Italy, or Spain. Preferably we go to the South of France and Spain to go cycling. We're planning to go to Norway. We'd love to go there some time. It's important to have a hobby and to talk if something's bugging you. My wife was 16 and I was 18 years old when we met in a bar in Valkenburg. We have two kids, a son and a daughter. Our son has two sons and our daughter has three daughters."

Look out for yourself

“Often you hear of people leaving a company on bad terms. The trick is to ask: ‘Am I allowed to arrange my own departure? What is my budget? Organize it yourself and look out for yourself. Then you end things with dignity and you won’t hold any grudges. I had a great farewell.” Herman proudly shows us the photo album of his farewell.

Find out about your pension benefits

“It may sound boring, but it is good to find out more about your pension. Time flies. Before you know it, you’ll be getting old. You need to know in good time how your pension works and how to arrange it properly. It is difficult to save when your kids are studying. But once they’ve left home, you’ll have more leeway. So that’s when you have to do it. If you have contributed to multiple pensions, you have to think hard about whether you want to transfer your pension. It’s better to have one big pension pot than lots of different ones.”

Thea adds: “A lot of women my age have to keep working. They never saved for a pension in the past. They started work at 15 and they have to carry on working until they reach state pension age.”

“Check out what’s going on outside Europe,” Herman says. “If you travel a lot like we do, it strikes you that we are doing quite alright in the Netherlands.”

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.

2019 payment dates

April	26
May	27
June	27
July	26
August	27
September	27
October	25
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 2015 onwards.

Stand per end	Coverage ratio	Policy cover degree	Used interest	Efficiency (incl...)
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%
Q3 2018	110,8%	110,0%	1,5%	0,8%
Q4 2018	104,9%	109,3%	1,3%	-1,8%

- 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

It’s all Draghi’s fault!

The pension sector is forever criticizing Mario Draghi, president of the European Central Bank (ECB). It’s his fault that so many pension funds are in trouble. But is he the guilty party? Or should we be looking elsewhere to find out what’s behind it all?

The Netherlands is a country with a “fully funded system.” This is where people save for their pensions. Fact is that the ECB policy “punishes” countries with that system’. Countries with a pay-as-you-go system, in which those who work pay into pensions and so are funding their old age on credit, are actually benefiting from this policy. In the meantime, the well-filled pension pot in the Dutch pension funds is under enormous pressure thanks to the low interest rate. Draghi acknowledges that the low interest rate is bad for Dutch pensions. At the same time, he points out that the ECB’s most important task is to control inflation levels to prevent recessions and ensure economic growth. Unfortunately, inflation is not good for a fully funded system. At the end of the day, pension funds have to compensate by granting

indexation for that inflation by topping up from the pension pot.

So what is really at the root of the problem? Some say it’s to do with the rules that the pension funds have to use to calculate the pensions. And it is mainly to do with the rule that pensions have to be calculated using the market interest rate. It’s these rules that obligate pension funds to use the low market interest rate. And yes, the ECB is deliberately keeping that market interest rate low. But the rules are not of Draghi’s making; they’re drawn up by our government and regulators.

On the other hand, some believe that the rules do produce a good and balanced pension system. It is then up to the pension funds to make provisions based on those rules. And maybe that market interest rate will remain low and we’ll be unjustifiably over-optimistic if we adjust the rules.

What do our readers believe? Let us know what you think.



Sooner or later

Name: Henk van der Land
Age: 65 years
Position: Benefits and labor relations manager
Is due to retire some time in 2019

Tell us a bit about yourself.

"I have been married for 44 years, have two sons, two lovely daughters-in-law, and four grandchildren. I was in the police force for 10 years and 18 years with the CNV labor union. I started working at DSM in 2003. I work at Total Rewards as a benefits and labor relations manager in the Netherlands. For the past 15 years I have been focusing on the working conditions at DSM in the Netherlands. I've also held many consultations with labor unions during reorganizations, collective labor negotiations, divestments, or working on joint study agreements."

What is your dream plan for your pension?

"My dream pension is quite simple: I want a good pension that gives me the max. I also want to keep to the 70% norm; my pension has to be at least 70% of my current salary."

What did you do to make that dream come true?

"I didn't have to do much. I've been in the business of working conditions since 1989. Pensions are a big part of that. When I was working for the union, I tried to come up with good deals

for the people I represented. I believe a good pension scheme is crucial for every member of staff. When I started working at DSM, I didn't hesitate to transfer my accrued pension rights to PDN. PDN has a good reputation at DSM. I also put more into the pre-pension saving scheme (PPS) at the right time. That also contributed to my capital accumulation."

What's life like, now that you are in the pre-pension phase?

"I realize just how lucky I am. I was one of the last to take advantage of the pre-pension saving scheme and so now I'm getting a pre-pension. I've always worked incredibly hard, way more than 40 hours a week. As it stands now, I'm looking for ways to fill my day. My wife came up with a few odd jobs. I also do a lot of sport and I take my son's dog for 10-kilometer walks every day. People also ask me to do consultancy jobs and voluntary work. I first think hard about it and I look critically at the job before I take it on. I don't want it

to clash with the work I did at DSM. My son is going to move home in the summer. I've already been roped into that. For the rest, my wife and I like to head out with our caravan."

What are the most important changes?

"While I still wake up at the same time, getting up to an alarm clock is a thing of the past. That is not to say that I don't still think about working occasionally. It is not as though when you say goodbye, you are really leaving your work behind you. Your

work is still on your mind for a while. It's your spirit that has to say goodbye."

What tips do you have for Elvira?

"Try to do what you can within your financial means. Build up a bit of a nest egg that you can fall back on later. Keep yourself

useful. Then you will have the opportunity to retire at DSM and at the same time you can stay with PDN. Never stop investing in yourself so as not to jeopardize your continuity."

Name: Elvira Besselink
Age: 49 years
Position: Company lawyer

Tell us a bit about yourself.

"I am married and have three children, two daughters and one son. I'm a lawyer, focusing on labor and social law at the DMS corporate department. Before this I held multiple positions in employment conditions policy and I worked as an account manager at AZL. I started working at DSM in 2001. I met Henk during a consultations about the allowance scheme for older employees ('TOR').

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

"I do think about my pension. I think about it indirectly when negotiating labor agreements and because I am dealing with cases at DSM that involve pensions. I also think about my own pension, but like many others I think that DSM is doing a good job in that respect and that my pension will last a very long time."

What is your dream plan for your pension?

"Taking Henk's motorhome and heading to Zeeland, a Dutch province. That would be the starting point, and then we'd drive down the length of the European coastline. If we find a spot we like, we'd stay there until we felt like leaving again. Feeling the freedom and no pressure."

What are you done to make your pension dream come true?

"Nothing so far. But I do think it's important to have something you really want to do. At work or in your private life. Something to look forward to, a change. Otherwise you start to stagnate."

Do you have any questions for Henk?

"Do you feel that you remained employable?"

"Yes," is Henk's answer. "I tried to move with the organization where I worked. I was open to change and spotted my chances wherever possible. When I quit as a cop, for example, I didn't think it would be a problem. The force has its own

culture. It's like leaving a family. But that didn't stop me from grabbing this new opportunity."

"Do you think that, as you get older, it will be harder to remain sustainably employed?" Elvira asks.

"No," Henk answers. "For me personally it was no problem. If you are receptive to changes in the organization and work on yourself, you will be employable. I turned to sport as a source of energy. I worked on my own development, I took courses and attended seminars, and kept my knowledge up to scratch. I went along with the changes to the collective agreement, from complex and difficult to simplification. Initially, this change met with a lot of resistance at DSM. The staff assumed they would lose something, but they got something great in return."

"Staff tend to be in service at DSM for a very long time," Elvira points out. "They're more employable on the long term than they're inclined to think. If you keep moving with the changes in the company, you will also be employable on the long term. This may have to do with training, changing in line with developments, be they internal or external, or changing jobs. It's got nothing to do with your age. It's not surprising that DSM can continue like this for such a long time, and that people have such long careers at DSM. I think as a team we're doing the right thing. The opportunities are for the taking. It's up to you to grab them. The CLA has a lot to offer too, like training opportunities. I myself switched from a policy position to a position as a lawyer. You can't plan things like that in advance."

What are you going to do differently after this interview?

"Nothing", is Elvira's first response. "I am happy and can recognize my challenges." When the interview is about to end, she changes her answer. "I am going to do something different. I'm going to check out the pension planner so that I can see when I can afford to buy that motorhome."

Would you and a colleague, past or present, like to feature Sooner or later? You can! Write us at redactie.pdn@dsm.com to let us know you are interested.



Pensions and Europe

Pension policy is increasingly being governed by agreements emanating directly from the European Union. We outline a few examples in this article. But there is in fact much more to it in reality. Like banks and insurers, pension funds are considered to be financial institutions, because investing is their core activity. Europe has specific laws for financial institutions. They affect Dutch pension funds, too. For instance, Europe has developed regulations for sustainable investment. Various organizations are trying to influence the process. Via DSM Pension Services, PDN is actively involved in the Pension Federation, the umbrella organization for Dutch pension funds. The Pension Federation is part of PensionsEurope, the European umbrella organization.

Both pension policy and management have caught Europe's attention

Pensions are well organized in the Netherlands, but that's not the case for all the European Member States. The EU believes it is important that European citizens should not spend their old age in poverty. That is why accruing a pension is becoming increasingly accessible to everyone within the EU. The aging population and the far-reaching flexibility of the labor market, which are not confined to the Netherlands alone, also have repercussions for pensions and have drawn attention in Europe. EU measures therefore aim to promote a well-functioning jobs market and social security.

Recently, the IORP II directive came into effect. Among other things, this directive lays down rules for communications about pensions (transparency), but in particular the rules for strengthening pension management have implications for the Netherlands. Boards are now obliged to appoint an official for specific areas of attention (key positions). This led to changes in the pension organization at PDN as well.

Mandatory participation

An extraordinary feature of the Dutch pension system is that it has mandatory participation ('verplichtstelling' in Dutch). Employers in certain industries are required to join the pension fund for their sector. This goes against the European aim of a free internal market in which companies, in this case pension providers, can compete on a level playing field. Because of mandatory participation, pension funds can attract large groups of members without having to spend money on marketing. To prevent unfair competition, it has been agreed in the Netherlands that pension funds can only offer products that are contingent on their terms of employment, as part of the so-called job demarcation.

So pension funds cannot offer annuities or other insurance policies that would effectively put them on the same turf as insurance companies. The EU tolerates mandatory participation because it is necessary to spread risks in mutual solidarity, and by doing so creating a sound pension provision at relatively low costs. Mandatory participation is at stake as soon as these solidarity factors are challenged. This is a key concern in the current debate about the system in the Netherlands.

The EU recently launched a proposal for a pan-European personal pension product, which in principal both pension funds and insurers may offer. This goes against agreements about job demarcation in the Netherlands. And that is why the Dutch pension funds are not going to offer this product.

Pensions in the European internal market

Since we are part of an internal market in Europe, in which citizens can work in any Member State, the spotlight is now on pension accrual. For example, there are EU regulations that prevent international job mobility from affecting accrued pensions. Minimum requirements for pension accrual now apply in all Member States. A logical step is that the provision of information for pensions must also be adjusted accordingly. In the Netherlands, we have the mijnpensioenoverzicht.nl website, which shows you how much Dutch pension you have accrued. In the EU, this is being taken to the next level by making all the pension accrued within the EU accessible to EU citizens online. The invitation for tenders for this project have already gone out.

Supervision

European legislation also comes with European supervision. Within the EU, the European Insurance and Occupational Pensions Authority (EIOPA) supervises pension funds and insurers. One of the aspects of this supervision is the stress test, which takes place once every two years. This involves assessing the systemic risk and the financial position of the pension funds. Until now, the pension funds have passed these stress tests.



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Column by Irene van den Berg

Things can only get better

Humans are the only creatures that can ponder their futures. That is not to say that we're very good at it. You might not necessarily think so when you see all those grumpy faces on the train or bus in the morning, but people are by their nature very optimistic. We're all inclined to believe that a disaster won't affect us. Whether a serious illness, divorce, or car crash, those are awful things that happen to other people.

Those rose-colored glasses have a function: They reduce anxiety. If you spend the whole day worrying about the misery that may happen to you, you won't have a life. Our positive way of looking at things prevents us from constantly worrying about all the suffering that may affect us and our loved ones. We would never be able to watch the news if we didn't have such an unrealistically positive attitude. With every appalling news item, we'd be thinking, "I could be next in line."

There is also a downside to that positive attitude to life: We fail to protect ourselves adequately against real threats. One in four smokers, for instance, die before they turn 65. Yet all smokers assume that they are not part of that 25%. No, they're just like "Uncle Jack" who smoked two packs a day all his life and breezed to the ripe old age of 90.

Researchers from the Catholic University of Leuven asked test subjects to estimate their chances of getting cancer. The percentage was much lower than when they were asked the same question, but then about their neighbor. On the other hand, they believed they were more likely to have a happy love life or an amazing career than the neighbor.

Another problem is that our positive brains make us believe that things will be easier later, which leads procrastination. Here's a test: Today you have to undergo one root canal treatment, next year two, or three of those painful procedures in 20 years' time. Most people go for the third option. The pain that we will suffer later feels further away, more abstract, and therefore less severe. And maybe we won't need that root canal treatment in 20 years' time.

Thanks to our optimistic brain, we don't always make the best decisions for our future. So it's no wonder that people who are entirely responsible for their own pensions, like entrepreneurs, often do not save enough. We'll cross that bridge when we get to it. That may sound good now, but then you may have a big problem on your hands if you do make it to 90, just like Uncle Jack.